



Legislation Text

File #: 49566, **Version:** 2

Fiscal Note

This resolution appropriates a variety of expenditures not anticipated in the 2017 Adopted Operating Budget. The resolution authorizes \$2.0 million in new appropriations funded by General Fund and Library Fund balances. These appropriations bring the 2017 Revised Operating Budget closer to the State of Wisconsin Expenditure Restraint Program limit and helps preserve expenditure authority in future years. Adoption of this resolution has no impact on the tax levy. It is anticipated that, following this transfer, the unreserved, undesignated, and unassigned General Fund balance will remain below the target level of 15 percent of budgeted expenditures at the end of 2017 but above 14 percent.

In addition to new appropriations, the resolution also includes a series of transfers across and within departments. These adjustments reflect projected spending levels through the 3rd Quarter; all proposed transfers are net neutral. Among these transfers is fully expending the 2017 Contingent Reserve. As of the November 21st Common Council meeting the remaining balance in the Contingent Reserve is \$1.1 million.

The proposed resolution also authorizes an advance to CDA Redevelopment for the Village on Park project. This advance will be funded from the debt service fund.

Title

SUBSTITUTE - Appropriating a net amount of \$2 million from the General and Library Fund balances to agency budgets, making transfers of appropriations between and within agencies, making a short-term advance from the Debt Service Fund to the Community Development Authority, and amending the 2017 operating budget.

Body

As the end of the year approaches, a review of agency operating budgets indicates a number of areas where conditions and events during 2017 are expected to result in the overrun of specific expenditure categories. This resolution increases General Fund appropriations by \$2.0 million; the resolution also transfers \$1.72 million across various agency budgets and advances \$800,000 from the debt service fund to the Community Development Authority for capital projects.

New Appropriations

The Fire Department requires an additional \$1,000,000 for overtime expenditures;

The Streets Division requires \$680,000 for potential snow events in the 4th Quarter;

The Municipal Court requires an additional \$80,000 to offset a shortfall in projected revenue;

The Parks Division requires \$40,000 for a contribution to the Parks Foundation for Goodman Pool improvements; this will be funded by assigned fund balance from a donation previously received for Goodman Pool improvements;

The Library requires \$200,000 for salary and benefit costs exceeding the budgeted amount, this increase will be funded by an appropriation from the Library fund balance.

Inter-Agency Transfers

Increase Amounts

Human Resources	Benefits	\$200,000
Engineering Division	Salaries	300,000
Mayor's Office	Salaries	70,000
Police Department	Benefits	<u>1,150,000</u>
	Total	1,720,000

Decrease Amounts

Direct Appropriations	Benefits	\$(345,000)
Direct Appropriations	Hourly Wages	(80,000)
Direct Appropriations	Contingent Reserve	(1,100,000)
Information Technology	Salaries	(50,000)
Econ Development Division	Salaries	(35,000)
Traffic Engineering	Supplies	(75,000)
PCED Office of Director	Salaries	<u>(35,000)</u>
	Total	\$(1,720,000)

Increase Amounts

Human Resources: Increase the benefit budget by \$200,000 to offset lower than estimated fringe benefits savings;

Engineering: Increase the salary budget by \$300,000 for costs associated with charging staff time between funds;

Mayor's Office: Increase the salary & benefit budget by \$70,000 to reflect projected staffing and health insurance costs;

Police: Increase the fringe benefits budget by \$1,150,000 to offset costs associated with employee leave payouts and other non-annualized pay;

Decrease Amounts

Direct Appropriations: Reduce \$345,000 from benefits budgeted centrally to offset deficits in various agency budgets;

Direct Appropriations: Reduce \$80,000 for hourly wages budgeted centrally anticipating the wage increase;

Direct Appropriations: Transfer \$1,100,000 from the Contingent Reserve to offset various deficits in agency budgets;

Information Technology: Reduce the salary budget by \$50,000; the projected savings is a result of vacancy savings accrued throughout the year;

Economic Development Division: Reduce the salary budget by \$35,000; the projected savings is a result of vacancy savings accrued throughout the year;

Traffic Engineering: Reduce the inventory budget by \$75,000; the projected savings is the result of supply costs charged to the capital budget;

PCED Office of Director: Reduce the salary budget by \$35,000; the projected savings is a result of vacancy savings accrued throughout the year;

Intra-Agency Transfers

The adjustments listed below reflect transfer of appropriation authority across major expenditure lines based on actual spending patterns in 2017. All of the transfers included below are net neutral within agencies.

AGENCY	DECREASE		INCREASE	
	Major	Amount	Major	Amount
Assessor	52-Benefits	(15,000)	53-Supplies	15,000
Common Council	51-Salaries	(25,000)	53-Supplies	25,000
Civil Rights	51-Salaries	(40,000)	54-P Services	40,000
Finance	54-P Services	(25,000)	53-Supplies	25,000
Parks	54-P Services	(75,000)	53-Supplies	75,000
Planning	54-P Services	(15,000)	53-Supplies	15,000

New Appropriations: Non General Fund

Monona Terrace: Increase purchased service appropriation by \$150,000 for various facility costs, this appropriation is offset by increasing budgeted revenue in charges for service.

Stormwater: Transfer \$200,000 from salaries to supplies (\$50,000) and purchased services (\$150,000) for costs associated with shoreline improvements. Costs for these projects are the result of an encumbrance that came forward from 2016 but did not have sufficient budget authority.

Advance to the Community Development Authority

The Community Development Authority (CDA) has been conducting remodeling projects at the Village on Park facility. Those costs total approximately \$800,000 in 2017. Those costs will be reimbursed by the issuance of general obligation debt authorized in the 2018 adopted capital budget. The CDA will repay that debt. The Debt Service Fund has a cash balance sufficient to provide a short-term cash advance to the CDA until the general obligation debt issuance occurs in 2018. Once the debt is issued, the advance from the Debt Service Fund will be repaid.

Finally, the resolution authorizes the Finance Director to determine which fund balances should be designated as “assigned”, as recommended in Government Accounting Standards Board (GASB) statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”.

WHEREAS, the City could appropriate an additional \$2 million from the General Fund and Library Fund balances to these purposes and remain eligible for future payments under the State’s Expenditure Restraint Program; and,

WHEREAS, the Finance Director is authorized to determine which fund balances should be designated as “assigned”, consistent with Government Accounting Standards Board (GASB) recommendations

WHEREAS, the Community Development Authority (CDA) requires short-term cash to cover expenditures from recent remodeling at the Villager; and,

WHEREAS, the Debt Service Fund has a sufficient balance to make an advance to the CDA; and,

WHEREAS, the 2018 adopted capital budget includes general obligation borrowing authority for the Villager

project, which, when issued in the fall of 2018, will be used to repay the advance from the Debt Service Fund.

NOW THEREFORE LET IT BE RESOLVED, that the Common Council amends the 2017 Operating Budget to authorize the aforementioned adjustments to expenditure categories within and across departments.

BE IT FURTHER RESOLVED, that an advance of up to \$800,000 from the Debt Service Fund to the CDA is authorized by the Common Council.