

TITLE: Mid-Year Budget Amendment

DISPOSITION: Discussion and possible action

PRESENTER/S: Michael A. Black, AICP, City Manager

ATTACHMENT/S: 1. Proposed Mid-Year Amendment Line Item Detail
2. CITY OF MOAB RESOLUTION NO. 01-2026

STAFF RECOMMENDATION: Staff recommends that the City Council review and approve the mid-year budget adjustment.

Background

This budget amendment will only affect the following budgets:

1. General Fund
2. Water Fund
3. Sewer Fund
4. Stormwater Fund

All other budgets will remain the same and require no amendments at this time.

GENERAL FUND

Revenue Summary

General Fund revenues are performing as expected at mid-year, with tax revenues trending positively. The December distribution (reflecting October collections) exceeded projections, bringing year-to-date tax revenues back in line with prior years.

Several revenue categories are currently outperforming original projections and require budget adjustments:

- Permit Fees: +\$119,500
- State Grants for Police Department: +\$36,488

Updated auditing standards also require the City to explicitly budget for certain employee-related liabilities, such as accrued vacation. These liabilities have always existed and have been supported by the General Fund, but they must now be shown as both a revenue transfer and a corresponding departmental expense. These funds will only be expended through attrition and actual vacation payouts:

- Transfer from General Fund Restricted (employee-related liabilities): \$397,980

In addition, the City received an insurance payment in the prior fiscal year for the replacement of the City Hall roof following hail damage. Those restricted funds must now be transferred into the operational budget to cover the associated expenditures in this fiscal year:

- Transfer from General Fund Restricted (City Hall roof replacement): \$465,000

Total General Fund Revenue Increase: \$1,018,968, allocated as follows:

- **Transfers from GF Restricted: \$862,980**
- **Increases in General Revenues: \$155,988**
(permit fees and state grants)

Expense Summary

Most adjustments to General Fund expenditures correspond directly to the restricted fund transfers described above. The two primary categories are:

1. Future Liabilities (formerly “unfunded liabilities”)
2. Insurance-funded City Hall roof replacement.

Each department with employees includes a corresponding increase to account for future liabilities, based on HR’s review and confirmed by the City’s auditors. These funds will carry forward year to year and are unlikely to be fully spent in any single fiscal year, as they are only expended through employee attrition and vacation payouts.

There are also modest increases to benefit costs citywide. These adjustments appear in each department under the line items “512 – Future Liabilities” and “513 – Benefits.”

- Total increase across all departments: \$415,949.90

The expense for the City Hall roof replacement is included under “443-526 Facilities BLDG/GRDS Supplies/Maintenance.”

- Roof Replacement: \$435,000
- General Bldg. Maintenance: \$75,000

Other significant department-specific adjustments include:

- Parks: Several adopted-budget line items were transposed and are now corrected; there is no net increase beyond the liability and benefits adjustments.

- City Administration: Sustainability and Communications division expenses have been consolidated into the City Administration budget; again, no net increase beyond the liability and benefits adjustments.
- Police Department: An increase of \$72,270 is required to account for the Council-approved payment for dispatch services. The adopted budget included \$160,000; the actual amount paid was \$232,270.

Summary of Major General Fund Expenditure Changes

1. **Future Liabilities (all GF departments): \$415,949.90**
2. **Benefits (all GF departments): \$77,585.19**
3. **City Hall Roof (insurance-funded expense): \$435,000.00**
4. **General Bldg. Maintenance: \$75,000**
5. **Dispatch Services Adjustment: \$72,270.00**
6. **Miscellaneous Adjustments: \$43,162.91**

Total General Fund Expenditure Increase: \$1,118,968

ENTERPRISE FUNDS

Another recommendation from the auditors is to budget for depreciation in all Enterprise Funds. Depreciation does not involve any actual cash outflow; it simply reflects the calculated loss of value of capital equipment and facilities. These entries function as “contra-accounts,” serving as tracking mechanisms with no monetary impact on the budget. Budgeting for depreciation follows GAAP (Generally Accepted Accounting Principles) and is widely considered an accounting best practice.

Although the expense appears in the budget, the cash remains in the Enterprise Funds.

The Enterprise Fund adjustments are summarized as follows:

1. **Water Fund – Depreciation Expense: +\$350,000**
2. **Sewer Fund – Depreciation Expense: +\$450,000**
3. **Stormwater Fund – Depreciation Expense: +\$375,000**

Proposed Motion:

“I move to adopt the FY 25-26 Mid-Year Budget Amendment as presented by Staff.”

RELEVANT LAWS, STUDIES & PLANS:

2025/26 Adopted Budget

RESPONSIBLE DEPARTMENT(s):

Administration

FINANCIAL IMPACT:

The impact is limited to the categories about. See above for detail.