

Reply to Common Council File No. 181655
From DOA-Budget and Management Division

April 29, 2019

Ref: 18007

Common Council File 181655 contains a resolution appropriating up to \$4,350,000 from the 2018 Common Council Contingent Fund for the purpose of closing the 2018 financial books due to unanticipated shortfalls in current-year operating expenses.

This file is introduced to provide appropriation authority for various 2018 budget accounts which had expenditures in excess of their budget appropriations. The Contingent Fund is established to provide funding authority for accounts in these circumstances. This file is needed to authorize transfers from the Contingent Fund to the accounts specified in the resolution in order to close the 2018 financial books.

Several accounts require Contingent Fund transfers. The majority of the funds (98.0%) are needed for two accounts, as explained below:

- DPW Operations Division Operating Expenditures Account requires a transfer of \$3,673,732. The primary driver of over expenditures in 2018 was adverse weather conditions, which resulted in higher than anticipated snow and ice control operations. The higher level of snow and ice control operations contributed to increased expenses for salt, vehicle rental, and vehicle repairs.
- Social Security Tax Account requires a transfer of \$424,980. Salaries were higher than anticipated in 2018 requiring the City to pay additional social security tax.
- Library Operating Expenditures Account requires a transfer of \$162,257. This results primarily from higher costs for security services.

As of 4/29/2019, there is an uncommitted balance of \$4,350,000 remaining in the 2018 Contingent Fund. This file will transfer \$4,350,000 from the 2018 Contingent Fund to various departments and accounts so that these funds can be used to offset expenditures that exceeded budget appropriations. These expenses have already been incurred, so funding has to be provided to offset the expense. If transfers from the Contingent Fund to these accounts are not made, the Common Council will need to authorize Contingent Borrowing to offset these expenses. If the requested Contingent Fund transfers are approved, approximately \$0 will remain in the 2018 Contingent Fund. If not utilized for other purposes, this uncommitted balance will lapse to the Tax Stabilization Fund.

RECOMMENDATION: ADOPT COMMON COUNCIL FILE NUMBER 181655

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BJR:
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