

ATTACHMENT A

Adoption of the Annual Tentative 2018-2019 Budget Ordinances

This report provides backup information to items on the June 6, 2018 Council Formal agenda regarding adoption of the Tentative 2018-2019 Budget ordinances. These are the annual steps required by City Charter and State Law.

State law requires adoption of the annual Tentative Budget ordinances, followed by two consecutive weeks of publication of the adopted Tentative Budget in the legally prescribed format. Detailed budget schedules prepared on forms provided by the State Auditor General's Office in accordance with state law are attached to this report.

Adoption of the Tentative 2018-2019 budget ordinances requires the following:

1. Holding a public hearing
2. Adoption of the Tentative 2018-2019 Budget ordinance. This ordinance adopts the portion of the Tentative Budget financed from operating resources. It represents the 2018-2019 Budget approved by the City Council on May 22.
3. Adoption of the Tentative 2018-2019 Capital Funds Budget ordinance. This ordinance adopts the portion of the Tentative Budget financed from capital funds and is included in the first fiscal year of the 2018-2023 Capital Improvement Program.
4. Adoption of the Tentative 2018-19 Reappropriated Funds Budget ordinance. This budget ordinance is required to rebudget funds that were contractually committed in the prior fiscal year but not yet fully expended. Since budget appropriations expire on June 30 of each fiscal year, this ordinance re-establishes the appropriations for payment of vendors as goods and services are received.

For example, on April 4, 2018, the City Council awarded a contract to J.R. Filanc Construction Company, Inc. to provide construction services in support of the Union Hills Water Treatment Plant Rehabilitation 2016 project. The amount of the contract was \$18,235,000, which was encumbered, or committed using the 2017-2018 Wastewater Capital funds budget appropriation. However, to-date payments on this contract have not yet occurred and will extend into fiscal year 2018-2019. This \$18,235,000 is included in the Reappropriated Funds ordinance to ensure the spending authority is in place for future payments made on this contract during the 2018-2019 fiscal year.

REMAINING STEPS

Following this action, the Tentative 2018-2019 Budget information will be advertised for two consecutive weeks in accordance with state law.

State law also requires adoption of the Final 2018-2019 Budget ordinances following the two weeks of advertised publications of the adopted Tentative Budget. The City Charter requires Council adopt the budget on or before the last day of June each year. As a result, adoption of the Final 2018-2019 Budget is scheduled for the June 20, 2018

Council Formal meeting. The June 20, 2018 actions will include the Final 2018-2019 Budget ordinance, the Final 2018-2019 Capital Funds Budget ordinance, and the Final 2018-2019 Reappropriated Funds Budget ordinance. Both state law and the City Charter require holding public hearings prior to adoption of the Budget ordinances.

Also on the June 20, 2018 agenda there will be several items necessary to close out the current fiscal year and prepare for the annual independent audit. A separate City Council Report will be provided explaining these funding plan close-out items for the June 20, 2018 agenda.

The 2018-2019 Property Tax Levy will be brought forward for adoption on July 5, 2018, as state law requires this to occur at least 14 days after adoption of the Final Budget. The City Charter requires adoption of the Property Tax Levy no later than the last regularly scheduled meeting in July. Based on the May 22, 2018 City Council action, the levy will reflect a total property tax rate of \$2.1404 per \$100 of assessed valuation.