

Reply to Common Council File No. 171757
From DOA-Budget and Management Division

April 5, 2018

Ref: 17007

Common Council File 171757 contains a resolution appropriating up to \$728,014 from the 2017 Common Council Contingent Fund for the purpose of closing the 2017 financial books due to unanticipated shortfalls in current-year operating expenses.

This file provides appropriation authority for various 2017 budget accounts which had expenditures in excess of their budget appropriations. The Contingent Fund provides 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 2017 financial books.

Several accounts require Contingent Fund transfers. The majority of the funds (94.8%) are needed for three accounts, as explained below:

- The Social Security Tax account requires a transfer of \$327,679. The primary driver of over expenditures in 2017 was higher than anticipated wages, based on contract settlements and pay progressions, which resulted in higher Social Security Tax payments.
- DPW Operations Division Salary and Operating Expenditures accounts require a combined transfer of \$362,305. The primary driver of over expenditures in 2017 was adverse weather conditions, which resulted in higher than anticipated snow and ice control operation expenses.

In addition to these transfers, one small transfer is for the Group Life Insurance Premium Special Purpose Account (\$38,030). Expenditures for this account in 2017 were higher than anticipated.

As of 4/5/2018, there is an uncommitted balance of \$3,400,000 remaining in the 2017 Contingent Fund. This file will transfer \$728,014 from the 2017 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 \$2,671,986 will remain in the 2017 Contingent Fund. This uncommitted balance will lapse to the Tax Stabilization Fund.

RECOMMENDATION: ADOPT COMMON COUNCIL FILE NUMBER 171757



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