

Memo

TO: Budget Committee *of 2*
FROM: Lee Tuneberg, Budget Officer
DATE: May 3, 2005
RE: **Total Budget Comparison Clarification**

After reviewing last night's budget discussion I felt it would be good to clarify some confusion surrounding a question raised on the relationship between the City's total budget and Parks' total budget.

The question: Why is the Parks' budget increasing for FY 2005-06 and the City's decreasing? The inference is that if one goes down (or up) the other must go down (or up) the same percentage.

The City's total budget is decreasing 8.8% or \$7.6 million. This is caused by including a \$15 million refinancing in FY 2004-05 and having other fund increases in FY 2005-06 of \$7.4 million. Parks' total budget is increasing \$959,314 between years including personnel, benefits, Youth Activity Levy, Senior Program, fund balance and others.

I have been the budget officer for 5 years and that has not been the rule or methodology for our creating the budget. Even though the FY 2004-05 budget had a close ratio (the City portion increasing 6% and the Parks' portion increasing 5.5%) there have been many significant differences since 2000.

I am not aware of any adopted policy that the total budget of the City (Parks inclusive) is established and from that, the Parks gets an agreed upon percentage of the total, or any documentation that identifies if one changes a certain percent the other must also. Not having such a requirement makes sense since the elements in each entity's budget are so different. The City has big enterprise funds with large capital expenditures and financings that change dramatically each year as compared to Parks that is primarily property tax based and stable year to year, even with significant changes (normally growth) due to the Youth Activity renewal, or non renewal.

As I tried to explain in the meeting, the only relationship similar to the one inferred is the "gentlemen's" agreement on the operational tax levy split between the General Fund and Parks & Recreation Fund. This split was established when Measure 50 moved both taxing authorities under one cap (authorized limit) and has become less formal as time has gone on. The amount of tax revenue needed and the rate to be levied for each agency is open for discussion each year as needs are assessed.

I hope that this explanation helps in avoiding any perpetuated belief that total budget changes must match in dollar amount or percentage.

