

AGENDA ITEM #: _____

DATE: February 24, 2020

CAR #: 2020-6893



CITY COUNCIL ACTION REPORT

SUBJECT: Budget Transfer Policy

STAFF PRESENTER(S): Lauri Wingenroth, Finance Manager-Budget and Research

OTHER PRESENTER(S): None

Summary: Revisions to the budget transfer policy are proposed to improve timeliness and efficiency for unanticipated one-time operating and capital projects that carryover by removing the \$75,000 cap for unbudgeted carryovers.

Recommendation: ADOPT RESOLUTION 2020-2039 A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF GOODYEAR, MARICOPA COUNTY, ARIZONA, ADOPTING AND APPROVING THE BUDGET TRANSFER POLICY.

Fiscal Impact: There is no fiscal impact from adopting this policy which continues to assure that one-time operating and capital projects maintain their approved budget.

Background and Previous Actions

On July 11, 2017, the City Council adopted Resolution 17-1814 that established a new budget transfer policy. That policy provided for improved efficiency of day-to-day operations, minimized after the fact approvals of budget transfers by City Council, and hastened posting carryover budget reconciliations thereby reducing related overspending risk, while also providing for the Council to act directly on budget transfers of significance.

The new financial system was set-up to enhance and heighten attention to budget revision management by including hard stops that prevent transactions from moving forward when adequate budget is not available. Budget transfers were transitioned from paper forms with double entry by staff into a tracking database and then into the former financial system, to transactions and attachments that are processed through work flow in the financial system from entry, through proper approvals, to posting. Staff have also developed standard forms for describing and centrally classifying budget transfers against the policy. Approval workflows and business procedures were set-up to direct certain budget transfers that fall within the policy, as well as for those that move on for Council approval, to the Finance Director and/or City Manager Office approvers prior to posting budget changes to department budgets or approving Council Action Reports for budget revisions requiring Council approval.

Staff Analysis

The budget transfer approval process and timeliness of processing financial transactions from procurement to vendor payments has been enhanced by introduction of the Budget Transfer Policy in July 2017.

Staff have identified one area where the Council has consistently approved budget transfers presented for action since that policy was put in place. The current policy requires that unbudgeted carryovers of greater than \$75,000 be brought before Council for approval. These are transfers specifically related to amounts budgeted in the prior fiscal year that need to be carried over into the new fiscal.

Unbudgeted carryovers are infrequent, but are often more time sensitive due to their unanticipated nature than budgeted ones. They occur in cases where staff believe that products or services, and related billings would be completed prior to yearend. If a vendor delivers by June 30 but fails to bill in time to meet the yearend close-out process or the delivery date slips from June to even a few days into July, the item becomes an unbudgeted carryover. Unbudgeted carryovers can also occur through staff oversight or error in identifying items requiring carryover as well.

Regardless of the reason, these are items that were budgeted for a one-time purpose that were approved by the City Council. Delaying their approval until they can be readied for and placed on a Council agenda can be disruptive to projects or vendor relations or require after the fact approval by City Council. This is especially problematic early in the fiscal year when there is a longer gap in the Council meeting schedule, and is the time frame when most of these items are detected.

As presented, this budget transfer policy removes the \$75,000 maximum for unbudgeted carryovers by authorizing all budget transfers to reconcile one-time operating and capital projects or contracts to the prior year revised budget less the prior year actuals. A change to the Financial Policies will also be forwarded for Council approval that specifies the Finance Department will perform the reconciliations.

All other provisions in the proposed Resolution 2020-2039 regarding authorized budget transfers remains as established in July 2017.

Attachments

Resolution 2020-2039 – Budget Transfer Policy