

ST. PETERSBURG CITY COUNCIL

Consent Agenda

Meeting of March 5, 2009

TO: The Honorable Jeff Danner, Chair, and Members of City Council

SUBJECT: Approving the transfer of \$6.0 million in the Accrued Leave Liability General Fund Designation to the Economic Stability Fund.

EXPLANATION: Approximately twenty (20) years ago a Government Accounting Standard (GASB) was proposed that would require municipalities to financially reflect their employees' vested interest in accrued leave as a liability and have funds set aside to satisfy it.

In FY90, the City began setting aside reserves on an annual basis in anticipation of this requirement. In FY98 this designation was capped at \$6.0 million and has remained at that level.

The proposed GASB requirement for accrued leave liability was never enacted and therefore, there is no reason to continue with this designation.

In FY04, the City established the Economic Stability Fund in the amount of \$10,700,000 from existing accounts (the former Debt & Emergency Reserve) to offset economic impacts on the budget from significant or sustained increases in expenditures or for significant decreases in any major revenue source. The current balance of the Economic Stability Fund is \$16,341,663.

The economic downturn in the economy is expected to adversely impact major revenue sources for several years. In light of the above, it is recommended we transfer the \$6.0 million fund balance in the Accrued Leave designation, to the Economic Stability Fund. By taking this action now, we can better prepare for the fiscal challenges ahead on a multi-year basis.

COST/FUDNING/ASSESSMENT INFORMATION: Funds are available in the General Fund Accrued Leave Liability Designation. Because the General Fund and Economic Stability Fund are combined in the Comprehensive Annual Finance Report for reporting purposes, this will have no impact on the City's financial statements.

APPROVALS: Administration:.....
Budget:.....
Legal:.....

NO. _____

A RESOLUTION APPROVING A TRANSFER OF \$6,000,000 FROM THE GENERAL FUND, ACCRUED LEAVE LIABILITY DESIGNATION TO THE ECONOMIC STABILITY FUND; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, several years ago, the Government Accounting Standards Board (GASB) considered imposing a requirement that all cities reflect their employees vested interest in accrued leave as a liability in the respective funds. At the end of FY90, the City began setting aside reserves on an annual basis in anticipation of this requirement. Beginning with FY98, this designation was capped at \$6,000,000 and has remained there ever since; and

WHEREAS, the GASB requirement was never imposed and there is no longer a reason to continue with this designation; and

WHEREAS, in FY 2004 the Economic Stability Fund was established to be used to offset economic impacts on the budget from significant or sustained increases in expenditures or significant decreases in revenue; and

WHEREAS, the City desires to transfer the accrued leave designation in the General Fund to the Economic Stability Fund so that additional revenues are available to address the economic impact on the budget of significant revenue decreases;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of St. Petersburg, Florida that there is hereby approved the following supplemental appropriation from the unappropriated balance of the General Fund.

From:	General Fund Accrued Leave Liability Designation	
Transfer to:	Economic Stability Fund	\$6,000,000

This resolution shall become effective immediately upon its adoption.

Approved by:

Approved by:

Legal Department

Budget Department