

Version 2 Substitute

..Fiscal Note

This resolution provides funding authorization for a variety of expenditures not anticipated in the 2015 Operating Budget. The appropriation of \$3,850,000, from the General Fund balance brings the 2015 General Fund budget closer to the expenditure limit allowable under the State of Wisconsin's Expenditure Restraint Program and helps preserve expenditure authority in future years. There is no impact on the tax levy. It is anticipated that, following this transfer, the unreserved, undesignated, and unassigned General Fund balance will remain near the target level of 15 percent of budgeted expenditures at the end of 2015.

The resolution also appropriates \$347,300 from the Library Fund balance to supplement the Library budget. This amount is expected to be offset by possible underspending in other areas of the Library budget.

The resolution adds \$224,000 of general obligation borrowing authority to the 2016 adopted capital budget for the fiber and wireless network project. This funding should have been reauthorized from 2015.

..Title

SUBSTITUTE-Appropriating \$3,850,000 from the General Fund balance to agency budgets and the Insurance and Room Tax Workers Compensation Funds and \$347,300 from the Library Fund balance to cover various unbudgeted expenditures in 2015, and to amend the 2016 adopted capital budget to authorize general obligation borrowing ~~in 2015 for the Traffic Engineering capital budget related to the public safety radio project~~ and in 2016 for the Information Technology capital budget related to the fiber and wireless network program.

..Body

As the end of the year approaches, a review of agency operating budgets indicates a number of areas where conditions and events during 2015 are expected to result in the overrun of specific expenditure categories.

One of the most significant expenditure authority needs is in the area of Police Department employee compensation. Retirement payouts are expected to result in fringe benefits exceeding budget by \$425,000. Higher than anticipated departmental revenues are expected to leave a net decrease in the general fund balance of \$285,700.

The Streets Division request of \$1,441,600, reflects \$200,000 for lower than budgeted recycling revenues, \$250,000 for retirement payouts and related costs, \$934,600 for overtime costs in anticipation of a worst-case 5 to 6 snow events for the remainder of 2015 and \$57,000 for the increased cost of hot-patch mix. If the snow events occur as expected rather than worst-case, this request will reduce the general fund balance by \$357,000.

The Fire Department requires \$346,000 of expenditure authority to meet overruns in salaries and benefits. The salary shortfall is the result of overtime due to insufficient filled positions along with retirement payments. An additional \$186,700 is needed to offset lower than anticipated revenues from elevator and fire permits. Savings in other areas will offset these adjustments, resulting in no net impact on the general fund balance

The Parks Division requires \$250,000 of expenditure authority to meet salary costs and \$135,700 to offset less than anticipated departmental event and special assessment revenues. Savings in other areas will offset these adjustments, resulting in no net impact on the general fund balance.

The Traffic Engineering Division requires \$119,300 for retirement payouts (\$53,000) and additional fleet service charges (\$66,300).

The Treasurer's Office requires \$94,000 of expenditure authority to meet overtime costs (\$34,000) and credit card fees (\$60,000).

The Finance Department requires additional authority of \$60,000, to meet additional fringe benefits costs due to retirement payouts as well as costs due to higher than budgeted ambulance fee revenue collection activities.

The Human Resources Department requires additional authority of \$46,700, due primarily to contracts in support of the Employee Assistance Program and training programs.

The Economic Development Division requires additional authority of \$180,500 due to higher than anticipated salary and fringe benefits costs related to a lower amount of reimbursement of costs to tax increment districts (TIDs) than was anticipated in the budget.

The Common Council requires additional authority of \$9,300 for supplies and postage costs.

The Library requires \$347,300 in additional appropriation authority to meet payouts related to retirements. This appropriation will be offset by lower than anticipated spending in other areas, with the no net impact on the balance in the Library Fund.

Under Miscellaneous Appropriations, the funding for the City's share of the Zoo operating budget needs an additional appropriation of \$22,200 to fund actual operating costs at the Zoo which exceed budgeted amounts, as well as due to actual revenues falling short of initial estimates.

The Municipal Court is expected to come in \$33,200 under budget for court revenues, which increases General Fund expenditures by an equal amount.

The Insurance Fund is also in need of an additional appropriation. The City of Madison has long been self-insured for liability costs and has maintained a distinct internal service fund to account for costs associated with liability claims. Payment of liability claims, administrative expenses and premiums for catastrophic insurance coverage are all charged to this fund. The full cost of these programs is then allocated through an internal "premium" charge to the annual operating budgets of City agencies.

Most of the asset value in the Insurance Fund is associated with the City's initial investment in the Wisconsin Municipal Mutual Insurance Corporation (WMMIC) as a charter member when it was formed in the late 1980's. Since this asset value is not a cash balance, the Insurance Fund has in recent years been in a negative cash position. In response to the cash and structural funding imbalances, as well as larger liability claim payments, this resolution includes a \$500,000 appropriation to the Insurance Fund.

This resolution is a compilation of General Fund appropriations requested to satisfy the identified expenditure overruns within the various General Fund-supported agencies and to address the projected deficiencies in the Insurance Fund without exceeding the expenditure limits imposed under the State Expenditure Restraint Program.

This resolution also amends the 2016 adopted capital budget to authorize an additional \$224,000 in general obligation borrowing for fiber and wireless network project in the Information Technology Department. These funds should have been borrowed in 2015, but were not and a reauthorization was not made in the 2016 budget.

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, a review of actual expenditures to date has identified departmental expenditure categories in General Fund-supported agencies totaling \$3,350,000, which are expected to exceed budget authorization by the end of the year, and

WHEREAS, a review of the reserve balances in the Insurance Fund indicates this fund requires a supplement of \$500,000, and

WHEREAS, the Library budget requires a supplement of \$347,300 from the Library Fund balance, and

WHEREAS, the 2016 adopted capital budget needs to be amended to authorize \$224,000 for the Fiber and Wireless Network project, and

WHEREAS, the City could appropriate an additional \$4,000,000, from the General Fund Balance 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.

NOW THEREFORE LET IT BE RESOLVED, that the Common Council amends the 2015 Operating Budget to authorize the following adjustments to expenditure categories within departments, and

See Attachment Titled 2015 Year End Appropriations.pdf

BE IT FINALLY RESOLVED, that \$3,850,000, be appropriated from the General Fund balance to various departmental operating budgets to fund expenditures during 2015 and to the Insurance Fund to alleviate that fund's accumulated deficit and \$347,300 be appropriated from the Library Fund balance to fund expenditures during 2015, and an additional \$224,000 of general obligation borrowing be authorized in the 2016 adopted capital budget for the fiber and wireless network project,

General Fund Departments: \$3,350,000

Insurance Fund: \$500,000

Total Appropriation from General Fund Balance: \$3,850,000

