



Legislation Text

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Fiscal Note

This resolution provides funding authorization for a variety of expenditures not anticipated in the 2016 Operating Budget. The appropriation of \$2,700,000, from the General Fund balance brings the 2016 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 below the target level of 15 percent of budgeted expenditures at the end of 2016 but above 14 percent. The amount appropriated in this resolution reflects an earlier appropriation of \$1 million to the Clerk's Office to replace damaged election equipment (RES-16-0557 - Legistar 43902 - adopted August 2, 2016).

This resolution reduces the General Fund subsidy to Madison Metro in 2016 by \$5 million to reflect a \$7 million surplus in the Metro enterprise fund. The resulting increase in the General Fund balance from this appropriation reduction will be appropriated to the Fleet Service Internal Service Fund to help address a \$6 million deficit in this fund due to insufficient charges for depreciation costs. The General Fund appropriation to the Fleet Internal Service Fund will be used to increase the user agency budgets to support the allocation of the \$6 million. After the application of \$5 million of Metro fund balance to replace the reduction in the General Fund subsidy, \$2 million will remain in the Metro fund balance.

This resolution appropriates \$1.6 million to the Insurance Fund to address deficits that have arisen due to higher claim and premium costs. Approximately \$1.16 million from the General Fund balance was assigned in the 2015 financial statements for this purpose. As such, this appropriation will reduce the unassigned General Fund balance by approximately \$450,000.

Title

SUBSTITUTE - Appropriating a net amount of \$2,700,000 from the General Fund balance to agency budgets, the Fleet Internal Service Fund and the Insurance Fund; reducing the General Fund subsidy to Metro Transit by \$5 million to reflect surplus fund balance; and amending the 2016 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 2016 are expected to result in the overrun of specific expenditure categories.

New Appropriations

The Common Council requires an additional \$10,000 in both revenue and supply appropriation to offset postage costs associated with mailings reimbursed by private donations.

The Municipal Court is expected to come in \$90,000 under budget for court revenues, which will increase General Fund net expenditures by an equal amount.

Reduce the 2016 General Fund appropriation to Metro by \$5,000,000; increase the fund balance applied (from Metro Reserves) by \$5,000,000.

Appropriate a total of \$6,000,000 from the General Fund to the Fleet Services Fund to offset an overall deficit in the fund that has resulted from higher than budgeted depreciation expenditures; also providing for necessary budget authority to the 2016 supplies and purchased services majors in the amounts of \$240,000 and \$172,000 respectively. Budget authority in the enterprise funds also needs to be increased to pay for Fleet charges as follows:

| AGENCY | INCREASE |
|--------------------|-----------------|
| Golf | 65,802 |
| Landfill | 7,247 |
| Monona Terrace | 1,401 |
| Parking | 25,618 |
| Sewer Utility | 64,408 |
| Stormwater Utility | 315,685 |
| Water Utility | 25,082 |

Appropriate \$1,600,000 from the General Fund to the Insurance Internal Service Fund to offset a deficit that has resulted from actual claims expenditures exceeding budgeted amounts. Approximately \$1.16 million was already designated as a reserve within the City’s General Fund balance for this purpose at the close of 2015.

Intra-Agency Transfers

The adjustments listed below reflect transfer of appropriation authority across major expenditure lines based on actual spending patterns in 2016. All of the transfers included below are net neutral within agencies.

| AGENCY | DECREASE | | INCREASE | |
|-----------------------------|---------------------|----------------------|---------------------|----------------------|
| | <u>Major</u> | <u>Amount</u> | <u>Major</u> | <u>Amount</u> |
| Finance | Salaries | (50,000) | Supplies | 50,000 |
| Treasurer | Supplies | (7,000) | P. Services | 7,000 |
| Employee Assistance Program | Salaries | (11,000) | Supplies | 11,000 |
| Mayor | Salaries | (25,000) | P. Services | 25,000 |
| Parks | Supplies | (35,000) | P. Services | 35,000 |
| Planning | Salaries | (25,000) | Supplies | 25,000 |
| Civil Rights | Salaries | (60,000) | P. Services | 60,000 |
| Library | P. Services | (15,000) | Supplies | 15,000 |
| Fire | P. Services | (61,000) | Supplies | 61,000 |
| Police | P. Services | (70,000) | Supplies | 70,000 |
| Public Health | P. Services | (175,000) | Supplies | 175,000 |

Finance: Transfer salary savings to supplies to meet unanticipated costs, including generating employee health insurance information forms for payroll purposes as required by the federal Affordable Care Act.

Treasurer: Transfer funding from supplies to purchased services to align the budget with actual spending.

Employee Assistance Program: Transfer salary savings to supplies to address one-time costs associated with the agency relocation.

Mayor: Transfer funding related to accrued salary savings to offset unanticipated contractual services.

Parks: Transfer appropriation from supplies to purchased services to align the budget with actual spending.

Planning: Transfer funding to supplies to offset unanticipated supply purchases.

Civil Rights: Transfer appropriation resulting from salary savings to Purchased Services to offset costs associated with interpreter services.

Library: Transfer appropriation from purchased services to supplies to align the budget with actual spending.

Fire: Transfer appropriation from purchased services to supplies to align the budget with actual spending.

Police: Transfer appropriation from purchased services to supplies to align the budget with actual spending.

Public Health: Transfer appropriation from purchased services to supplies to align the budget with actual spending.

Inter-Agency Transfers

The transfers listed below reflect movement of appropriation across agency budgets to correct anticipated deficits in various agency budgets.

INTER-AGENCY TRANSFERS

Decrease Amounts

| | | |
|-----------------------|--------------|--------------------|
| Assessor | P. Services | (70,000) |
| Contingent Reserve | Debt | (350,000) |
| Direct Appropriations | Fringe | (1,932,028) |
| IT | Salaries | (96,000) |
| Streets | Fringe | (400,000) |
| Streets | Supplies | (375,000) |
| Streets | P. Services | <u>(90,000)</u> |
| | Total | (3,313,028) |

Increase Amounts

| | | |
|---------------------|--------------|------------------|
| Clerk | P. Services | 350,000 |
| Engineering | Revenue | 260,000 |
| Fire | Fringe | 343,418 |
| HR | Fringe | 140,000 |
| Parks | Revenue | 135,000 |
| Parks | Salaries | 260,000 |
| Police | Salaries | 1,624,610 |
| Traffic Engineering | Salaries | <u>200,000</u> |
| | Total | 3,313,028 |

Decrease Amounts

Assessor: The purchased service reduction is a result of savings from maintenance for the CAMA software that has not yet been launched.

Contingent Reserve: Transfer \$350,000 to the Clerk’s Office to offset costs associated with the 2016 election cycle.

Direct Appropriations: Transfer \$1,050,937 budgeted centrally for compensated absences to the Police Department to offset costs associated with employee leave payouts. Transfer \$343,418 to the Fire Department for employee leave payouts.

Information Technology: Reduce the salary budget; the projected savings is a result of vacancy savings accrued throughout the year.

Streets: Reduce the fringe benefits, supplies, and purchased services budgets; the projected savings is

due to less than budgeted expenditures for snow and ice removal.

Increase Amounts

Clerk: Increase the purchased services budget resulting from increased election costs.

Engineering: Reduce agency-specific revenue to reflect actual trends through the 3rd Quarter.

Fire: Increase the fringe benefits budget to offset costs associated with employee leave payouts.

Human Resources: Increase the fringe benefits budget to offset lower than estimated fringe benefits savings.

Parks: Reduce the agency-specific revenue to reflect actual trends through the 3rd Quarter.

Police: Increase the fringe benefits budget to offset costs associated with employee leave payouts.

Traffic Engineering: Increase the salary budget to offset deficits related to charging staff time to capital projects.

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 the reserve balances in the Insurance Fund indicates this fund requires a supplement of \$1,600,000; and,

WHEREAS, the Fleet Services Internal Service Fund requires a supplement of \$6,000,000; and,

WHEREAS, the Metro Transit Fund has an excess General Fund appropriation of \$5,000,000 that will be offset by a \$5,000,000 increase in fund balance applied; and,

WHEREAS, the City could appropriate an additional \$3 million from the General Fund Balance to these purposes and remain eligible for future payments under the State’s Expenditure Restraint Program, which reflects an appropriation of \$1 million to the Clerk’s Office adopted by the Council on August 2, 2016, to replace damaged election equipment (RES-16-0557 - Legistar 43902) 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 and is authorized to determine the amount up to \$6 million of the General Fund appropriation to the Fleet Service Internal Service Fund that will actually be transferred.

NOW THEREFORE LET IT BE RESOLVED, that the Common Council amends the 2016 Operating Budget to authorize the aforementioned adjustments to expenditure categories within and across departments, for appropriation increases from enterprise funds to pay for Fleet Service charges, and to Fleet Service appropriations to address supplies and purchased services costs in excess of budget; and,

BE IT FURTHER RESOLVED, that the General Fund appropriated contribution to Metro Transit is reduced by \$5,000,000 and an appropriation made from the Metro Transit Utility fund balance of an equal amount; and,

BE IT STILL FURTHER RESOLVED, that \$1,600,000 will be appropriated from the General Fund balance to the Insurance Funds; and,

BE IT FINALLY RESOLVED, that \$6,000,000 will be appropriated from the General Fund balance to the Fleet Services Fund.

| | |
|--------------------------|-------------|
| General Fund Departments | 100,000 |
| Insurance Fund | 1,600,000 |
| Fleet Services Fund | 6,000,000 |
| Metro Transit Fund | (5,000,000) |

Total Appropriation from General Fund Balance: \$2,700,000

Fleet Service Charges - additional expenditure authority for enterprise agencies:

| AGENCY | AMOUNT |
|--------------------|---------------|
| Golf Enterprise | 65,800 |
| Landfill | 7,300 |
| Monona Terrace | 1,400 |
| Parking Utility | 25,600 |
| Sewer Utility | 64,400 |
| Stormwater Utility | 315,700 |
| Water Utility | 25,100 |