



CITY OF URBANA, ILLINOIS

FINANCE DEPARTMENT

MEMORANDUM

TO: Mayor Prussing and City Council Members

FROM: Elizabeth Hannan, Finance Director

DATE: February 5, 2015

SUBJECT: Budget Amendment Ordinance – Various Items

Introduction: Attached is an Ordinance amending the annual budget for various purposes, which are described below.

Background: This Ordinance would revise the budget as follows –

General Operating Fund

1. Audit Costs – Audit costs will exceed the available budget because additional services have been required for restatements (corrections) on the prior fiscal year, implementation of new accounting requirements for pension funds and the Library, and other changes in the scope of work. The additional cost of this work is estimated at \$39,000, although it may be less because much of this work will be performed on an hourly basis.
2. Fees for Management of Retirement Health Savings (RHS) Plan – The City pays approximately \$8,000 annually in management fees for the City's RHS Plan. These fees have not been recorded as expenditures and have not been budgeted. These fees will be budgeted in the Human Resources Division.
3. Development Agreement with Meijer and Reimbursement to Townships for Annexed Properties – Under a development agreement, the City reimburses Meijer for a portion of sales tax revenue received by the City. The City is also required, under state law, to reimburse townships a portion of property tax revenues received from annexed properties for a period of five years. Both of these items are budgeted in a single line in the General Operating Fund, but the budget is insufficient to meet these obligations. Staff estimates that an additional \$100,000 is required to meet these obligations.
4. Holiday Pay in Police Investigations – No funds are budgeted for this purpose, but payments are required under the existing labor agreement. Staff estimates \$16,500 is required for the current fiscal year.

5. METCAD Contributions – A sufficient amount was budgeted for this purpose, but it was not correctly allocated between the Police and Fire Departments. \$6,186 will be reallocated from Police to Fire.

Other City Funds

1. Vocational Payments to School District – Funds for vocational payments to the School District, consistent with an existing agreement, were not included in this year’s budget. A total of \$161,175 would be budgeted - \$75,000 from TIF 1 and \$86,175 from TIF 4.
2. Liability Claims Expense – This item was not budgeted in an amount sufficient to meet obligations. Staff has estimated that an additional \$150,000 is needed, and these funds will be transferred to the Retained Risk Fund from the Retained Risk Reserve Fund.
3. Sister Cities Grant – An expenditure of \$300 was made from grant funds remaining in this fund, but no expenditure was budgeted.
4. PEG Equipment – Due to an error, funds were not budgeted for PEG equipment in the Vehicle and Equipment Replacement Fund. Expenditures are estimated at \$15,037 this fiscal year.

“Part B” Items from November 24, 2014 Committee of the Whole Meeting

At the request of City Council Members, several items were removed from an Ordinance amending the budget that was approved on December 1, 2014. City Council Members requested and these items be brought back for City Council review in February 2015. Some of these items have been addressed through budget revisions that did not require City Council approval (i.e., transfers within a department that do not move funds between personnel and other expenditure classifications). Staff will not pursue the actuarial study for the Retained Risk Fund at this time.

Fiscal Impact: This change increases expenditures in the General Operating Fund by \$161,082 and reduces fund balance by the same amount. The estimated ending fund balance will be 10.23% of General Fund expenditures.

The TIF 1, TIF 4, Retained Risk Reserve, Sister Cities Grant, and VERF Funds currently have resources sufficient to meet these obligations. Future expenditures in TIF Funds will be assessed based on a financial plan that projects revenues and expenditures over the life of each TIF. While the VERF Fund currently has resources for this expenditure, projections show that at the current contribution levels, this fund will be in a deficit within 3 years. A comprehensive review of the VERF spending plan will be required to address this.

Recommendation: Approve this Ordinance amending the annual budget.

ORDINANCE NO. 2015-02-012

**AN ORDINANCE REVISING THE
ANNUAL BUDGET ORDINANCE FOR FY2014/15
(Various Items)**

WHEREAS, the Annual Budget Ordinance of and for the City of Urbana, Champaign County, Illinois, for the fiscal year beginning July 1, 2014, and ending June 30, 2015, (the “Annual Budget Ordinance”) has been duly adopted according to Sections 8-2-9.1 et seq. of the Illinois Municipal Code (the “Municipal Code”) and Division 2, entitled “Budget”, of Article VI, entitled “Finances and Purchases”, of Chapter 2, entitled “Administration”, of the Code of Ordinances, City of Urbana, Illinois (the “City Code”); and

WHEREAS, the City Council of the said City of Urbana finds it necessary to revise said Annual Budget Ordinance by deleting, adding to, changing or creating sub-classes within object classes and object classes themselves; and

WHEREAS, funds are available to effectuate the purpose of such revision; and

WHEREAS, such revision is not one that may be made by the Budget Director under the authority so delegated to the Budget Director pursuant to section 8-2-9.6 of the Municipal Code and section 2-133 of the City Code.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That the Annual Budget for FY2014/15, as revised, is hereby revised to provide as outlined in the attached Exhibit A.

Section 2. This Ordinance shall be effective immediately upon passage and approval and shall not be published.

Section 3. This Ordinance is hereby passed by the affirmative vote of two-thirds of the members of the corporate authorities then holding office, the "ayes" and "nays" being called at a regular meeting of said Council.

PASSED by the City Council this _____ day of _____, _____.

AYES:

NAYS:

ABSTAINED:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____, _____.

Laurel Lunt Prussing, Mayor

Budget Amendment 2014/15 - Exhibit A						
General Operating Fund		Budget	Budget	Difference	Reason	
<u>Expenditures</u>						
025-1-1300-3400	Auditing	65,000	104,000	39,000	Audit Costs	
020-4-1300-3401	Miscellaneous Services	-	8,000	8,000	RHS Plan Fees	
095-1-1300-3064	Development Agreements	100,000	200,000	100,000	Meijer Agreement & Townships	
045-2-3100-1500	Holiday Pay	-	16,500	16,500	Holiday Pay not budgeted	
045-2-1300-3621	Dispatch Service - METCAD	338,400	329,796	(8,604)	Reallocate METCAD Fees Police/Fire	
050-1-1300-3945	Dispatch Service - METCAD	115,900	122,086	6,186	Reallocate METCAD Fees Police/Fire	
<u>Total Expenditures</u>		<u>35,247,933</u>	<u>35,409,015</u>	<u>161,082</u>		
<u>Ending Fund Balance</u>		<u>3,784,303</u>	<u>3,623,221</u>	<u>(161,082)</u>	10.23%	
TIF 1 Fund						
<u>Expenditures</u>						
T09-1-1300-3022	Vocational Payment	-	75,000	75,000	Vocational Payment - School District	
<u>Total Expenditures</u>		<u>493,962</u>	<u>568,962</u>	<u>75,000</u>		
<u>Ending Fund Balance</u>		<u>(287,458)</u>	<u>(362,458)</u>	<u>(75,000)</u>		
TIF 4 Fund						
<u>Expenditures</u>						
T12-1-1300-3022	Vocational Payment	-	86,175	86,175	Vocational Payment - School District	
<u>Total Expenditures</u>		<u>1,584,374</u>	<u>1,670,549</u>	<u>86,175</u>		
<u>Ending Fund Balance</u>		<u>975,934</u>	<u>889,759</u>	<u>(86,175)</u>		

Retained Risk Fund						
<u>Revenues</u>						
	R09-0-0044-0000	Tfr from Retained Risk Reserve Fur	140,000	290,000	150,000	
<u>Total Revenues</u>			<u>140,000</u>	<u>290,000</u>	<u>150,000</u>	
<u>Expenditures</u>						
	R09-1-0505-0000	Liability Claims Expense	10,000	160,000	150,000	Liability Claims
<u>Total Expenditures</u>			<u>766,100</u>	<u>916,100</u>	<u>150,000</u>	
<u>Ending Fund Balance</u>			<u>3,906</u>	<u>3,906</u>	<u>-</u>	
Retained Risk Reserve Fund						
<u>Expenditures</u>						
	R10-1-0520-0030	Tfr to Retained Risk Fund	140,000	290,000	150,000	Tfr to Cover Liability Claims
<u>Total Expenditures</u>			<u>140,000</u>	<u>290,000</u>	<u>150,000</u>	
<u>Ending Fund Balance</u>			<u>2,801,608</u>	<u>2,651,608</u>	<u>(150,000)</u>	
Sister Cities Grant Fund						
<u>Expenditures</u>						
	J12-1-1300-3000	Sister City Costs	-	300	300	Sister City Program Expense
<u>Total Expenditures</u>			<u>-</u>	<u>300</u>	<u>300</u>	
<u>Ending Fund Balance</u>			<u>-</u>	<u>(300)</u>	<u>(300)</u>	
Vehicle and Equipment Replacement Fund						
<u>Expenditures</u>						
	H09-1-0800-0052	PEG Equipment	-	15,037	15,037	PEG Equipment VERF Correction
<u>Total Expenditures</u>			<u>1,763,155</u>	<u>1,778,192</u>	<u>15,037</u>	
<u>Ending Fund Balance</u>			<u>2,975,808</u>	<u>2,960,771</u>	<u>(15,037)</u>	