

Reply to Common Council File No. 131639
From DOA-Budget and Management Division

April 14, 2014

Ref: 14007

Common Council File 131639 contains a resolution appropriating up to \$3,197,272 from the 2013 Common Council Contingent Fund for the purpose of closing the 2013 financial books due to unanticipated shortfalls in current-year operating expenses.

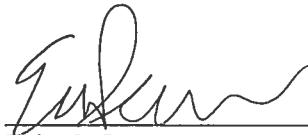
This file is introduced to provide appropriation authority for various 2013 budget accounts which had expenditures in excess of their budget appropriations. The Contingent Fund is established to provide funding authority for accounts in these circumstances. This file is needed to authorize transfers from the Contingent Fund to the accounts specified in the resolution in order to close the 2013 financial books.

Four accounts require Contingent Fund transfers:

- DPW Operations Division Operating Expenditures Account requires a transfer of \$3,065,000. The primary driver of over expenditures in 2013 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.
- Police Department Operating Expenditures Account requires a transfer of \$55,000. This results primarily from a higher amount and cost for ambulance conveyances.
- City Attorney Collection Contract Special Purpose Account requires a transfer of \$41,750. This account funds contracts with private collection companies for the collection of outstanding city receivables and overdue Municipal Court judgments. CCFN 130538 authorized an amendment to the contract for the collection of delinquent personal and real property tax bills. The collection of these bills was moved six months earlier, starting in November 2013, rather than April 2014. The goal of providing taxpayers with more time to make payment arrangements with the private collection company is to reduce the number of in rem tax foreclosures and increase the collection of delinquent taxes. Shifting collection efforts six months earlier than would normally occur, combined with a higher amount of taxes referred to the private collection company compared to the prior year, resulted in higher expenses in 2013 for the Collection Contract Special Purpose Account.
- Department of City Development Land Management Special Purpose Account requires a transfer of \$35,522. This account supports the maintenance and management costs of RACM and city owned improved properties obtained through tax foreclosure. The inventory of these properties has been increasing, making it more difficult to budget for maintenance costs. The 2013 over-expenditure is primarily the result of higher than anticipated water bills for these properties. Some of these expenses were paid in 2014 but accrued back to 2013.

As of 4/13/2014, there is an uncommitted balance of \$3,421,305 remaining in the 2013 Contingent Fund. This file will transfer \$3,197,272 from the 2013 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 \$224,033 will remain in the 2013 Contingent Fund. If not utilized for other purposes, this uncommitted balance will lapse to the Tax Stabilization Fund.

RECOMMENDATION: ADOPT COMMON COUNCIL FILE NUMBER 131639



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