



Memorandum

Date: 7/27/2021

Meeting of: City Council Study Session

File No. SS 21-059

Type: Study Session

TO: Members of the City Council

FROM: Mayor Angela Birney

DEPARTMENT DIRECTOR CONTACT(S):

Finance	Chip Corder	425-556-2189
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DEPARTMENT STAFF:

Finance	Kelley Cochran	Deputy Finance Director
Executive	Malisa Files	Chief Operating Officer

TITLE:

2021-2022 Budget Adjustments

OVERVIEW STATEMENT:

To discuss the recognition of beginning fund balances, American Rescue Plan Act funding and proposed funding allocations and resulting budget adjustments.

☒ **Additional Background Information/Description of Proposal Attached**

REQUESTED ACTION:

☐ **Receive Information**

☒ **Provide Direction**

☐ **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
2021-2022 Biennial Budget, Fiscal Policies
- **Required:**
RCW 35A.33.120 Funds-Limitations on expenditures-Transfers and adjustments.
- **Council Request:**
N/A
- **Other Key Facts:**
N/A

OUTCOMES:

The purpose of the study session presentation is to follow-up on a discussion from the June FAC Committee of the

Whole meeting on the recognition of beginning fund balances, American Rescue Plan Act funding and proposed funding allocations. Council direction on the resulting budget adjustments is needed.

Periodically the Finance Department adjusts the budget to recognize revenue and expenditure changes during the biennium. There are three adjustments that need to be made at this time.

Recognition of Non-General Fund Beginning Fund Balances: In the first year of each biennium, budgeted beginning fund balances are reconciled with the actual beginning fund balances for each fund. A budget adjustment is required to formally recognize the difference in each fund. This budget adjustment is split into two groups: 1) all funds except the General Fund, and 2) the General Fund. The first group encompasses the sub-funds of the General Fund, Special Revenue Funds, Debt Service Funds, Capital Investment Funds, Utility Funds, and Internal Service Funds.

Recognition of General Fund Beginning Fund Balance: The General Fund ended the 2019-2020 biennium with \$40.3 million in fund balance, which is \$26.2 million more than anticipated. This is primarily due to a high level of development activity, including major infrastructure projects, resulting in higher than expected construction-related sales tax and development fees. The Council has already taken action on two proposals to use a portion of the end of the 2019-2020 biennium surplus. The disposition of the remaining surplus will be reviewed during the study session.

American Rescue Plan Act (ARPA): On March 11, 2021 President Biden signed a bill to provide additional relief for states, counties, cities, and towns as well as public utilities, libraries, and transit agencies affected by the coronavirus pandemic. The City of Redmond will receive a total of \$9,928,999 in two increments during the 2021-2022 biennium. These funds may be spent on qualifying expenses through December 31, 2024. A recommended spending plan will be presented to Council during the study session.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
N/A
- **Outreach Methods and Results:**
N/A
- **Feedback Summary:**
N/A

BUDGET IMPACT:

Total Cost:
N/A

Approved in current biennial budget: ☐ Yes ☐ No ☒ N/A

Budget Offer Number:
N/A

Budget Priority:
N/A

Other budget impacts or additional costs: ☐ Yes ☐ No ☒ N/A

If yes, explain:

N/A

Funding source(s):

N/A

Budget/Funding Constraints:

N/A

☐ Additional budget details attached

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
6/22/2021	Committee of the Whole - Finance, Administration, and Communications	Receive Information

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
N/A	None proposed at this time	N/A

Time Constraints:

N/A

ANTICIPATED RESULT IF NOT APPROVED:

N/A

ATTACHMENTS:

Attachment A: Presentation