



## Legislation Text

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**File #: 78951, Version: 2**

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### **Fiscal Note**

The proposed resolution amends the 2023 Adopted Operating Budget in order to make technical adjustments within various agency budgets. The amounts proposed in the midyear appropriation are based on actual expenditures through May of 2023. The proposed transfers include applying \$252,208 in general and library fund balance for carry forward encumbrances and projected deficits in agency budgets. The December 31, 2022, unassigned general fund balance was \$66.1 million, which is 18.2 percent of the 2023 general fund budget (city policy goal is to have a general fund balance of at least 15 percent of the subsequent year budget). The December 31, 2022, unassigned library fund balance was \$1.9 million, which is 8.4 percent of the library budget (the goal is 5.0 percent). The remaining Expenditure Restraint Program (ERP) is \$14.3 million, so the net increase of \$195,008 in General Fund appropriations will not affect the City's eligibility to qualify for a state ERP payment in 2024.

In addition, the resolution amends the 2023 Adopted Capital Budget to make technical transfers of funding across projects and comply with arbitrage requirements under federal tax law. The resolution also increases GO Borrowing for Affordable Housing by \$926,600 and reduces TIF proceeds by the same amount.

### **Carryforward Encumbrances**

The 2023 Adopted Operating Budget includes \$233,568 for encumbrances associated with contracts that span multiple years, which is centrally budgeted in Direct Appropriations. The total amount carried forward from 2022 for the General and Library funds totals \$330,189. The resolution transfers centrally budgeted funds and makes appropriations from the general fund balance (\$39,421) and library fund balance (\$57,200) to agency budgets for carry forward encumbrances.

The total amount carried forward from 2022 for Public Health totals \$410,266. The resolution transfers budget from Public Health's fund balance for carry forward encumbrances.

### **Town of Madison and Engineering Software Expenses**

The City of Madison acquired the Town of Madison Town Hall facility in late 2022 and various agencies have been occupying that space since 2023. The cost of facility maintenance was not included in the 2023 budget, as the occupancy was unknown at the time of budget development. The resolution increases expenses in the Engineering Division by \$84,480 to cover the cost of maintenance and increases interdepartmental billings and charges in various City agencies. Of the total cost, \$41,760 is incurred by general fund agencies. The resolution transfers \$41,760 of general fund balance and \$42,720 in fund balance from Parking, Public Health, Sewer, and Stormwater to cover these costs.

The Engineering Division previously paid for Autodesk software licenses (AutoCAD and BLD) in the capital budget. To comply with Governmental Accounting Standards Board (GASB) 96, software licenses must be paid through the operating budget. The resolution transfers \$113,827 from general fund balance to the Engineering division purchased services budget for the cost of software licenses.

### **Intra-Agency Transfers**

The resolution seeks to authorize \$231,500 in transfers across major expenditure categories within general fund agency budgets, and \$250,000 in transfers across major expenditure categories within the Fleet budget to cover projected deficits. These transfers are net neutral across the 2023 Adopted Budget.

The resolution seeks to transfer \$161,945 from state revenue to fund balance applied in the Grants Fund for the Police Department (MPD) for the Department of Justice Recertification and Academy grant project.

The resolution seeks to increase the budget authority in multiple non-general fund budgets by \$3.15 million in revenues and expenses for various supplies and purchased services. The proposed increases are funded through agency revenues, reserves, or federal funding sources, and do not require a City general fund appropriation.

**Capital Budget: Water Utility Projects**

The proposed resolution amends the adopted 2023 Water Utility Capital budget by authorizing net-neutral transfers of existing budget authority across various major projects and programs. The proposed transfers reflect current 2023 scope and schedule adjustments and does not result in any new or additional budget authority for the Utility. Project costs are funded through Water Utility reserves and do not increase the utility's debt obligations.

**Capital Budget: TIF funding for affordable housing**

The proposed resolution amends the Community Development Division's capital budget for Affordable Housing Development projects to make a technical correction to the amount of TIF proceeds available. The 2023 adopted budget listed \$7,000,000 in TIF proceeds, however, the actual amount available is \$6,073,400. The resolution would correct the TIF funding amount and add \$926,600 in General Obligation borrowing to maintain the same total level of funding for the program.

**Capital Budget: Arbitrage**

In advance of the City's annual general obligation debt sale each fall, agencies are asked to review all capital projects to ascertain the amount of borrowing proceeds needed. Through this exercise, agencies identified projects that will not spend down their full authorized budget within time frames required for arbitrage compliance under federal tax law. As a result, technical transfers are requested to transfer funding across multiple projects. The transfers do not impact the total authorized budget for any capital project or program.

**Title**

BY TITLE ONLY ~~2023 Mid Year Appropriation Resolution~~ Amending the 2023 Adopted Operating Budget to transfer funds between and within agency budgets based on projected spending through the 2nd Quarter of 2023, appropriate a net amount of \$252,208 from the General and Library Fund balances, and make transfers between funds; and amending the 2023 capital budget to transfer funds across projects and update funding sources for affordable housing development

**Body**

WHEREAS, multiple general and library fund agencies have incurred \$330,189 in expenses from carryforward encumbrances for contracts and services that span multiple years; and,

WHEREAS, the 2023 Adopted Operating Budget includes \$233,568 within Direct Appropriations, a centrally budgeted location, that is intended to be transferred to agency budgets to cover carryforward agency encumbrances once the total costs are known; and

WHEREAS, general and library fund balance are available to cover the cost of the remaining \$96,621 in carryforward encumbrances without impacting the City's eligibility for the State's Expenditure Restraint Program; and

WHEREAS, Public Health has a carryforward encumbrance of \$410,266 and has sufficient fund balance to cover this expense; and

WHEREAS, the City of Madison acquired the Town of Madison Town Hall property in the fourth quarter of 2022 and multiple City agencies have begun occupying the space in 2023; and,

WHEREAS, the 2023 Adopted Operating Budget did not include funding for property maintenance, as the occupancy was uncertain at the time of budget adoption; and,

WHEREAS, Engineering requires additional funding to cover expenses related to facility maintenance, projected at \$84,480 for 2023, as well as adjustments to interdepartmental billings and charges in various agencies; and,

WHEREAS, general fund balance is available to cover the increased expenses; and,

WHEREAS, Engineering purchases software licenses for Autodesk products, including AutoCAD and BLD, which have previously been charged to the capital budget; and,

WHEREAS, to comply with accounting standards established by the Governmental Accounting Standards Board (GASB) 96, software licenses must be paid through the operating budget; and,

WHEREAS, a budget transfer is needed to increase the expense authority in the Engineering Operating Budget to cover the cost Autodesk software licenses; and,

WHEREAS, various city agencies require intra-agency transfers to their budget to cover projected deficits in major expenditure categories based on the mid-year budget projection; and

WHEREAS, the Madison Police Department requests a transfer of \$161,945 from state revenue to fund balance applied within the grant fund to support implementation of the Department of Justice Recertification and Academy grant project; and

WHEREAS, various agencies are requesting an increase in budget authority in non-general fund budgets to pay for expenses that are supported by non-City revenue sources; and

WHEREAS, Water Utility requests net-neutral transfers of existing budget authority across various major capital projects and programs to reflect current 2023 scope and schedule adjustments; and,

WHEREAS, the Community Development Division's (CDD) 2023 Adopted Capital Budget included \$10 million for Affordable Housing Development Projects, funded with \$3 million in General Obligation (GO) Borrowing and \$7 million in TIF proceeds; and,

WHEREAS, the actual amount of TIF Proceeds available in 2023 for Affordable Housing is \$6,073,400; and,

WHEREAS, additional GO Borrowing of \$926,600 would be required to maintain the total funding level of \$10 million for affordable housing; and,

WHEREAS, several capital projects have not fully spent down their authorized borrowing proceeds within two years and transfers of funding across programs are needed for compliance with arbitrage rules under federal tax law.

NOW THEREFORE BE IT RESOLVED, the Common Council amends the 2023 Adopted Operating Budget by transferring \$233,568 from Direct Appropriations, \$57,200 from Library fund balance, and \$39,421 from general fund balance to the following agency budgets for encumbrances that were carried forward from 2022:

- Assessor: \$62,500

- Attorney: \$55
- Community Development: \$4,000
- Finance: \$46,567
- Fire: \$44,419
- Human Resources: \$10,729
- Library: \$57,200
- Parks: \$90
- PCED: \$4,621
- Planning: \$64,865
- Police: \$35,143
- Direct Appropriations: (\$233,568)
- Library Fund Balance: (\$57,200)
- General Fund Balance: (\$39,421)

; and,

BE IT FURTHER RESOLVED, the Common Council amends the 2023 Adopted Operating Budget by transferring \$410,266 from Public Health fund balance for carry forward encumbrances within that agency; and,

BE IT FURTHER RESOLVED, the Common Council amends the 2023 Operating Budget to increase the expense authority and interdepartmental billings in the Engineering division to account for Town Hall maintenance by the following amounts:

#### Engineering Expenses and Interdepartmental Billings

- Personnel: \$14,325
- Supplies: \$15,365
- Purchased Services: \$46,350
- Interdepartmental Charges: \$8,440
- Interdepartmental Billings: (\$84,480)

#### Interdepartmental Charges

- Engineering: \$7,330
- Fire: \$34,430
- Parking: \$16,620
- Public Health: \$10,550
- Sewer: \$6,400
- Stormwater: \$9,150

#### Fund Balance Applied

- General Fund Balance: (\$41,760)
- Parking: (\$16,620)
- Public Health: (\$10,550)
- Sewer: (\$6,400)
- Stormwater: (\$9,150)

BE IT FURTHER RESOLVED, the Common Council amends the 2023 Operating Budget to transfer \$113,827 from general fund balance to the Engineering division purchased services budget for the cost of software licenses that were moved from the Capital Budget to the Operating Budget to comply with GASB 96; and,

BE IT FURTHER RESOLVED, the Common Council amends the 2023 Adopted Operating Budget to authorize the following transfers to expenditure categories within agencies:

*General Fund*

- Traffic Engineering: Transfer \$200,000 from personnel to purchased services for increased expenses for consulting and utility costs
- Transportation: Transfer \$31,500 from salaries to supplies (\$19,500) and purchased services for consulting (\$12,000)

*Fleet Fund*

- Fleet: Transfer \$250,000 from supplies to purchased services to fund increased expenses for maintenance and repair costs

*Grant Fund*

- Police: Transfer 161,945 from state revenue to fund balance applied to reflect revenues received from a Department of Justice grant

BE IT FURTHER RESOLVED, the Common Council amends the 2022 Adopted Operating Budget to increase the budget authority in the following funds that do not impact the general fund:

*CDA Fund*

- CDA Housing Operations: Increase revenue by \$2,200,000 from federal revenues for Housing Assistance Payments. Increase purchased services expenses by \$1,400,000 to match increased federal revenues for Housing Assistance Payments. Increase revenue by \$60,000 in fund balance applied and purchased services expenses by \$60,000 for Triangle New Year Master Plan.
- CDA Redevelopment: Increase revenue by \$600,000 from fund balance applied and purchased services expenses by \$600,000 to match increased fund balance for MRCDC building improvements (\$604,000).

*Golf Fund*

- Golf: Increase revenues from charges for service by \$350,000, supported by trends in higher usage of fee-based services and facilities
- Increase expenses by adding \$90,000 to salaries, \$110,000 to supplies and \$150,000 in purchased services to support additional costs

BE IT FURTHER RESOLVED, the Common Council amends the 2023 Water Utility Capital to transfer existing budget authority between the following major project and program budgets:

- Project 14413 - 229 FELLAND ROAD BOOSTER PUMP INSTALL: Transfer \$350,000 in revenue bonds and commensurate expenditure authority from 11900 - WELL 14 MITIGATION
- Project 14865 - UNIT WELL 11 GENERATOR ADDITION: Transfer \$150,000 in revenue bonds and commensurate expenditure authority from 11900 - WELL 14 MITIGATION
- Project 11986 - WEST WILSON ST-HENRY TO BROOM: Transfer \$125,000 in revenue bonds and commensurate expenditure authority from 12195 - HILLCREST DR, STANDISH CT, ALDEN DR
- Project 11168 - UNIVERSITY AVE (SHOREWOOD-UNIV BAY) → Transfer \$300,000 in revenue bonds and commensurate expenditure authority from 12195 HILLCREST DR, STANDISH CT, ALDEN DR

BE IT FURTHER RESOLVED, the Common Council amends CDD's capital budget to reduce TIF proceeds for affordable housing by \$926,600 and increase GO borrowing by the same amount; and,

BE IT FINALLY RESOLVED, the Common Council amends the 2023 Adopted Capital Budget to transfer funds across the following projects to comply with arbitrage rules under federal tax law, as detailed in the attachment to the resolution titled "Capital Project Transfers for File 78951."