



## Request for City Council Committee Action From the Finance Department

Date: February 5, 2007  
To: Ways and Means Committee  
Referral to: None

**Subject: Amendment to City Financial Policies**

**Recommendation:** Amend the City's Financial Management Policies to require regular reporting for departments that have spent in excess of appropriated resources (see below).

**Previous Directives:** None.

Prepared or Submitted by: Patrick Born, CFO, 673-3375  
Heather Johnston, Budget Director, 673-2918

Approved by: Patrick Born, City Finance Officer \_\_\_\_\_

Steven Bosacker, City Coordinator \_\_\_\_\_

Presenters in Committee: Patrick Born, City Finance Officer

### **Financial Impact** (Check those that apply)

No financial impact - or - Action is within current department budget.

(If checked, go directly to Background/Supporting Information)

Action requires an appropriation increase to the Capital Budget

Action requires an appropriation increase to the Operating Budget

Action provides increased revenue for appropriation increase

Action requires use of contingency or reserves

Other financial impact (Explain): Policy Change

Request provided to the Budget Office when provided to the Committee Coordinator

### **Background/Supporting Information Attached:**

Preliminary financial results for 2006 indicate that actual spending of four departments exceeded authorized appropriations. In order to avoid repeated future spending in excess of authorized appropriations departments that spend in excess of authorized appropriations would report to the Ways and Means/Budget Committee the year following the year of over spending.

**Staff Recommendation:**

Amend the City's Financial Management Policies as adopted with the 2007 budget as follows:

***Budget Status Reports:*** Not later than January 31<sup>st</sup> of each year the Finance department will report to the Ways and Means/Budget Committee on preliminary year end expenditures by departments compared to authorized appropriations for the prior fiscal year. This report will identify departments with expenditures in excess of authorized appropriations.

Departments with actual expenses in excess of authorized appropriations will report to the Ways & Means/Budget Committee each month for the year following the year of overspending, beginning with the first committee meeting in February. This report should report actual spending to date for the current year and forecast spending for the balance of the year compared to authorized appropriations. If forecasted spending exceeds authorized appropriations the department will present a plan that reduces spending to authorized appropriations.