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**TO:** Finance Committee

**FROM:** Tony Saucerman, Finance Director

**DATE:** March 8, 2018

**RE:** Request approval of final 2017 Budget adjustments

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In closing out 2017, 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.

#### Police Grants Fund

The Police Department was awarded seatbelt and drug enforcement grant funds in 2017 that were not included in the original 2017 budget. The additional grant amounts funded an additional \$96,531 of enforcement expenditures. The requested budget adjustment records the additional grant proceeds and related expenditures.

#### Room Tax Fund

The Room Tax Fund accounts for the quarterly receipt of hotel room taxes and the disbursement of the majority of these funds to the Fox Cities Convention and Visitor's Bureau. Room tax receipts in 2017 were higher than originally budgeted, thus a budget adjustment is necessary to record the increased room taxes as well as the increased remittances to the Convention and Visitors Bureau.

#### Debt Service Fund

The City received a significant premium (amounts received above the par value of the bonds issued) on the 2017 general obligation bond issue. The requested budget adjustment records a portion of that premium as well as related debt issuance costs.

#### General Fund (Health Claim Costs)

Employee health care related costs continued their upward trend throughout 2017 ending the year at approximately \$10.1 million (after stop-loss reimbursements). The approximate budget for 2017 was \$8.3 million, so the excess \$1.8 million was distributed to all City departments based on their pro rata share of fringe benefit costs. Once that distribution was completed, each department's budget was reviewed to determine if it was over-budget or if savings in other areas offset the additional allotment. Many of the budgets were able to absorb the additional costs while others were not. For those departments that were not able to absorb the additional costs, a budget adjustment is being requested to use existing fund balance to bring those departments within budget.

### 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. As in past years, base pay adjustments, sometimes referred to as cost of living adjustments (COLA) for non-represented staff were budgeted in the wage reserve in 2017 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 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 individual departments for this purpose.

### Information Technology/Facilities Capital Project Funds

At the end of 2017, approximately \$90,000 of proceeds from the 2016 general obligation note issue remained in the Information Technology Capital Projects fund. In order to meet the requirements necessary to avoid having to prepare arbitrage calculations, these proceeds need to be spent by April 4, 2018 (100% of the proceeds need to be spent within 18 months of the issue date of October 4, 2016). Per discussion with Director Fox, due to project costs being less than anticipated, these funds were not going to be needed. Therefore, a budget adjustment is being requested to transfer these funds to the Facilities Management Capital Projects fund where they can be applied to qualifying projects.

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