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**TO:** Finance Committee

**FROM:** Tony Saucerman, Finance Director

**DATE:** March 8, 2019

**RE:** Request approval of final 2018 Budget adjustments

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In closing out 2018, 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 the respective funds.

#### Homeowner Rehabilitation Loan Program Fund

The Housing Rehabilitation Grant program is a revolving loan program that provides LMI homeowners loans to rehabilitate their homes. Funding is provided by a combination of grant funds and repayments of past home improvement loans made through the program. At the time of budget preparation, the amount of this funding for the upcoming year is not certain, so an estimate is made. In 2018, the actual amounts received from both sources were higher than originally budgeted and, along with accumulated fund balance, were used to pay additional program expenses. The requested budget adjustment records the additional revenue and program expenses as well as the use of fund balance.

#### Police Grants Fund

The Police Department was awarded additional OWI and heroin/meth prevention grant funds in 2018 that were not included in the original 2018 budget. The additional grant amounts funded additional enforcement expenditures. The requested budget adjustment records the additional grant proceeds and related expenditures.

#### General Fund – Fire Department

The Fire Department received funding from the Wisconsin Department of Military Affairs for training events held throughout the year. Funding was a reimbursement for the cost of overtime incurred by the Fire Department while attending the training. The requested budget adjustment records the training reimbursement from the State along with the additional overtime costs.

#### 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 and benefit expenses. As in past years, the pay-for-performance increases for non-represented staff were budgeted in the wage reserve in 2018 rather than added to the individual department budgets. Additionally, unbudgeted excess health claim costs (actual over budget) were allocated to departments at the

end of the year. If any of the individual department's actual salary or benefit expenses exceeded their budgeted expenses at the end of the year due to the reasons noted above, the wage reserve could be utilized to supplement the department budget. This budget adjustment seeks to transfer wage reserve funds to the Police Department and Mayor's Office budgets for this purpose.

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