



City of Madison

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 Madison, WI 53703
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File Number: 07784

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File Type: Resolution

Status: Items Referred

Version: 1

Reference:

Controlling Body: COMMON
 COUNCIL
 ORGANIZATIONAL
 COMMITTEE

File Created Date : 10/23/2007

File Name: Requesting quarterly financial reports from the
 Comptroller and City agencies.

Final Action:

Title: Requesting quarterly financial reports from the Comptroller and City agencies.

Notes: Intro from the floor.

Sponsors: Brenda K. Konkel

Enactment Date:

Attachments: General Fund Balance History 1990 - 2006 ,Statement
 of Revenue & Expenditures ,2006 Account Status
 Transit Utility ,2006 Account Status Streets ,2006
 Account Status Community Services ,Example:
 Annual resolution appropriating from Contigent
 Reserve/General Fund ,City Attorney May's email re:
 Finance Reports

Enactment Number:

Author: Ald. Brenda K. Konkel

Hearing Date:

Entered by: dfields@cityofmadison.com

Published Date:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	COMMON COUNCIL	10/16/2007	Refer	COMMON COUNCIL ORGANIZATIONA L COMMITTEE			Pass
	Action Text:	A motion was made by Ald. Skidmore, seconded by Ald. Kerr, to Refer to the PLAN COMMISSION. The motion passed by voice vote/other.					
	Notes:						
1	Council Office	10/16/2007	Referred for Introduction				
	Action Text:	This Resolution wasRefer for Introduction					
	Notes:	Common Council Organizational Committee					
1	COMMON COUNCIL ORGANIZATIONAL COMMITTEE	12/04/2007	Rerefer	COMMON COUNCIL ORGANIZATIONA L COMMITTEE	01/08/2008		Pass

Action Text: Ald. Brenda Konkel moved, seconded by Ald. Robbie Webber to approve the resolution.

Lisa Veldran distributed an email from City Attorney Mike May on this item (attached to this file).

Dean Brassler, City Comptroller, was present to discuss the resolution with CCOC members. Mr. Brassler noted that the adoption of the resolution would require additional staff resources to support the preparation of the required report(s). He stated that the financial reports were set up to monitor expenditures annually versus monthly or quarterly and that they monitor major detail versus minor detail (not massively detailed information as required by the resolution). This report would provide little or no additional information to alders.

Ald. Brenda Konkel stated that her intent with the resolution was to avoid surprise expenditures at the end of the year. She wanted the Comptroller to propose some mechanism to track expenditures. Mr. Brassler stated that he could do an account status report and have it available in the Common Council Office for alders to review. CCOC requested Dean Brassler to develop a draft report that would capture their concerns for review at the next meeting.

Ald. Brenda Konkel, seconded by Ald. Robbie Webber, made a substitute motion to rerefer to the COMMON COUNCIL ORGANIZATIONAL COMMITTEE on 1/8/2008. The motion passed.

Notes:

1	COMMON COUNCIL ORGANIZATIONAL COMMITTEE	01/08/2008	Rerefer	COMMON COUNCIL ORGANIZATIONA L COMMITTEE	02/05/2008	Pass
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Action Text: Dean Brassler was present to discuss the resolution. He noted that he was asked at the last CCOC meeting to offer his opinion on what he thought Council should focus on in the budget.

Mr. Brassler stated that alders should focus on high level budgetary concerns. He noted that the following budget documents (historical information) are available to alders to complete a budget picture:

1. General Fund Balance History, 1990-2006 Adopted Budget - Dean Brassler stated that this chart and supporting data would be something that alders would use during the budget process. This data provides alders with a picture of how accurate the City's budget system is and if the city is budgeting "truthfully". Expenditure Variance - generally 0 to 2% positive - we are budgeting pretty close. Revenue Variance - more conservative 2 to 3%. Total Budget Variance is the sum of the expenditure and revenue variances.

2. Financial Statements - City's financial statements contains valuable budget numbers. The information can be found on-line at <http://www.cityofmadison.com/comp/finrptindex.htm>. The City Comptroller would welcome individuals or committees to go through the financial statements. He noted that there hasn't been that level of interest in doing this but would be more than willing to accommodate alders if they thought it would be helpful.

3. Statement of Expenditures and Revenues - Provides data on the General Fund and compares budgeted and actual numbers.

4. Account Status Reports - Distributed 2006 Account Status Reports from Metro, Streets and Community Services. Dean Brassler noted that Lisa Veldran could produce these reports at the request of the alders. Council staff noted that the city's financial software, SXD, is currently loaded on Ald. Konkel and Ald. Brandon's laptops and that the software would be loaded on the alders new laptops. Mr. Brassler stated that this was historical data because it would take several months to provide an accurate report on account statuses for each department.

5. Year-end resolution - Mr. Brassler distributed a copy of Legislative File No. 08186 that appropriated money from the Contingent Reserve and the General Fund and transferred money within an agency's budget to cover various unbudgeted departmental expenditures during 2007. This year-end resolution provides the Council with as much information on major expenditures (example snow removal) as possible. The Comptroller's office does not know how the year end budget picture will eventually look and this resolution provides an opportunity to make that picture clearer.

Mr. Brassler noted that the governmental budgeting process is geared towards the idea that the Council adopts an annual budget that has an appropriation which provides for total expenditure authority. Departments manage within those categories. A budget or accounting system has never been developed to look at a 3 month, 6 month, 9 month budget cycle with any level of detail. We have an annual budget. To do interim reporting is a difficult process and could not be provided quarterly unless major staff resources were allocated.

Mr. Brassler stated that, for example, an account status report run on December 4, 2007 would show \$28 million left unspent and if the report was run in July 2007 it would show that \$120 million went unspent. He stated that quarterly reports, without going through a detailed synopsis, are really not helpful in determining what the end of the year will look like. They would not provide additional or very helpful information. Mr. Brassler stated that a mid-year report on revenue projections is prepared and sent to the Board of Estimates and Council. The revenue area is where the Council can start to track the budget.

The Comptroller attempts to give alders as much information as possible, as soon as possible, to assist alder in making decisions. But given the level of staffing that they currently put into these reports, Comptroller's staff will never be able to provide substantially more than mid-year information, without committing more resources that the Comptroller's office does not currently have.

Ald. Brenda Konkel noted that the Council spends hours talking about \$2 million during the budget

but there is \$8 million at the end of year. She stated that the Council agonizes over the wrong things. She believed that alders need to be better educated on the City's budget and alders need an indication throughout the year about what is going on with the City's budget. Ald. Konkel noted that Council staff could run periodic quarterly account status reports for the Council but that the Council needs ongoing opportunities to discuss the budget. Ald. Konkel thought having the Financial Statements appear on the Council agenda might be beneficial. Ald. Konkel thought that the Comptroller could assist in prioritizing budget information and needs for the Council.

Dean Brasser noted that some committees are receiving financial reports (e.g. Transit & Parking Commission). Mr. Brasser stated that the city could pay the auditors to come in and make a presentation on the report but thought some alders would wonder why we were doing that. Mr. Brasser again noted that the Council needs to focus debate on the high level policy areas of the budget (an example of something that was of low financial value but became a high value issue for the Council was the debate on the purchase of coffee urn for the Senior Center in 2006).

Ald. Satya Rhodes-Conway noted two things:

1. The need to establish a baseline for alder knowledge on the City's budget. She did not know that she could ask Council staff for account status reports. During orientation the Comptroller may want to tell alders that these reports are available. Also the need to have appropriate software available (SXD) and train alders on the software.
2. Provide opportunities to receive regular reports, possibly mid-year reports, from the Comptroller's office. These reports could be referred to the Board of Estimates and the Council (or just Council) and make them regularly scheduled reports annually. Then Council could identify any budget issues and have an opportunity to talk about them earlier in the process (vs. end of the year).

Dean Brasser noted that the SXD financial software is 12 years old and is no longer state-of-the-art. They are currently in the process of reviewing new systems that would have more inquiry and reporting features. Until then Council staff could run account status reports quarterly and send them to all alders (as PDF's).

Ald. Tim Bruer noted that informational needs of alders differed widely and believed that there was a better way to organize the information. He noted that other municipalities provide quarterly summary reports based on the financials that are not 20-30 pages long. He stated that alders need to know what budget documents are available and understand what they mean.

Dean Brasser noted that the mid-year revenue report is a valuable source of information but that an expenditure report would provide little or no useful information (unless the budget was way off).

Ald. Michael Schumacher would like to see a council retreat to determine what is important in the budget and create priorities.

Ald. Brenda Konkel asked alders to come up with some modifications to the resolution to reflect some of the discussion that occurred at this meeting, for the next CCOC meeting.

Ald. Brenda Konkel moved, seconded by Ald. Satya Rhodes-Conway, to rerefer the resolution to the February 5, 2008 CCOC meeting. Motion was approved.

Notes:

1 COMMON COUNCIL 02/05/2008
ORGANIZATIONAL
COMMITTEE

Notes:

Text of Legislative File 07784

Title

Requesting quarterly financial reports from the Comptroller and City agencies.

Fiscal Note

A minimum of one additional full-time staff position would be required in order to make a credible attempt to fulfill the additional reporting requirements proposed in this resolution. Substantial reprogramming of existing software and quarterly allocation of annually adopted budgets would also be needed to accumulate this extreme level of both positive and negative budget variance detail by quarter.

The City's existing budgetary control systems have been structured to monitor conformance to major expenditure categories of the adopted annual budget. The focus of current efforts is to prevent significant over-expenditure of appropriated amounts. Very little past effort has been spent on developing reporting systems that allocate the approved annual budget to monthly or quarterly periods. Routine administration of budgets within the year and by detailed minor line item has generally been the responsibility of individual department and budgetary unit managers rather than the focus of attention for the City's top policy body, the Common Council.

Body

Whereas, the annual City of Madison budget is a reflection of the values, concerns and priorities of our community; and

Whereas, the Common Council and the Mayor try to ensure that the budget is responsible and balances investments in Madison's public safety, quality of life, transportation infrastructure, network of community services and economic development; and

Whereas, the Common Council makes amendments to and votes on the budget and various aspects of it with the expectation that those funded activities will be implemented; and

Whereas, there have been several examples where funded priorities were not implemented and/or were modified administratively; and

Whereas, truth-in-budgeting and transparency of the process is something that the City of Madison strives for;

Now, therefore, be it resolved that City staff shall prepare quarterly reports by department, as well as for the divisions and units within those departments, and for miscellaneous expenditures in the budget. The reports shall include year-to-date comparisons for the budget by percentage and dollar amount as compared to expenditures for each line item approved in the budget, including the personnel schedule and minor objects.

Be it further resolved that if there are expenditures that are over or under by more than 5%, the Common Council requests that the department, division or unit staff or the Comptroller provide a written explanation of the reason(s) why the funds are over or under the budgeted amounts, including the personnel schedule and minor objects.

Be it further resolved that these quarterly reports shall be due to the Common Council by April 1, August 1 and October 1; and

Be it finally resolved that on July 1 of each year, the Common Council shall receive an annual report on the prior year's budget that contains a year-to-date comparison for the budget by percentage and dollar amount as compared to expenditures along with a written explanation of any expenditures that are over or under by more than 5%.