

Reply to Common Council File No. 161469  
From DOA Budget and Management Division

April 7 2017

Ref: 17007

Common Council File 161469 contains a resolution appropriating up to \$2,228,917.47 from the 2016 Common Council Contingent Fund for the purpose of closing the 2016 financial books due to unanticipated shortfalls in current-year operating expenses.

This file is introduced to provide appropriation authority for various 2016 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 2016 financial books.

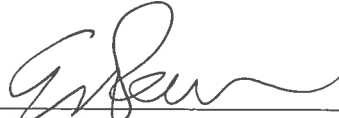
Several accounts require Contingent Fund transfers. The majority of the funds (99.1%) are needed for four accounts, as explained below:

- DPW Operations Division Operating Expenditures Account requires a transfer of \$1,809,448.73, which is 81.2% of the total remaining Contingent Fund balance. The primary driver of over expenditures in 2016 was the higher than anticipated response and costs for adverse weather conditions. This contributed to increased expenses for salt, vehicle rental, and vehicle repairs.
- DPW Infrastructure Services Operating Expenditures Account requires a transfer of \$131,349.40. This results primarily from higher expenditures on property services and tools and machinery parts.
- City Attorney Collection Contract Special Purpose Account requires a transfer of \$117,082.11. This account funds contracts with private collection companies for the collection of outstanding city receivables and overdue Municipal Court judgments. Expenditures for these services were higher than anticipated when the 2016 budget was adopted.
- Police Department Salaries and Wages Account requires a transfer of \$151,352.96. The Police salary account for 2016 was over expended because of salary adjustments for employees represented by the Milwaukee Police Association (MPA) and the Milwaukee Police Supervisors Organization (MPSO). The 2016 budget used 2012 rates of pay for MPA members and 2014 rates of pay for MPSO members. However, collective bargaining agreements covering multiple years subsequently required significant salary adjustments of approximately \$25 million. While other accounts will primarily fund the Police salary expenditures, a modest transfer from the Contingent Fund is required to fully fund these expenditures.

As of 4/6/2017, there is an uncommitted balance of \$2,228,917.47 remaining in the 2016 Contingent Fund. This file will transfer \$2,228,917.47 from the 2016 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 2016 Contingent Fund.

**RECOMMENDATION: ADOPT COMMON COUNCIL FILE NUMBER 161469**



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EP:dmr

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