

## Lift ZAP Tier I & Zoological Operations Budget Control

310-3591000000-667005	\$257,309 overage
310-3593000000-667005	\$ 91,486 overage

This request is to lift the 2020 operating appropriation unit control for the Zoo, Arts and Parks Tier I and Zoological sub-departments. In the past, whenever the actual Zoo, Arts and Parks tax collection exceeded budget for the year, the expense appropriations for the ZAP tier I and zoological groups were insufficient to payout the grants without exceeding the appropriation. To avoid a State compliance finding, contingent ZAP revenue and expenses were budgeted for equal amounts to alleviate any impact on the ZAP fund balance. This solution was a collaborative effort between the Council's fiscal team, Mayor's budget and finance team, Zoo, Arts and Parks division and the Community Services department back in 2012. This has been an important fiscal tool since 4<sup>th</sup> quarter revenue is received from the State of Utah after the final public hearing. Until now, the contingency has been sufficient to absorb unforeseen fluctuations in revenue.

The impact of COVID-19 on revenue posed projection challenges. The adopted ZAP revenue budget was decreased \$2.6M in June. As the year progressed, the projections improved as presented by the Mayor's budget team to the County Council. Before the November year-end budget adjustment deadline, the YTD revenue was reviewed by the Community Services department. At the time, the YTD revenue (Jan-Aug) plus an estimate for the last four months of the year (Sept-Dec 2019 actual revenue) did not exceed the current budget plus contingency. Therefore, a budget adjustment was not submitted to increase ZAP revenue and pass-thru grant expense.

Now that the final 2020 tax revenue has been received and the fund is reconciled, the 2020 revenue came in \$3.1M over budget. Of that amount, approximately \$2M was collected in the last four months of the year. Both September and November collections had a 15% and 12% year-over-year increase from 2019, respectively. To pay out the grants as directed in statute and adhere to accounting standards; a journal entry needs to be posted back to 2020 for the unpaid expenses. This journal entry matches the earned revenue with expenses. However, it will cause the Tier I appropriation to be exceeded by \$257k and the zoological appropriation by \$91k. We request the Council's approval to lift the MyFin budget controls so the journal entry can be posted. These overages will cause an audit finding and be included on the state compliance report to the Council.