

# Municipal Budgeting

Committee of the Whole  
9/23/15

# Purpose of Tonight's Presentation

- o City Finance and Budgeting
  - o Background on terminology and theory
  - o Historical context on sources and uses of funds
- o Budget constraints
  - o Optional expenditure restraint program
  - o State imposed levy limits
- o 2016 Operating Budget structural changes
- o Budget process and next steps
- o City growth and staffing levels (Lisa)

# City Finance and Budgeting

# Purpose of an Annual Budget

- o The annual budget determines the services the City will provide and how they will be funded
  - o Level of Service = Cost/Expenditures
  - o How to Fund (state aid, fees, taxes, etc) = Revenues
- o Sets the property tax levy needed to fund the services identified
  - o The tax levy is then allocated to property owners on their tax bills

# What is a Fund?

Fund Type	Purpose	Primary Source of Funds	Examples
General Fund	Account for the majority of the City's activities including general government, public safety, public works, leisure, etc	Property Taxes	Only one
Special Revenue Funds	Account for the City's activities that are funded by a specific, separate revenue	Library Levy Franchise Fees User Fees Room Taxes	Library FACTv Refuse & Recycling CEDA
Debt Service Fund	Account for the principal and interest payments on the City's externally issued debt	Property Taxes	Only one
Capital Projects Funds	Account for the City's capital projects (primary fund for CIP projects)	Property Taxes	Capital Projects TID
Enterprise Funds	Account for the revenues and expenses of the City's "business-like" functions	User Fees	Water/Sewer Utility Stormwater Utility
Internal Service Funds	Account for services provided to other departments or agencies on a cost-reimbursement basis	MPSIS Reimbursement Charges to Departments	Technology Fund (*new*)

# Terminology

- Property Tax Levy – the total amount of property taxes that the City needs to collect in order to support the services we intend to provide during the year
  - $\text{Costs} - \text{Other Revenues} = \text{Property Tax Levy}$
- AV Tax Rate – the dollar amount per \$1,000 in assessed value that the City collects for our purposes
  - Last year's AV tax rate, City-only = \$7.948
  - City taxes on a \$262,448 house (average)
    - $\$262,448 / 1,000 * \$7.948 = \$2,086$  in City property taxes

# Terminology

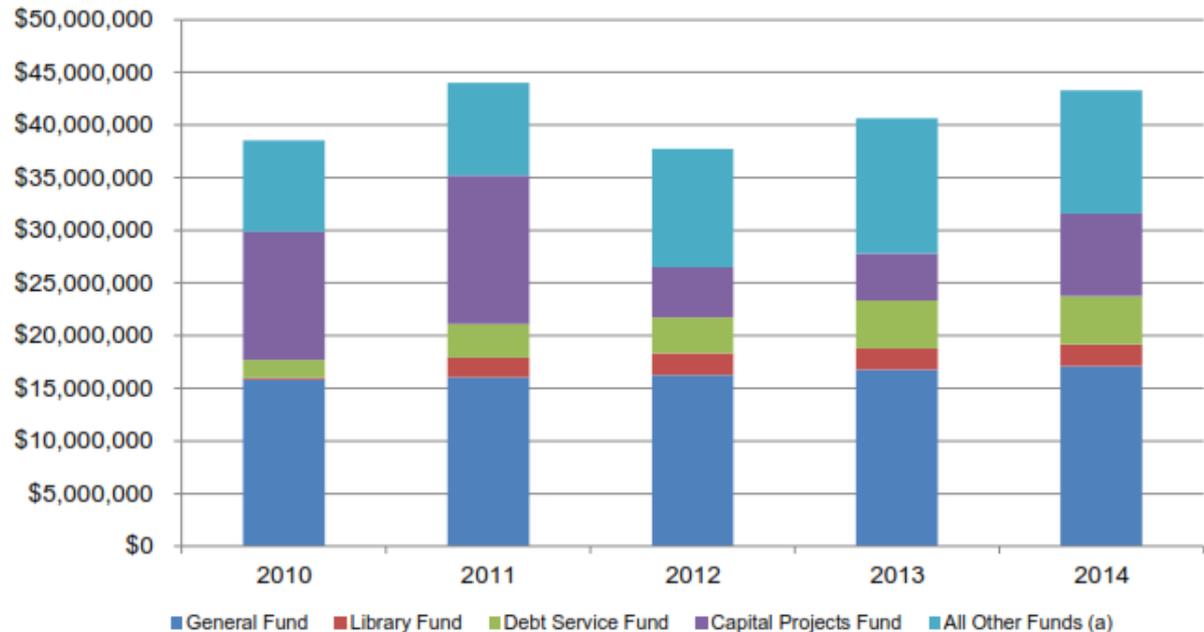
- Assessed Value (AV) – the value placed on each property by the City Assessor or the State Manufacturing Assessment division
- Equalized Value (EV) – the value placed on the City as a whole by the State Department of Revenue that is intended to “equalize” our total property value with other communities; primarily based on the sales city-wide
- Assessment Ratio – the ratio of the City’s overall assessed value as compared to the City’s overall equalized value
  - Since we are a maintenance community, we will usually be near 100%

# Where Does the City Spend Money (by Fund)

**Source:** Finance Department 2014 Annual Report. Also available on the City's website.

<http://www.fitchburgwi.gov/DocumentCenter/View/10123>

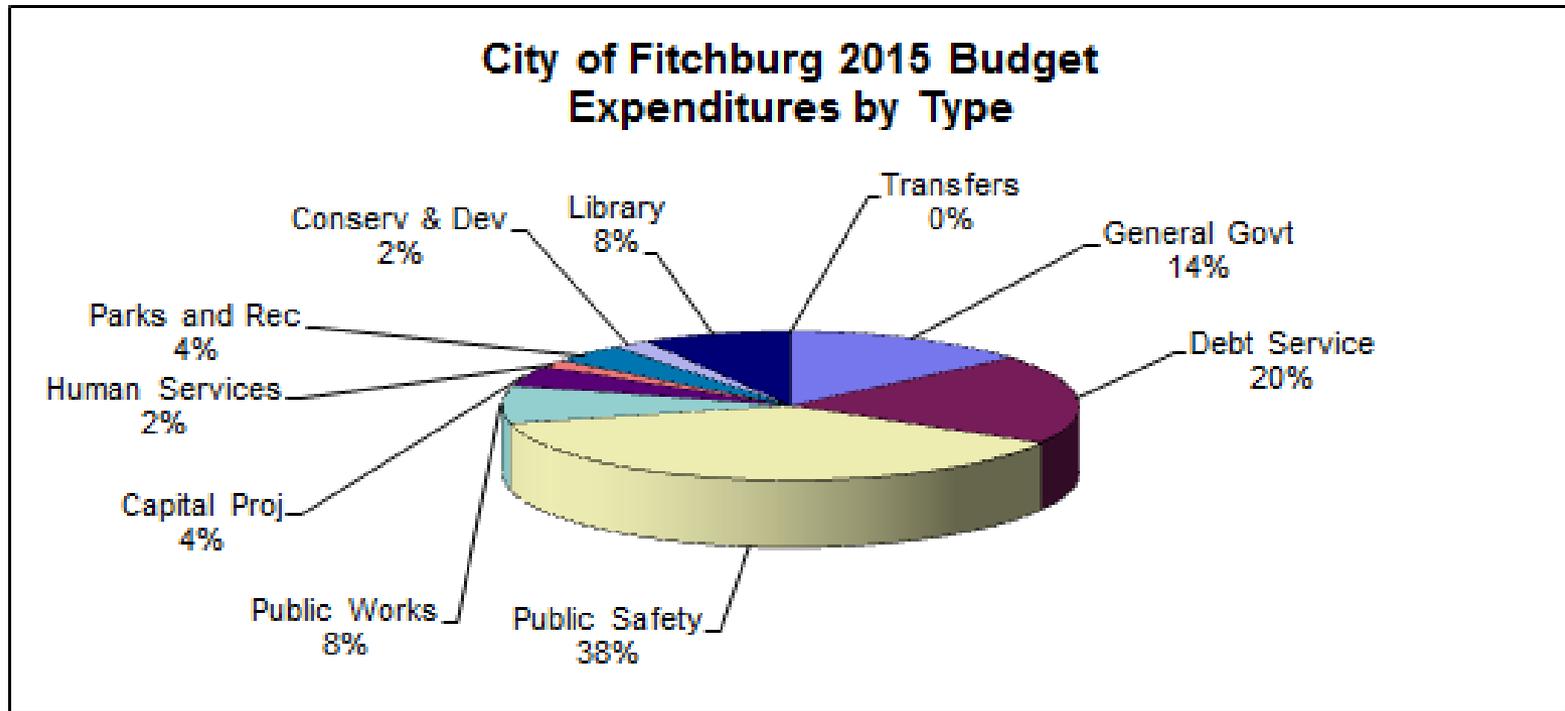
**Expenditure Budgets by Fund**



(a) The "All Other Funds" category includes:

- Special Revenue Funds: park dedication, cable, refuse and recycling, police training and drug enforcement, community and economic development authority (CEDA)
- Tax Increment Financing District Funds: TID #4 – Fitchburg Technology Campus, Agora, and Fitchburg Technology Campus III/Uptown; TID #6 – Orchard Point and Arrowhead; TID #7 – North Fish Hatchery; and TID #8 – Brown Business Park
- Enterprise Funds: Water and sewer fund and the storm water fund

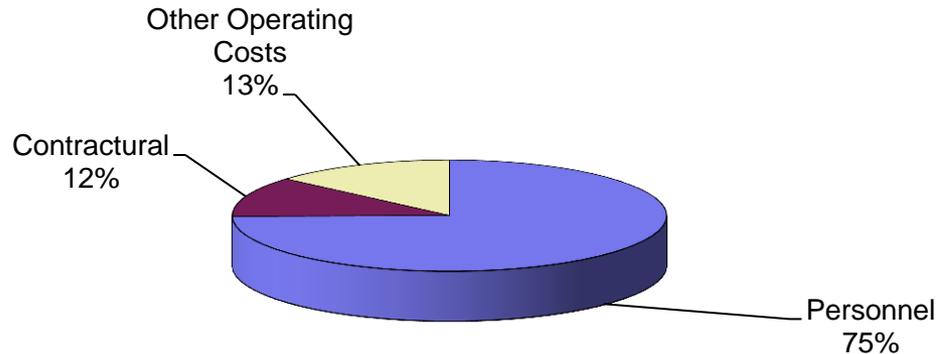
# Where Does the City Spend Money (Levy Funds)



**Source:** City's 2015 Adopted Annual Budget. Also available on the City's website.  
<http://www.fitchburgwi.gov/DocumentCenter/View/9830>

# Where Does the City Spend Money (General Fund)

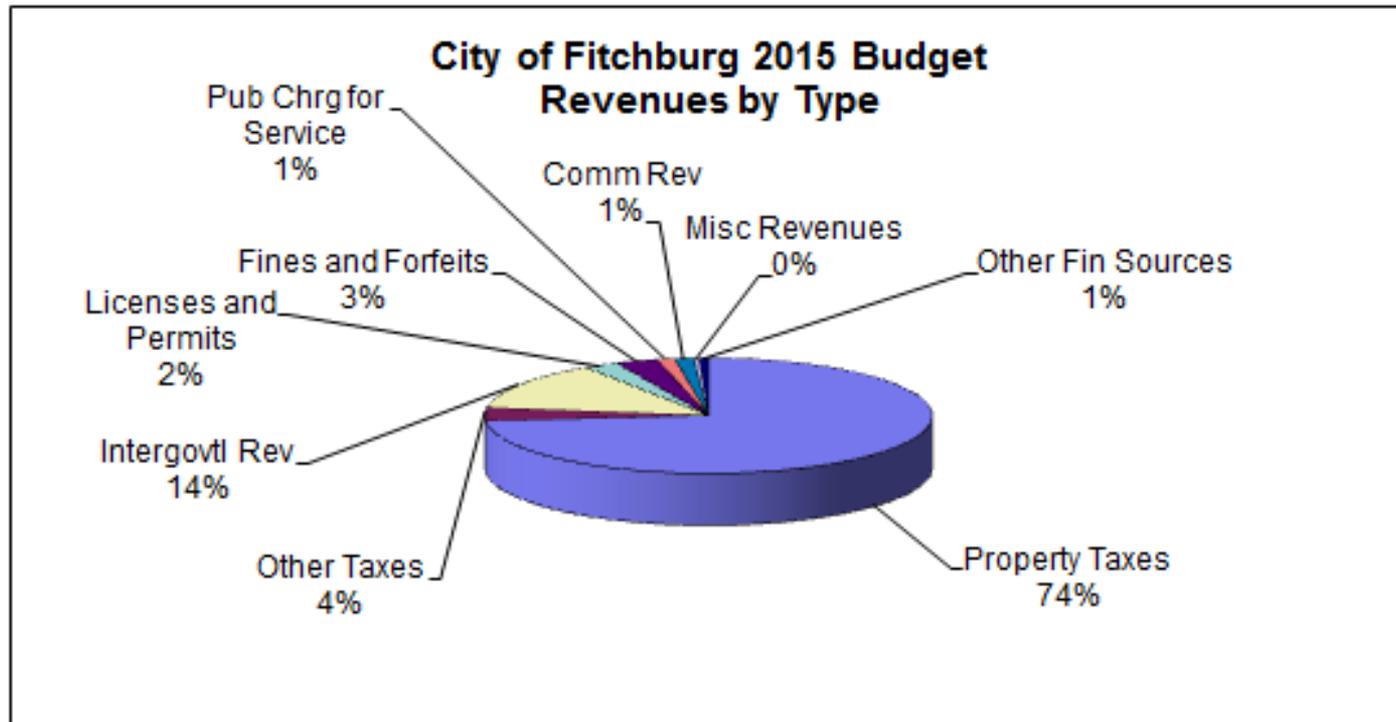
**City of Fitchburg 2015 Budget  
General Fund Expenditures by Class**



**Source:** City's 2015 Adopted Annual Budget. Also available on the City's website.

<http://www.fitchburgwi.gov/DocumentCenter/View/9830>

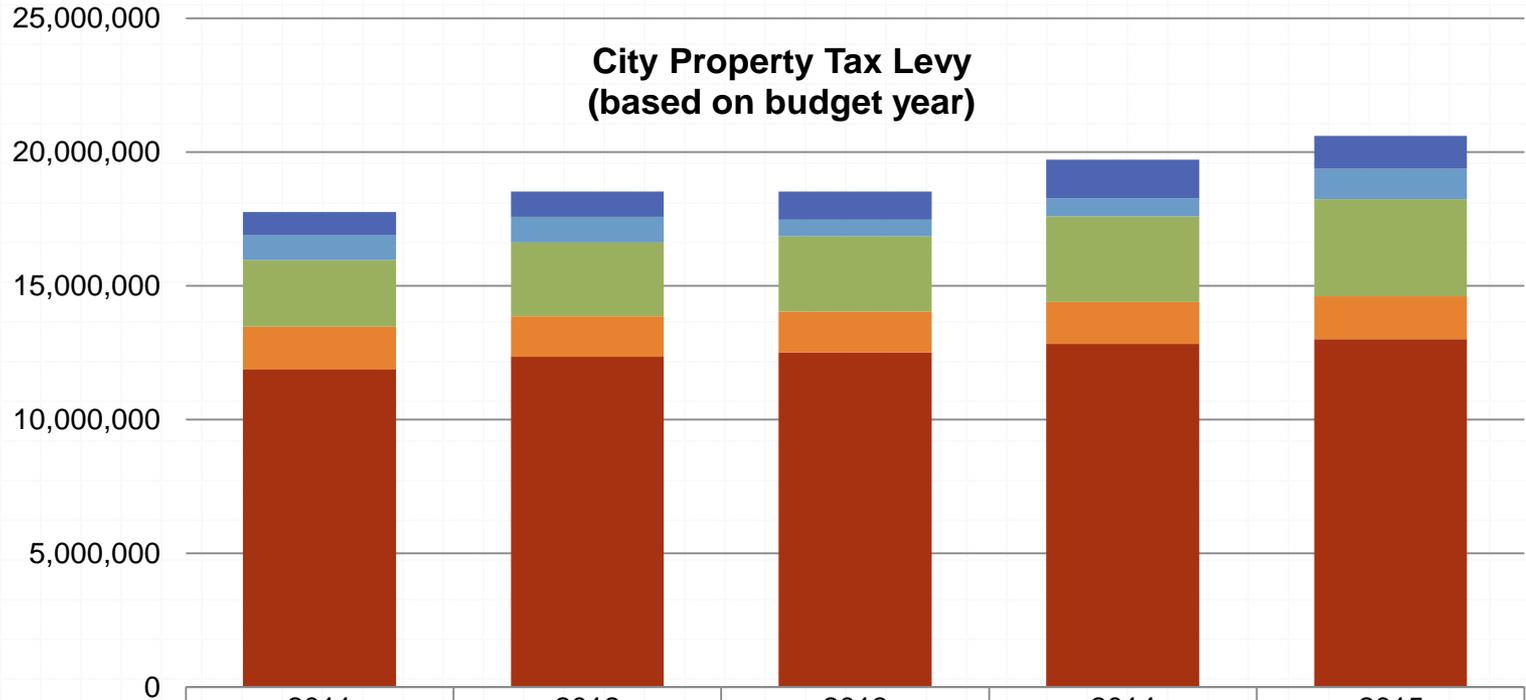
# From Where Does the City Receive Money (General Fund)



**Source:** City's 2015 Adopted Annual Budget. Also available on the City's website.

<http://www.fitchburgwi.gov/DocumentCenter/View/9830>

# Property Tax Levy History

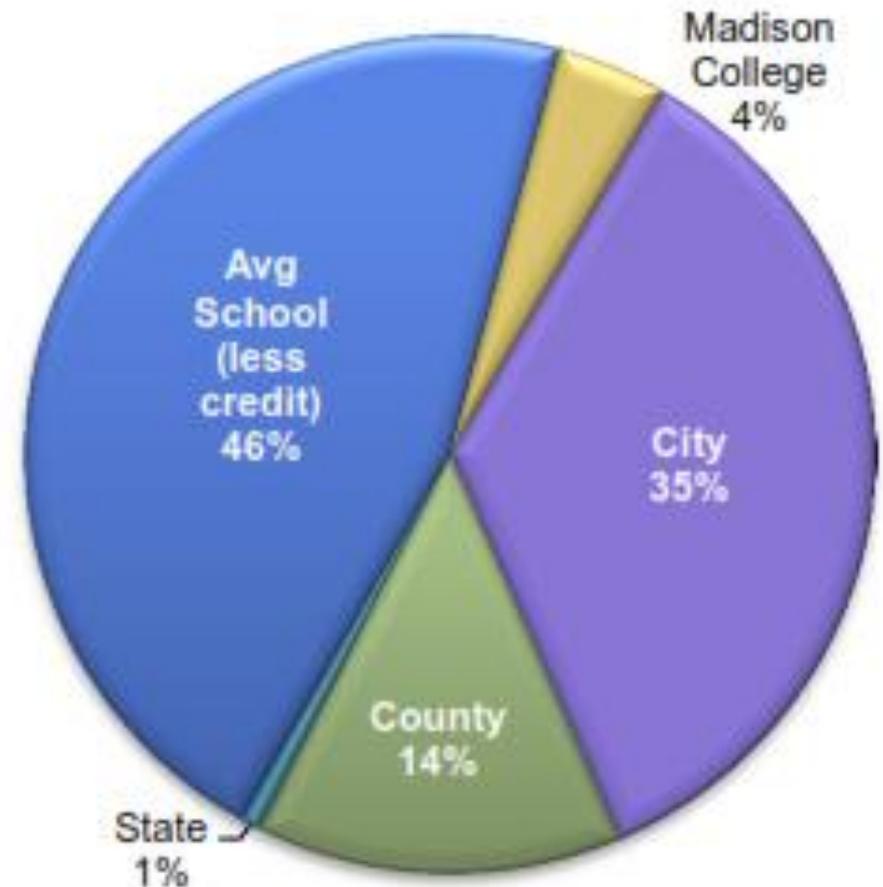


	2011	2012	2013	2014	2015
■ TID Allocation	866,922	930,279	1,051,411	1,441,399	1,230,313
■ Capital Projects	922,069	973,651	620,500	669,900	1,145,386
■ Debt	2,484,875	2,757,830	2,819,689	3,214,036	3,618,232
■ Library	1,613,696	1,504,346	1,524,769	1,557,433	1,604,133
■ General City	11,860,970	12,350,943	12,508,311	12,832,476	13,009,593

# How Tax Levy Translates to Property Tax Bill

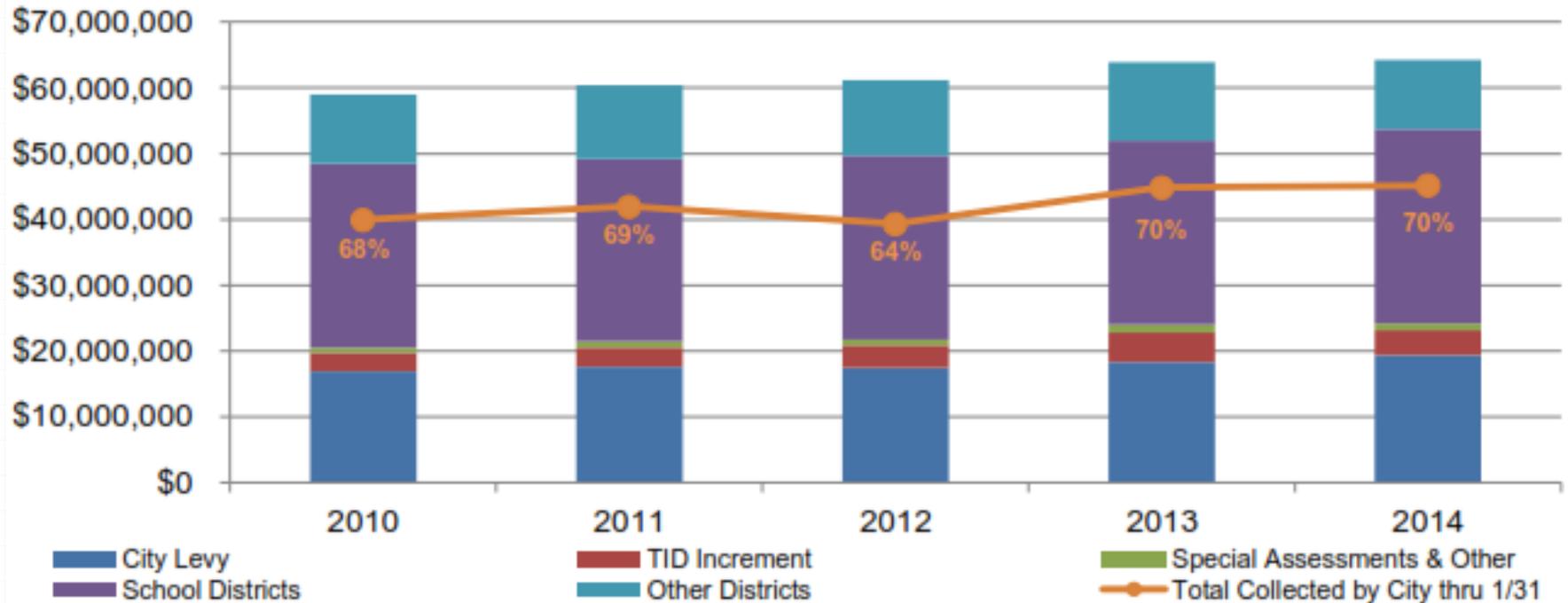
**Source:** City's Annual Tax Newsletter sent with last years' tax bills. Also available on the City's website.

<http://www.fitchburgwi.gov/DocumentCenter/View/9447>



# How Tax Levy Translates to Property Tax Bill

**Tax Roll by Jurisdiction**  
(based on tax roll year)



**Source:** Finance Department 2014 Annual Report. Also available on the City's website. <http://www.fitchburgwi.gov/DocumentCenter/View/10123>

# How Tax Levy Translates to Property Tax Bill

(Step 1: Set Property Tax Levies)

## BUDGET

Total spending

Less: other revenues

= Property tax levy



- o Must be done not just for the City but also for all the other overlying jurisdictions

# How Tax Levy Translates to Property Tax Bill

## (Step 2: Determine TID Increment)

- Properties in a TIF district pay the same tax rate as everyone else; however, that amount is diverted to the TIF fund
- Since the jurisdictions still need the full amount of their levy to support their services, this additional amount, the tax increment, is added to the total levies prior to allocating the total amount to each individual tax bill



# How Tax Levy Translates to Property Tax Bill

(Step 3: Allocate to Property Owners)

- Now that it has been determined how much, in total, the City needs to collect on behalf of all of the jurisdictions, the amount is allocated to each individual property using the assessed value of each property



# How Tax Levy Translates to Property Tax Bill

## (Role of Assessed Value)

- A property's assessment only determines what piece of the pie that particular property pays
  - Even during a revaluation year, the important factor in determining the tax bills is the levies (aka the pie)
  - Uniformity is a key concept – if everyone is over/under valued by same percentage, everyone's taxes would continue to be the same; problems occur when one property is uniquely over/under valued

# How Tax Levy Translates to Property Tax Bill (Other Resources)

- o Department of Revenue “Guide for Property Owners”

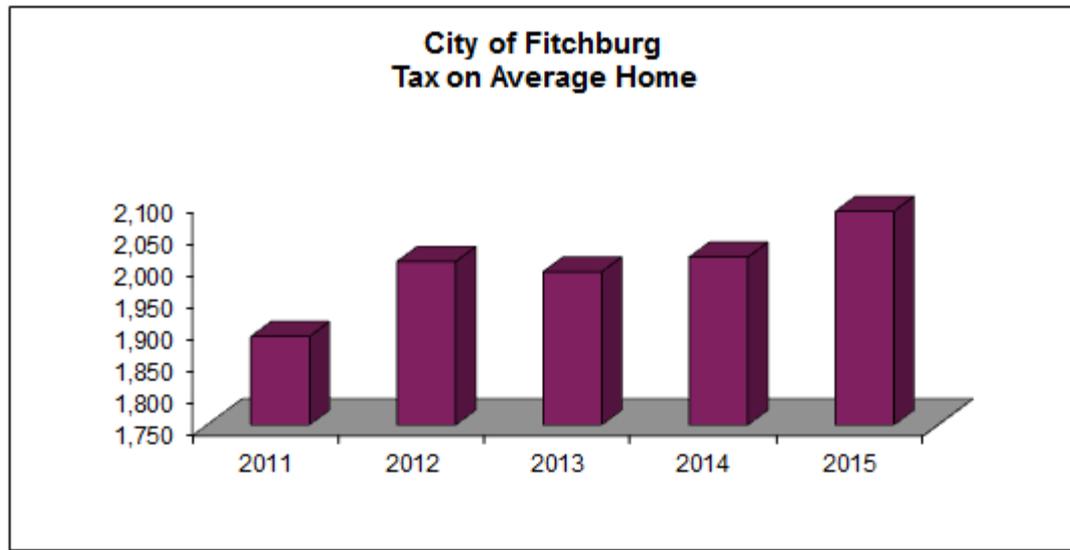
<https://www.revenue.wi.gov/pubs/slf/pb060.pdf>

- o Milwaukee Journal Sentinel Investigation “Trouble with Taxes”

<http://www.jsonline.com/watchdog/watchdogreports/across-wisconsin-uneven-property-assessments-fly-in-the-face-of-fairness-277614021.html>

(Includes video explaining uniformity)

# City Taxes On An Average Home



Year	Average Value	Municipal Tax
11	265,100	1,889
12	265,000	2,007
13	263,400	1,991
14	256,900	2,014
15	262,448	2,086

# Budget Constraints

Optional Expenditure Restraint Program (ERP)  
State Imposed Levy Limits

# Expenditure Restraint Program (ERP)

# Expenditure Restraint (History of the Program)

Wisconsin Department of Revenue  
Division of Research and Policy  
October 16, 2013

## EXPENDITURE RESTRAINT PAYMENT

The expenditure restraint payment (ERP) provides unrestricted aid to qualifying municipalities that limit growth in spending. The payment is in addition to aid paid under the county and municipal aid program. Counties do not qualify for payments under this program.

Originally called the tax rate disparity program, the ERP program was enacted in 1990 in response to criticism that the state shared revenue program for municipalities encouraged municipalities to increase spending (at the time, aid payments were partially dependent on spending). The ERP payment was meant to break this connection by targeting aid to high-tax rate communities that restrain spending growth.

A municipality originally qualified for the payment if its municipal-purpose tax rate was greater than the state average municipal tax rate, its equalized value per capita was less than 120% of the state average, and its operating budget had grown by no more than inflation plus 3%.

In 1994, the equalized value per capita limitation was removed, the qualifying tax rate was set at five mills, and the operating budget restraint was replaced with a general fund restraint. Municipalities now qualify for a payment if their municipal-purpose tax rate is in excess of five mills and if they limit their general fund budget increase to no more than inflation plus a growth factor.

Since 2003, funding for the program has been set at \$58,145,700.

Source: <https://www.revenue.wi.gov/ra/13erp.pdf>

# Expenditure Restraint

## (How to Qualify)

- o Municipal Purpose Property Tax Rate >5 mills (EV)
  - o Fitchburg – 7.854 in 2014
- o General Fund Expenditures (including transfers out) cannot exceed:
  - o 60% of net new construction
  - o + CPI increase 10/1 thru 9/30
- o Note: Does not look at capital, debt, or library funds
- o Note: Does not look at property taxes

# Expenditure Restraint

## (City's Policy)

- o The City has a specific policy on how to apply the Expenditure Restraint Program aid to reduce our reliance on the funding
  - o Year 1 – qualify based on budget year 1
  - o Year 2 – receive ERP aid payment in year 2
  - o Year 3 – apply prior year's ERP aid payment to year 3 capital levy

# Expenditure Restraint

## (History of the Program - City)

Eligibility Based on Budget Year	Aid Received in Year	Applied to Budget Year	Amount
2015	2016	2017	\$500,000 (est)
2014	2015	2016	\$507,742
2013	2014	2015	\$456,846
2012	2013	2014	\$482,105
2011	2012	2013	\$447,514
2010	2011	2012	\$217,508
2009	2010	2011	\$184,106
2008	2009	2010	\$-0-
2007	2008	2009	\$-0-
2006	2007	2008	\$220,887

# Expenditure Restraint

## (2016 Budget Qualification)

- In order to qualify for ERP the City's General Fund Expenditures would have to be limited to  $\sim 1.6\% = \$283K$
- Considerations:
  - 2.5% between each step in the pay plan
  - Pay for performance increase \$42K
  - Union negotiations for Public Safety \$ unknown
  - Health insurance  $\uparrow 4\%$  and  $9\%$ ; \$99K General Fund
  - Structural deficits from 2015 budget
    - Fire Chief (9/1/15 start) \$63K
    - Police Officer (7/1/15 start) \$41K
    - Fitchrona EMS Capitan – change in staffing plan

# Expenditure Restraint (2016 Budget Qualification)

## Extremely Low CPI Makes Qualifying for ERP Payments Challenging

The U.S. Consumer Price Index (CPI) ending September 30 is expected to be significantly lower than 1.6%, which was the average for the last two years. Currently, for October 2014 through July 2015, CPI is 0.36%. This will impact:

- Municipalities restricting their budget growth to qualify for the Expenditure Restraint Program under state law (sec. 79.04(5), Wis. Stats.)
- The allowable increase in charges assessed by a joint fire department to qualify for the levy limit exception provided in sec. 66.0602(3)(h), Wis. Stats.

# Levy Limits

# Levy Limits

## (What are levy limits)

- State Statute requirement
- “Levy Limits provide the maximum amount a town, village, city, and county may implement as a property tax levy on parcels within their boundaries”

# Levy Limits

## (Penalty for Exceeding)

### What is the penalty for exceeding the levy limit?

The penalty is a loss of shared revenue. This is a **dollar for dollar penalty**. **Example:** If a municipality exceeds its levy limit by \$1,000.00, its state shared revenue payment is reduced by \$1,000.00. If the penalty amount is greater than the state shared revenue amount for that year, the remaining penalty amount is deducted from subsequent state shared revenue payments **until the penalty is paid in full.**

# Levy Limits

## (How Calculate – Step 1: Net New Construction)

### Section A: Determination of 2015 Payable 2016 Allowable Levy Limit

1	2014 payable 2015 actual levy (not including tax increment) Note: Town, village, or city taxes do not include county or state special charges for purposes of calculating levy limits.	19,377,342 ?
2	Exclude prior year levy for unreimbursed expenses related to an emergency	0
3	Exclude 2014 levy for new general obligation debt authorized after July 1, 2005	2,315,227 ?
4	2014 payable 2015 adjusted actual levy. <i>Line 1 minus Lines 2 and 3.</i>	17,062,115
5	0.00% growth plus terminated TID% ( 0 ) applied to 2014 adjusted actual levy	17,062,115
6	Net new construction % ( 1.952 ) + terminated TID% ( 0 ) applied to 2014 adjusted actual levy	17,395,167
7	2015 levy limit before adjustments. <i>Greater of Line 5 or Line 6.</i>	17,395,167
8	Total adjustments from Sec. D, Line S.	0
9	2015 payable 2016 allowable levy. <i>Sum of Lines 7 and 8.</i>	17,395,167

Note: Adjustments discussed on next slide

# Levy Limits

(How Calculate

Step 2:

Adjustments)

Section D: Adjustments to Levy Limit	
A	Increase for unused levy from previous year (see Sec. B, Line 5). <i>(add)</i> <span style="float: right;">2</span>
B	Decrease in 2016 debt service levy as compared to 2015 debt service levy for debt authorized prior to July 1, 2005. <i>(subtract)</i> <span style="float: right;">2</span>
C	Increase in 2016 debt service levy over 2015 debt service levy for debt authorized prior to July 1, 2005. <i>(add)</i>
D	Increase for town, village, or city's share of refunded or rescinded taxes certified under sec. 74.41(5), Wis. Stats. <i>(add)</i>
E	Debt service for general obligation debt authorized after July 1, 2005. <i>(add)</i>
F	Increase in 2015 payable 2016 levy approved by a referendum. <i>(add)</i>
G	Amount levied in 2015 to pay unreimbursed expenses related to an emergency. <i>(add)</i>
H	<input type="text"/> <span style="float: right;">2</span> in costs associated with an intergovernmental cooperation agreement.
I	Adjustment to 2015 payable 2016 levy for increase in charges assessed by a joint fire department. <i>(add)</i>
J	Adjustment to 2015 payable 2016 levy for transfer of services during 2015 to other governmental units. <i>(subtract)</i>
K	Adjustment to 2015 payable 2016 for transfer of services during 2015 from other governmental units. <i>(add)</i>
L	Adjustment to 2015 payable 2016 levy for annexation of land during 2015 by a city or village. <i>(Town subtract this amount)</i>
M	Adjustment to 2015 payable 2016 levy for annexation of land during 2015 from a town. <i>(Village or City add this amount)</i>
N	Lease payment for lease revenue bond issued before July 1, 2005. <i>(add)</i>
O	Levy for shortfall for debt service on revenue bond issued under sec. 66.0621 Wis. Stats., or special assessment B bond issued under sec. 66.0713(4), Wis. Stats. <span style="float: right;">2</span>
P	Increase in levy for shortfall in general fund due to loss of revenue from the sale of water or other commodity to a manufacturer that has discontinued operations. <i>(add)</i> <span style="float: right;">2</span>
Q	Adjustment to 2015 payable 2016 levy for the adoption of a new fee or fee increase for covered services that were partly or wholly funded by levy in 2013. <i>(subtract)</i> <span style="float: right;">2</span>
R	Increase for unused levy carryforward from prior years (see Sec. C, Line 8) <i>(add)</i> <span style="float: right;">2</span>
S	Total adjustments <i>(Sum of Lines A through R)</i> <span style="float: right;">0 2</span>

Worksheet Instructions:

<https://www.revenue.wisconsin.gov/forms/govtvc/munillinst.pdf>

# Levy Limits

## (How Calculate – Step 2: Adjustments)

o The adjustment we use is Line E:

- Line E – Enter the debt service levy for general obligation debt authorized after July 1, 2005. This amount is upcoming scheduled principle and interest payments; only report the amount that needs to be funded by levy.

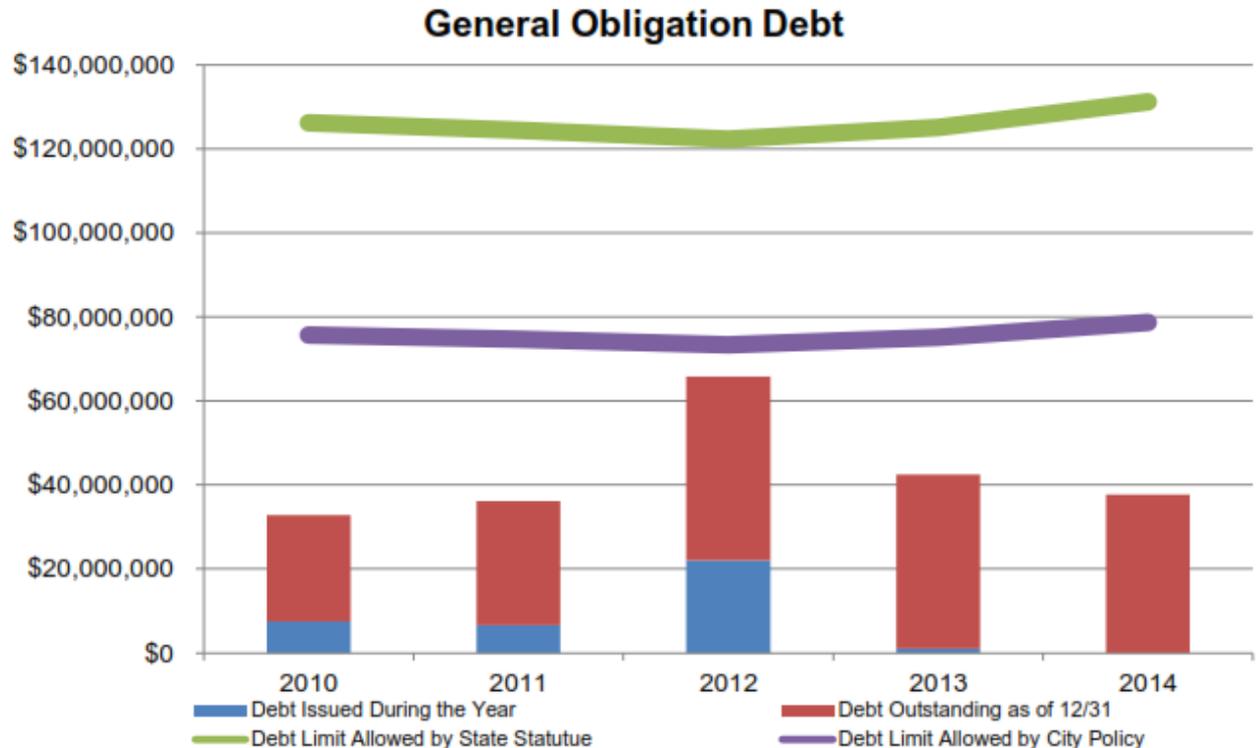
# Levy Limits

## (How Calculate – Step 2: Adjustments)

- State and local imposed limit on how much external debt we can issue.

**Source:** Finance Department 2014 Annual Report. Also available on the City's website.

<http://www.fitchburgwi.gov/DocumentCenter/View/10123>



# Levy Limits

## (How Calculate – Step 3: Carryover)

- o There is also a provision to allow for carryover of prior year's unused levy capacity. Because of the strategy we use to calculate our levy limits, we do not formally show a carryover allowed each year.
- o Carryover only allowed:
  - o Up to 5% of prior year's levy;
  - o Up to five (previously one/two) years
  - o With vote of council
    - o .5% or less – majority
    - o .5% to 1.5% – 3/4 majority
    - o Multi-year carryover – 2/3 majority

# Levy Limits

## (How Calculate – Step 3: Carryover)

### Section B: Adjustment for Previous Year's Unused Levy (sec. 66.0602(3)(f), Wis. Stats.)

1	Previous year's allowable levy		19,377,344
2	Previous year's actual levy		19,377,342
3	Previous year's unused levy. <i>Line 1 minus Line 2.</i>		2
4	Previous year's actual levy	19,377,342 x 0.015	290,660
5	Allowable increase. <i>Lesser of Line 3 or Line 4.</i>		2

### Section C: Adjustment for Prior Year's Unused Levy Carryforward (sec. 66.0602(3)(fm), Wis. Stats.)

1	2014 Unused percentage		0%
2	PY Unused percentage		
3	PY Unused percentage		
4	PY Unused percentage		
5	PY Unused percentage		
6	Total unused percentage		0%
7	Previous year actual levy due to valuation factor		17,062,115
8	Allowable increase		0

# Levy Limits

## (2016 Budget)

- Levy limit increase allowed: \$3,548,329
- If the City levied up to the limit it would be a total levy increase of 8.1%

# Levy Limits

## (Future Budgets – TID Closure)

- When a TID closes, a partial adjustment is allowed for the levy limits
  - Portion of prior increment allowed to spend
  - Portion of prior increment required for lower taxes
- In concept was intended to be 50/50 split; however, based on the formula currently in place it is less than  $\frac{1}{2}$  allowed to spend
- Current legislation proposed to bring closer to 50/50

# Levy Limits

## (Other References)

- o League of Wisconsin Municipalities “Levy Limits 2015: A Brief Explanation”

[http://www.lwm-info.org/index.asp?SEC=8D459710-3E31-4893-93BD-61981214E5E1&Type=B\\_BASIC](http://www.lwm-info.org/index.asp?SEC=8D459710-3E31-4893-93BD-61981214E5E1&Type=B_BASIC)

- o Ehler’s Presentation on Levy Limits

<http://www.ehlers-inc.com/download-file?f=154>

- o Department of Revenue FAQs

<https://www.revenue.wi.gov/faqs/slf/levy.html>

# Other Resources

- League of Wisconsin Municipalities Budgeting Toolkit  
<http://www.lwm-info.org/index.asp?SEC=8EFF2D9C-1A18-47FF-9161-A53082101E9A&Type=B> BASIC
- Includes several other articles and best practices relating to:
  - Budgeting Basics
  - Public Engagement in Budgeting
  - Financial and Budgeting Policies
  - Sample Municipal Budgets

# 2016 Budget Structural Changes

# Wages & Benefits (W&B)

- o FICA & WRS split out of Direct Fringe Benefits, effective 1/1/16

Acct #	Account Name	2015 Budget	06/2015 YTD Actual	2015 Estimate	2016 Budget	Budget Change
213-5362-110	SALARIES & WAGES - RECYCLING	\$ 54,740	\$ 29,518	\$ 64,911	\$ 71,049	\$ 16,309
213-5362-115	OVERTIME WAGES	\$ 38	\$ 18	\$ 482	\$ 686	\$ 648
213-5362-120	PT/LTE/SEASONAL WAGES	\$ 5,190	\$ -	\$ -	\$ -	\$ (5,190)
213-5362-130	DIRECT FRINGE BENEFITS	\$ 8,700	\$ 4,510	\$ 9,484	\$ -	\$ (8,700)
213-5362-131	FICA	\$ -	\$ -	\$ -	\$ 5,473	\$ 5,473
213-5362-132	WRS	\$ -	\$ -	\$ -	\$ 4,722	\$ 4,722
213-5362-135	LONGEVITY	\$ 241	\$ 242	\$ 242	\$ 311	\$ 70
213-5362-140	PER DIEMS - RCC	\$ 1,480	\$ 515	\$ -	\$ -	\$ (1,480)
213-5362-160	HEALTH INS	\$ 15,224	\$ 6,348	\$ 12,695	\$ 14,103	\$ (1,121)
213-5362-161	LIFE INS	\$ 62	\$ 54	\$ 91	\$ 110	\$ 48
213-5362-162	DISABILITY INS	\$ 311	\$ -	\$ -	\$ 406	\$ 95
213-5362-163	DENTAL INS	\$ 837	\$ 343	\$ 692	\$ 692	\$ (145)
213-5362-185	ALLOCATED BENEFIT-TAXABLE BOND	\$ -	\$ -	\$ -	\$ -	\$ -
213-5362-195	OTHER GROUP BENEFITS-EMPLOYEES	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Personnel Costs</b>		<b>\$ 86,823</b>	<b>\$ 41,546</b>	<b>\$ 88,597</b>	<b>\$ 97,552</b>	<b>\$ 10,729</b>

# Wages & Benefits (W&B)

- o Health, Life, Disability, and Dental insurances all moved from allocated 5xx to W&B section 16x
- o Retroactive so will see change in 2015 reports also

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# Wages & Benefits (W&B)

- o Contracted service review by HR in early 2015
- o As of 1/1/15 some positions were reclassified from contracted services to employees
  - o Sports officials
  - o Senior Center fitness instructor
- o City and employee now pay FICA
- o City continues to pay workers compensation

Acct #	Account Name	2014 Actual	2015 Budget	06/2015 YTD Actual	2015 Estimate	2016 Budget	Budget Change
100-5460-120	PT/LTE/SEASONAL WAGES	\$ -	\$ -	\$ 3,999	\$ 10,920	\$ 10,920	\$ 10,920
100-5460-387	SENIOR PROGRAMS EXPENSE	\$ 13,063	\$ 12,000	\$ 3,516	\$ 4,000	\$ 4,000	\$ (8,000)

# Wages & Benefits (W&B)

- o More detailed review of “lump sum” budgets for some categories:
  - o Police Overtime – same hours but tied to top officer rate
  - o Police Shift Differential – calculated based on contracted hours and average number of employees per shift
  - o Fire Paid on Call/Premise – split into five categories for both regular and overtime
    - o Fill-in shifts
    - o Emergency response
    - o Training
    - o Officer-in-Charge (OIC)
    - o Other

# Administration/ Human Resources

- o Administration and Human Resources previously included in same “section” of account numbers. As of 1/1/16 will be split into two different sections

Acct #	Account Name	2014 Actual	2015 Budget	06/2015 YTD Actual	2015 Estimate	2016 Budget	Budget Change
100-5115-110	SALARIES & WAGES-ADMINISTRATOR	\$ -	\$ -	\$ -	\$ -	\$ 169,862	\$ 169,862
100-5141-110	SALARIES & WAGES-ADMINISTRATOR	\$ 249,731	\$ 270,669	\$ 127,199	\$ 272,422	\$ -	\$ (270,669)
100-5143-110	SALARIES & WAGES-HR	\$ -	\$ -	\$ -	\$ -	\$ 104,686	\$ 104,686

# Technology Costs (2015)

- Previous budgets included most operating costs in one “section” of account numbers and other miscellaneous allocations for Fire, Police, and other funds; amounts generic and uncertain
- All capital projects included in CIP and Capital Project Fund
- IT wages, benefits, subscriptions, and travel included in administrative fee
- Each bill split to multiple account numbers and routed for approval

# Technology Costs (2015)

o General Fund (most technology costs in one section)

Acct #	Account Name	2014 Actual	2015 Budget	06/2015 YTD Actual	2015 Estimate	2016 Budget	Budget Change
100-5145-110	SALARIES & WAGES-IT	\$ 191,412	\$ 198,494	\$ 74,397	\$ 189,601	\$ -	\$ (198,494)
100-5145-115	OVERTIME WAGES	\$ 16,686	\$ 5,005	\$ 1,770	\$ 3,717	\$ -	\$ (5,005)
100-5145-120	PT/LTE/SEASONAL WAGES	\$ 9,855	\$ 11,025	\$ 8,705	\$ 11,025	\$ -	\$ (11,025)
100-5145-130	DIRECT FRINGE BENEFITS	\$ 31,386	\$ 30,484	\$ 11,719	\$ 28,886	\$ -	\$ (30,484)
100-5145-131	FICA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
100-5145-132	WRS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
100-5145-135	LONGEVITY	\$ 1,425	\$ 1,620	\$ 1,620	\$ 751	\$ -	\$ (1,620)
100-5145-160	HEALTH INS	\$ 44,557	\$ 50,760	\$ 20,058	\$ 50,760	\$ -	\$ (50,760)
100-5145-161	LIFE INS	\$ 195	\$ 199	\$ 60	\$ 160	\$ -	\$ (199)
100-5145-162	DISABILITY INS	\$ -	\$ 1,066	\$ -	\$ -	\$ -	\$ (1,066)
100-5145-163	DENTAL INS	\$ 2,991	\$ 2,635	\$ 1,482	\$ 3,515	\$ -	\$ (2,635)
	<b>Personnel Costs Total</b>	<b>\$ 298,509</b>	<b>\$ 301,288</b>	<b>\$ 119,810</b>	<b>\$ 288,415</b>	<b>\$ -</b>	<b>\$ (301,288)</b>
100-5145-210	PROFESSIONAL SERVICES	\$ 16,491	\$ 15,000	\$ 3,271	\$ 14,000	\$ -	\$ (15,000)
100-5145-245	COMPUTER REPL & MAINT	\$ 54,493	\$ 50,000	\$ 13,191	\$ 45,000	\$ -	\$ (50,000)
	<b>Contractual Services Total</b>	<b>\$ 70,984</b>	<b>\$ 65,000</b>	<b>\$ 16,463</b>	<b>\$ 59,000</b>	<b>\$ -</b>	<b>\$ (65,000)</b>
100-5145-310	OFFICE SUPPLIES & POSTAGE	\$ 426	\$ 500	\$ 91	\$ 500	\$ -	\$ (500)
100-5145-320	PUB, SUBSCRIPTIONS/DUES	\$ 1,114	\$ 800	\$ 149	\$ 500	\$ -	\$ (800)
100-5145-325	TRAINING & STAFF DEVELOPMENT	\$ 9,866	\$ 10,296	\$ 2,373	\$ 10,000	\$ -	\$ (10,296)
100-5145-330	VEHICLE REIMBURSEMENT	\$ 203	\$ 250	\$ -	\$ 250	\$ -	\$ (250)
100-5145-340	OPER MATERIALS & SUPPLIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
100-5145-355	EQUIPMENT EXPENSE	\$ -	\$ -	\$ 35	\$ 35	\$ -	\$ -
100-5145-363	COMMUNICATIONS EXPENSE	\$ 7,538	\$ 8,000	\$ 2,883	\$ 8,000	\$ -	\$ (8,000)
100-5145-365	TELEPHONE EXPENSE	\$ 5,917	\$ 3,000	\$ 1,770	\$ 3,500	\$ -	\$ (3,000)
	<b>Operating Exp Total</b>	<b>\$ 25,064</b>	<b>\$ 22,846</b>	<b>\$ 7,302</b>	<b>\$ 22,785</b>	<b>\$ -</b>	<b>\$ (22,846)</b>
	<b>IT Total</b>	<b>\$ 394,557</b>	<b>\$ 389,134</b>	<b>\$ 143,575</b>	<b>\$ 370,200</b>	<b>\$ -</b>	<b>\$ (389,134)</b>

# Technology Costs (2015)

- General Fund Revenue (administrative expense for other funds)

Acct #	Account Name	2014 Actual	2015 Budget	06/2015 YTD Actual	2015 Estimate	2016 Budget	Budget Change
100-4740-100	ADMIN CHARGES TO UTILITIES	\$ 71,796	\$ 73,900	\$ 36,950	\$ 73,900	\$ 58,200	\$ (15,700)
100-4740-207	ADMIN FEE-CABLE	\$ 21,649	\$ 22,200	\$ 11,100	\$ 22,200	\$ 15,300	\$ (6,900)
100-4740-250	ADMINSTRATIVE CHGS TO LIBRARY	\$ 94,200	\$ 110,000	\$ 55,000	\$ 110,000	\$ 90,400	\$ (19,600)

- Capital Project Funds (all technology projects in CIP)

Source	Project#	Priority	2016	2017	2018	2019	2020	Total
<b>Capital Project Levy</b>								
Computer Replacement Program	1005	2	35,000	35,000	35,000	35,000	35,000	175,000
Computer Replacement Program - Fire	1008	2	8,000	8,000	8,000	8,000	8,000	40,000
Information Technology Upgrade and Replacement	1012	2	70,000	75,000	80,000	85,000	85,000	395,000
Telephone System Replacement	1016	2	50,000	10,000	15,000	15,000	15,000	105,000
Enterprise Content Management System	1022	2	35,000	15,000	10,000	10,000	10,000	80,000
Election Equip - Four Polling Locations	1028	2	5,000	5,000	5,000	5,000	5,000	25,000
Police Mobile Computer Replace Program	2104	2		35,000	35,000	35,000	35,000	140,000
Computer Replacement Program - Police	2105	2		40,000	40,000	40,000	40,000	160,000
Fire Department Mobile Data Computers	2230	2	13,200		13,200		13,200	39,600
<b>Capital Project Levy Total</b>			<b>216,200</b>	<b>223,000</b>	<b>241,200</b>	<b>233,000</b>	<b>246,200</b>	<b>1,159,600</b>
<b>Project Fund Balance Applied</b>								
Police Mobile Computer Replace Program	2104	2	35,000					35,000
Computer Replacement Program - Police	2105	2	40,000					40,000
<b>Project Fund Balance Applied Total</b>			<b>75,000</b>					<b>75,000</b>

# Technology Costs (2016)

- o 2016 budget moved most technology costs to a separate internal service fund
- o Reimbursement received from each department for their reasonable share of the technology cost, primarily based on number of users; departments become customer of IT
- o Computer replacement projects removed from CIP because not technically capital (individually < \$5K); other large, one-time project remained in capital project fund/CIP
- o Primary purpose – consolidation, process efficiency, flexibility in peaks/valleys
- o Drastically affects expenditure restraint eligibility because of move from capital to operating

# Technology Costs (2016)

- General & Other Funds (each departments' share of technology costs)

Acct #	Account Name	2014 Actual	2015 Budget	06/2015 YTD Actual	2015 Estimate	2016 Budget	Budget Change
100-5210-570	TECHNOLOGY ISF ALLOCATION	\$ -	\$ -	\$ -	\$ -	\$ 195,305	\$ 195,305
100-5220-570	TECHNOLOGY ISF ALLOCATION	\$ -	\$ -	\$ -	\$ -	\$ 103,305	\$ 103,305
100-5240-570	TECHNOLOGY ISF ALLOCATION	\$ -	\$ -	\$ -	\$ -	\$ 16,590	\$ 16,590
100-5300-570	TECHNOLOGY ISF ALLOCATION	\$ -	\$ -	\$ -	\$ -	\$ 69,990	\$ 69,990
100-5460-570	TECHNOLOGY ISF ALLOCATION	\$ -	\$ -	\$ -	\$ -	\$ 22,380	\$ 22,380

- Technology Fund (all W & B, full off-setting revenue)

Acct #	Account Name	2014 Actual	2015 Budget	06/2015 YTD Actual	2015 Estimate	2016 Budget	Budget Change
700-4760-000	ISF Charges to Other Depts	\$ -	\$ -	\$ -	\$ -	\$ 639,640	\$ 639,640
700-4761-000	ISF Charges to MPSIS	\$ -	\$ -	\$ -	\$ -	\$ 105,498	\$ 105,498
700-4800-000	OTHER REVENUE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
700-4810-000	INTEREST ON TEMP INVESTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
700-4860-000	PCARD REBATE	\$ -	\$ -	\$ -	\$ -	\$ 400	\$ 400
700-4930-000	FUND BALANCE APPLIED	\$ -	\$ -	\$ -	\$ -	\$ (400)	\$ (400)
	<b>Total Revenues</b>	\$ -	\$ -	\$ -	\$ -	\$ 745,138	\$ 745,138
	<b>Personnel Costs</b>	\$ -	\$ -	\$ -	\$ -	\$ 405,868	\$ 405,868
	<b>Contractual Services Costs</b>	\$ -	\$ -	\$ -	\$ -	\$ 180,275	\$ 180,275
	<b>Operating Costs</b>	\$ -	\$ -	\$ -	\$ -	\$ 158,995	\$ 158,995
	<b>Total Expenditures</b>	\$ -	\$ -	\$ -	\$ -	\$ 745,138	\$ 745,138

# MPSIS Allocation (2015)

- In previous budgets, there was a separate “section” for MPSIS that included the total cost for wages & benefits, an offsetting revenue for the reimbursement from the other MPSIS agencies, and just the City’s share of operating costs.

# MPSIS Allocation (2015)

## o General Fund Revenue (non-Fitchburg MPSIS W&B)

Acct #	Account Name	2014 Actual	2015 Budget	06/2015 YTD Actual	2015 Estimate	2016 Budget	Budget Change
100-4730-101	REIMB FOR SYS ADMIN-MPSISC	\$ 87,245	\$ 82,690	\$ (28,724)	\$ 82,690	\$ -	\$ (82,690)

## o Expenditures (full W&B; Fitchburg-only operating)

Acct #	Account Name	2014 Actual	2015 Budget	06/2015 YTD Actual	2015 Estimate	2016 Budget	Budget Change
100-5146-110	SALARIES & WAGES	\$ 80,305	\$ 81,806	\$ 36,328	\$ 69,124	\$ -	\$ (81,806)
100-5146-115	OVERTIME WAGES	\$ -	\$ -	\$ 615	\$ 1,243	\$ -	\$ -
100-5146-130	DIRECT FRINGE BENEFITS	\$ 11,609	\$ 11,886	\$ 5,333	\$ 10,209	\$ -	\$ (11,886)
100-5146-135	LONGEVITY	\$ 405	\$ 450	\$ 450	\$ 284	\$ -	\$ (450)
100-5146-160	HEALTH INS	\$ 16,498	\$ 16,920	\$ 8,142	\$ 16,920	\$ -	\$ (16,920)
100-5146-161	LIFE INS	\$ 78	\$ 79	\$ 34	\$ 61	\$ -	\$ (79)
100-5146-162	DISABILITY INS	\$ -	\$ 400	\$ -	\$ -	\$ -	\$ (400)
100-5146-163	DENTAL INS	\$ 1,116	\$ 1,116	\$ 452	\$ 1,171	\$ -	\$ (1,116)
	<b>Personnel Costs Total</b>	<b>\$ 110,010</b>	<b>\$ 112,657</b>	<b>\$ 51,353</b>	<b>\$ 99,012</b>	<b>\$ -</b>	<b>\$ (112,657)</b>
100-5146-245	COMPUTER REP & MAINT	\$ 85,224	\$ 73,185	\$ 73,184	\$ 73,185	\$ -	\$ (73,185)
	<b>Contractual Services Total</b>	<b>\$ 85,224</b>	<b>\$ 73,185</b>	<b>\$ 73,184</b>	<b>\$ 73,185</b>	<b>\$ -</b>	<b>\$ (73,185)</b>
100-5146-310	OFFICE SUPPLIES/POSTAGE	\$ 213	\$ 213	\$ 213	\$ 214	\$ -	\$ (213)
100-5146-325	TRAINING & STAFF DEVEL	\$ 1,385	\$ 1,383	\$ 1,383	\$ 1,384	\$ -	\$ (1,383)
100-5146-355	EQUIPMENT EXPENSE	\$ 1,331	\$ 1,329	\$ 1,330	\$ 1,331	\$ -	\$ (1,329)
100-5146-363	COMMUNICATIONS EXPENSE	\$ 18,057	\$ 18,354	\$ 18,353	\$ 18,354	\$ -	\$ (18,354)
100-5146-390	OPER CONTINGENCY/REPLACEMENT	\$ 14,113	\$ 14,096	\$ 14,096	\$ 14,097	\$ -	\$ (14,096)
	<b>Operating Exp Total</b>	<b>\$ 35,099</b>	<b>\$ 35,375</b>	<b>\$ 35,375</b>	<b>\$ 35,380</b>	<b>\$ -</b>	<b>\$ (35,375)</b>
	<b>MPSIS Total</b>	<b>\$ 230,334</b>	<b>\$ 221,217</b>	<b>\$ 159,913</b>	<b>\$ 207,577</b>	<b>\$ -</b>	<b>\$ (221,217)</b>

# MPSIS Allocation (2016)

- o 2016 budget – wages & benefits included in new technology fund and one line included in PD budget for City's share of MPSIS
- o Similar to Metro, Fitchrona EMS presentation

# MPSIS Allocation (2016)

o General Fund (our share of total MPSIS)

Acct #	Account Name	2014 Actual	2015 Budget	06/2015 YTD Actual	2015 Estimate	2016 Budget	Budget Change
100-5210-571	MPSIS ALLOCATION	\$ -	\$ -	\$ -	\$ -	\$ 132,931	\$ 132,931

o Technology Fund (all W & B, full off-setting revenue)

Acct #	Account Name	2014 Actual	2015 Budget	06/2015 YTD Actual	2015 Estimate	2016 Budget	Budget Change
700-4760-000	ISF Charges to Other Depts	\$ -	\$ -	\$ -	\$ -	\$ 639,640	\$ 639,640
700-4761-000	ISF Charges to MPSIS	\$ -	\$ -	\$ -	\$ -	\$ 105,498	\$ 105,498
700-4800-000	OTHER REVENUE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
700-4810-000	INTEREST ON TEMP INVESTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
700-4860-000	PCARD REBATE	\$ -	\$ -	\$ -	\$ -	\$ 400	\$ 400
700-4930-000	FUND BALANCE APPLIED	\$ -	\$ -	\$ -	\$ -	\$ (400)	\$ (400)
	<b>Total Revenues</b>	\$ -	\$ -	\$ -	\$ -	\$ 745,138	\$ 745,138
	<b>Personnel Costs</b>	\$ -	\$ -	\$ -	\$ -	\$ 405,868	\$ 405,868
	<b>Contractual Services Costs</b>	\$ -	\$ -	\$ -	\$ -	\$ 180,275	\$ 180,275
	<b>Operating Costs</b>	\$ -	\$ -	\$ -	\$ -	\$ 158,995	\$ 158,995
	<b>Total Expenditures</b>	\$ -	\$ -	\$ -	\$ -	\$ 745,138	\$ 745,138

# Budget Process

# 2016 Operating Budget Approach

- o Slightly modified approach this year: status quo + new proposals
- o Any time there is something newly budgeted, included as a new proposal....regardless of \$
- o Submission of new proposals encouraged by Mayor
- o Continued use of same forms
  - o Accomplishments/Goals
  - o Narrative for operating accounts
  - o Personnel summary
  - o Out-of-state travel form
  - o New proposals

# 2016 Operating Budget Process

- o Status Quo Budget
  - o Department Heads submit
  - o Discuss with Finance Director & Administrator
  - o Few changes made to request
  - o W&B generated by Finance Director
  - o Added report of major changes

# 2016 Operating Budget Process

- o New Proposals
  - o Department Heads submit
  - o Discuss with Finance Director & Administrator
  - o Discuss with Mayor
  - o Mayor decides which, if any, to include in proposed budget
  - o Full list, regardless of inclusion/exclusion, will be included in the proposed budget document

# 2016 Operating Budget Process

- o Capital Project Fund
  - o Initial numbers to Mayor based on adopted CIP with adjustment for new technology approach
  - o All Mayor changes to adopted CIP will be identified in the budget address letter
- o Tax Incremental Financing (TIF) Funds
  - o Based on estimated activity
  - o Not as structured as other funds because based on future development agreements (specifics often unknown)

# 2016 Operating Budget Process

- o Debt Service Fund

- o Based on payment schedules for existing debt
- o Assumptions used for debt expected to be issued in early 2016

- o Utilities

- o Different accounting method due to fund type and PSC reporting requirements
- o Working towards documentation consistent with other funds

# 2016 Operating Budget Process

- o Library Fund
  - o Original submission approved by Library Board
  - o Recent revised version also approved by Library Board
- o Refuse Fund
  - o Resolution discussed at Council last night to set rates
  - o Draft budget included as support to the resolution
- o Other Special Revenue Funds
  - o Details provided by Department Heads
  - o Often very few changes from submission

# 2016 Operating Budget Process

- o Technology Fund
  - o Budget and allocation method submitted by Manager
  - o MPSIS budget approved by MPSIS Commission early summer
  - o Otherwise follows same process as other departments

# Next Steps

- o 9/25 Budget Released
  - o 9/28 & 9/29 Budget Workshops
  - o 10/13 Public Hearing
  - o 10/15 Amendments Due 4:30
  - o 10/19 Fiscal Report on Amendments
  - o 10/28 Discussion of Amendments
  - o 11/10 Vote on Amendments, Adoption of Budget
- o Note: one omnibus amendment by me is also allowed

Questions?