

LRB-FISCAL REVIEW SECTION ANALYSIS

FINANCE AND PERSONNEL COMMITTEE

ITEM 8, FILE # 031470

FEBRUARY 26, 2004

MARK A. RAMION

File # 031470 is a substitute resolution rescinding reserved commitments and appropriating remaining funds from the 2003 Common Council Contingent Fund for the purpose of closing the 2003 financial books due to unanticipated shortfalls in current year operating expenses.

Background

This substitute resolution rescinds reserved commitments in the 2003 Common Council Contingent Fund and will transfer the remaining funds in the 2003 Common Council Contingent Fund to the Milwaukee Police Department's Salary and Operating Expenditure accounts.

Discussion

1. The 2003 Milwaukee Police Department's 2003 accounts have a shortfall related to police overtime and operating expenses.
2. This resolution will rescind the following reserved commitments in the 2003 Common Council Contingent Fund for a total of **\$668,635**:
 - Third police recruit class for 2003 - \$500,000
 - City Attorney Collection Contract - \$133,635
 - Villard Library staffing - \$35,000
3. This resolution also authorizes up to \$50,000 for transfer to the police department's 2003 operating account.
4. These rescinded commitments will be combined with the available balance in the 2003 Common Council Contingent Fund.
5. This resolution then transfers \$2,462,379 from the Contingent Fund to the police department salary account, thereby expending 100% of the \$5,000,000 2003 Common Council Contingent Fund.

Fiscal Impact

1. The total amount of this resolution is \$2,462,379 including the available balance in the 2003 Common Council Contingent Fund, **\$1,793,762**, and the reserved commitments, \$668,635, rescinded by this resolution.

2. It is the intention of the budget office to cover the police department's 2003 operating shortages (up to \$50,000) first, with the remaining funds transferred to the police department salary account for overtime expenses.
3. Police department overtime expenses for 2003 have exceeded the budgeted amounts by approximately \$7.5 million. The remaining salary account deficit will be covered by a transfer from the *Wages and Supplement Fund* (\$3 million) and short-term borrowing in the approximate amount of \$2.1 million.

Prepared by: Mark A. Ramion, X8680
LRB-Fiscal Review Section
February 25, 2004

Cc: W. Martin Morics
Dennis Yaccarino
Jennifer Gonda