



Legislation Text

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**File #:** Ordinance 30-2019, **Version:** 2

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Agenda Date: 12/17/2019

**Subject:**

Ordinance 30-2019: An ordinance on second reading amending ordinance No. 39 series of 2018 known as the “Annual Appropriation Bill” for all municipal purposes of the City of Littleton, Counties of Arapahoe, Douglas, and Jefferson, State of Colorado, for the fiscal year beginning January 1, 2019 and ending December 31, 2019

Prepared by: Tiffany Hooten, Finance Director
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**PURPOSE:**

Does city council support amending ordinance No. 39 series of 2018 known as the “Annual Appropriation Bill” for all municipal purposes of the City of Littleton, Counties of Arapahoe, Douglas, and Jefferson, State of Colorado, for the fiscal year beginning January 1, 2019 and ending December 31, 2019?

**PRESENTATIONS:**

<b>Staff Presenter(s):</b>	Tiffany Hooten, Finance Director
<b>Additional Presenter(s):</b>	N/A

**SUMMARY:**

The city prepares an annual budget that may require amendments throughout the year for projects that were unplanned or needs that might arise. It is a common practice to amend the budget during the year with a final “clean-up” appropriation at the end of the year. These funds are requested to be amended.

General Fund	\$ 180,000
Geneva Village	\$ 26,000
Employee Insurance Fund	\$ 250,000
<u>Property and Liability Fund</u>	<u>\$ 50,000</u>
Total	\$ 506,000

**PRIOR ACTIONS OR DISCUSSIONS:**

Throughout the year, the potential need for additional funding in the city attorney’s department budget has been discussed, while the remaining items are amendments needed based on additional operational needs.

Approved on first reading on December 3, 2019.

**ANALYSIS:**

Staff Analysis

It is necessary to amend the budget periodically throughout the year with a “clean-up” appropriation at the end of the year. The following is detailed information on each requested budget amendment item.

General Fund - \$180,000

The General Fund is proposed to increase as follows:

- City Attorney - \$101,000. In 2019, the city contracted with a firm for legal services while the city attorney position was vacant and for municipal prosecution coverage (\$97,860). Additional recruitment costs for the city attorney totaled (\$3,140).
- Information Technology - \$79,000. Due to staffing changes in the department throughout the year, it was necessary to utilize a recruiting agency to fill vacant positions as well as contract with outside staff (\$36,000). In order to better understand and track software costs throughout the organization, the information technology department secured a program to manage software costs. This will allow evaluation of software procured by the organization as a whole (\$18,000). The new IT Director also needed additional consulting assistance to perform a Help Desk assessment, IT Capability Maturity assessment, and enterprise architecture review that resulted in an additional cost over the department's existing professional services budget (\$9,000). Due to the timing of payment of an on-site training class in 2018, additional funding is needed in 2019 (\$16,000).

Staff anticipated these costs while preparing the 2020 budget and thus these amounts have been included in the 2019 estimated ending fund balance and do not impact the General Fund 2020 ending fund balance estimate of \$11,385,745.

#### Geneva Village - \$26,000

The Geneva Village Fund is proposed to increase as follows:

- \$26,000 - Repair and maintenance costs were higher than anticipated for 2019. With this additional appropriation, the ending cash balance in 2019 is anticipated to be \$41,321 which is below the desired reserve of \$98,000; however, a transfer of \$50,000 from the General Fund to this fund is included in the 2020 budget. The estimated cash balance at the end of 2020 is \$83,921. Staff will continue to monitor costs in this fund.

#### Employee Insurance Fund - \$250,000

- Health Insurance is included in the Employee Insurance Fund and claims can vary from year to year. The city utilizes CIGNA for health claims and is self-funded with an Individual Stop Loss (ISL) limit of \$150,000. There has been an increase in claims and it is anticipated that an additional \$200,000 may be needed in this fund. Staff will continue to monitor costs in this fund.
- Workers' compensation is also included in the Employee's Health Insurance Fund. The city is self-funded for Workers' Compensation claims with a self-insured retention limit of \$500,000 per occurrence. Claims can vary significantly in any year and staff is requesting an additional \$50,000 in this fund for 2019.

Staff will continue to monitor claims through the end of the year and in 2020, and adjust funding in future years as needed. With this additional appropriation, the 2020 estimated ending fund balance will be \$2,459,674.

#### Property and Liability Insurance Fund - \$50,000

Property and liability claims vary from year to year. Based on the claims history for 2019, expenditures may be higher as compared to the budget. An additional \$50,000 in appropriation is estimated to be needed for 2019.

Staff will continue to monitor claims through the end of the year and in 2020, and adjust funding in future years as needed. With this additional appropriation, the 2020 estimated ending fund balance will be \$301,257.

Council Goal, Objective, and/or Guiding Principle

This budget amendment supports both the 2019 council goals and objectives, Envision Littleton and Financial Sustainability, by providing additional funding and resources to meet the objectives of these goals.

Fiscal Impacts

A supplemental budget appropriation is requested for \$506,000 for the 2019 annual appropriation. There is adequate fund balance in the 2020 budget for this supplemental appropriation based on the current estimates.

The additional appropriation noted is based on conservative estimates and it is optimistic that actual expenditures will be less than anticipated.

The ending fund balance for the General Fund in the five year projections is estimated to be 12% in 2024, which is within the fund balance policy of 8-18% of operating expenditures.

Alternatives

Option 1: Approve amending the 2019 annual appropriation bill to align the expenditures with the budget.

Option 2: Do not approve the amendment, thus limiting project completion and operational needs.

**STAFF RECOMMENDATION:**

Staff recommends approval on first reading.

**PROPOSED MOTION:**

I move to approve the ordinance on second reading amending ordinance No. 39 series of 2018 known as the “Annual Appropriation Bill” for all municipal purposes of the City of Littleton, Counties of Arapahoe, Douglas, and Jefferson, State of Colorado, for the fiscal year beginning January 1, 2019 and ending December 31, 2019.