



"...meeting community needs...enhancing quality of life."

TO: Finance Committee
FROM: Tony Saucerman, Finance Director
DATE: March 22, 2021
RE: Request approval of final 2020 Budget adjustments

In closing out 2020, the following funds showed expenditures in excess of budget. I am requesting budget adjustments to bring them back into compliance. All adjustments are fully fundable by revenues or fund balance within their respective funds.

COVID-19 Grant Funds

The first three budget amendment requests, Community Development Block Grant, Emergency Shelter Grant, and Police Grants, all stem from grant funds being awarded to these particular programs in 2020 to cover costs related to COVID-19 mitigation. Each of these programs have recurring annual grants that were supplemented in 2020 with additional funding specifically designated for COVID-19 response expenditures. The budget amendment records the additional grant funds received along with the related expenditures.

Housing Rehabilitation Grant Fund

The Housing Rehabilitation Grant program is funded by a combination of federal grants and repayments of past home improvement loans made through the program. At the time of budget preparation, the amount of these funding sources for the upcoming year are not certain, so an estimate is made. In 2020, the actual amounts received from both sources were higher than originally budgeted, thus a budget adjustment is being requested to record the increased revenues and related project expenses.

Police Grants Fund

The Police Department was awarded unanticipated State grant funds in 2020 related to drug enforcement and response, electronic referrals to County District Attorneys, and local grants for the purchase of equipment. Additionally, amounts received for their recurring annual traffic enforcement grants (seat belt, speed, OWI, and pedestrian/bike enforcement) were greater than originally budgeted. The requested budget adjustment records the additional grant proceeds and related expenditures.

Wheel Tax Fund

The Wheel Tax Fund accounts for the monthly remittance of vehicle registration fees collected by the State on behalf of the City. The funds are then transferred from the Wheel Tax Fund to the Concrete and Asphalt Street Reconstruction budgets in the general fund to help fund road reconstruction projects. The amount of wheel tax proceeds collected in 2020 was \$16,329

greater than the amount budgeted (\$1.2 million). The requested budget amendment records the additional wheel tax revenue received along with the related increase in the amount transferred to the general fund for street reconstruction projects.

TIF 6 Capital Projects Fund

TIF 6 is located on the east side of the City in the Highway 441/Calumet Street area including the Southeast Business Park. In 2020, a payment was made to New Morning Coffee Roasters pursuant to their offer to purchase land in the Southeast Business Park in 2018. The payment was predicated on their completion of a light industrial building and a subsequent occupancy permit being issued by the City. Since the timing of these contingencies was not certain during the completion of the 2020 Budget, no amounts were included in the 2020 Budget. This budget amendment records this payment. The funding source was the proceeds from the original sale of the land that was recorded in 2018 and thus resided in the fund balance of TIF 6.

TIF 8 Capital Projects Fund

TIF 8 includes the Riverheath, Eagle Flats and Eagle Point developments along the City's riverfront. These projects are considered "developer funded" since the developer pays for the costs of the development and a portion of the cost is paid back by the City through increased property tax revenues generated from the increased property values. The excess expenditure in 2020 represents an increased developer payment to Eagle Point due to higher than projected equalized value of the property.

General Fund (Wage Reserve)

The wage reserve was established to fund costs related to non-represented compensation plan increases, reclassification of pay grades, and other unanticipated labor expenses. Additionally, as in past years, non-represented staff salary increases for 2020 were budgeted in the wage reserve rather than added to the individual department budgets. If any of the individual department's actual salary expenses exceeded their budgeted expenses at the end of the year, an allocation from the wage reserve was available to supplement the department budget. These budget adjustments seek to transfer wage reserve funds to the Finance and Information Technology departments as part of this allowable allocation.

Thank you for your consideration of these budget adjustments. As always, feel free to contact me if you have questions.