

COMMONWEALTH OF MASSACHUSETTS

CITY OF LOWELL

VOTE

IN CITY COUNCIL

ORDER,

To appropriate the FY17 actual revenues for School Choice.

ORDERED,

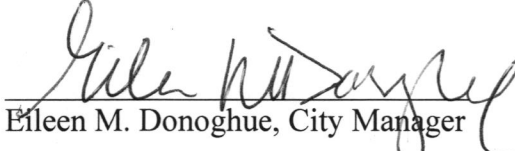
By the City Council of the City of Lowell, as follows:

That the amount of **Eighty Seven Thousand Eight Hundred Sixty and 00/100 (\$87,860.00) Dollars** be transferred:

FROM: Account # 08009704 563001 - more fully described in Attachment F:

TO: Account # 1119 - more fully described in Attachment "F".

ORDER RECOMMENDED AND INTRODUCED BY:


Eileen M. Donoghue, City Manager

Transfer Form - "Attachment F"

Department:	Finance		
TRANSFER TO:			
Account #			Description
Org.	Object	Project	Amount
1119			School Choice \$ 87,860.00
			TOTAL \$ 87,860.00
TRANSFER FROM:			
Account #			Description
Org.	Object	Project	Amount
08009704	563001		Charter School Sending Tuition \$ 87,860.00
			TOTAL \$ 87,860.00

Reason for Transfer:
 Transfer is to appropriate the FY17 actual revenues for School Choice.

Department Head

Chief Financial Officer



Conor M. Baldwin
Chief Financial Officer

Heather Varney
Deputy CFO

MEMORANDUM

TO: Eileen Donoghue, City Manager

FROM: Conor Baldwin, Chief Financial Officer

CC: Heather Varney, Deputy CFO

DATE: June 22, 2018

SUBJECT: Fiscal Year 2018 Year End Matters

A number of financial matters need legislative action prior to the close of fiscal year 2018 on June 30. Most are routine in nature and occur just prior to the June 30th close of the year and this memo provides a description of each. The amounts for the transfers are based on projections, but there may be a need at the next council meeting to further transfer in order to cover any aberrations. The rules of the Department of Revenue allow for these year-end housekeeping items to be acted upon by the local legislative body until the 15th of the subsequent fiscal year.

Snow and Ice Deficit

It has not been since fiscal year 2012 that the city spent less than the annual budget for snow and ice. Now that all invoices related to snow removal have been paid, the total DPW expenditure from the snow & ice budget is approximately \$2.67 million. This amount is in excess of the \$1.35 million budgeted in the FY2018 operating budget by about \$1.32 million. Fortunately, as soon as it became apparent that the winter of 2017-2018 was going to require the DPW's snow operations to exceed the budgeted appropriation for snow & ice, the finance team immediately enacted a number of fiscal controls to ensure there would be surplus funds available at year end to cover the deficit.

While cities and towns are allowed to raise snow and ice deficits on the next year's tax rate recapitulation sheet according to the rules of the Department of Revenue, the goal of the Administration was not to add any additional burden to the tax levy. This vote to balance the snow and ice deficit for FY2018 will ensure that no additional burden is put on the taxpayers in FY2019. By utilizing these available surpluses, the city's FY2018 free cash certification will not be as high as it might have been if either the deficit were raised on FY2019 tax bill, but this strategy affirms the Council's commitment to keeping residential and commercial taxes as low as possible.



Conor M. Baldwin
Chief Financial Officer

Heather Varney
Deputy CFO

Year End Payroll Adjustments

This transfer is a blanket vote to cover various projected salary and wage deficits. In every fiscal year, as turnover in staffing occurs in city departments, accounts in the salary and wage statutory category either accumulate a surplus or a deficit. A surplus can occur if a departmental staff position remains unfilled for a significant portion of the year while, conversely, a deficit may occur if an extraordinary number of people leave the city and have a large accumulation of vacation time which must be paid out against the departmental salary budget. Many departments were able to fund any minor deficits internally using their own budgetary flexibility. Most of the transfers are relatively small, but require City Council approval because they are interdepartmental transfers.

Energy

This transfer is sufficient in collaboration with the additional supplemental appropriation and enterprise transfer to cover the unforeseen expenses for both heating and electricity costs. Many of the accounts can accumulate a surplus or deficit depending on the energy usage. Most of the transfers are relatively small and can be covered within department budgets. The School Department used more electricity than budgeted for the second half of the fiscal year. A surplus was identified in one of the Charter school accounts and will be reallocated to cover the deficit for the Lowell Public Schools.

Sick Leave Buyback

This fiscal year has seen a number of executive and senior employees leave employment of the city. The unforeseen expenses can be covered within the existing salary and wage budgets for multiple departments. This transfer requires City Council approval as it moves money between departments.

NMCOG

The office of Development Services annually contracts with Norther Middlesex Council of Governments (NMCOG) to perform services to enforce Massachusetts General Laws and Regulations pertaining to weights and measures around the city. The vendor is generally paid from a professional services line item, which has been expended due to other priority expenses that arose during the year. This has been corrected for FY19 as there is a separate line item for contracted services for weights and measures enforcement.



Conor M. Baldwin
Chief Financial Officer

Heather Varney
Deputy CFO

School Choice

FY17 was the first year that the city received School Choice revenue from the Commonwealth. The account needed to be set up by the City Auditor and a vote of the School Committee was necessary. The procedural requirements were not met during the end of FY17, therefore the revenue closed to free cash on June 30, 2017. This revenue belongs to the School Department and in order to replenish the 2017 amount, a surplus in the charter school appropriation was identified to be transferred into the School Choice revolving account. The FY18 School Choice revenues, totaling \$71,963, have since been deposited into the School Choice revolving fund.

Wastewater Utility Energy

The Wastewater Utility Department currently has a significant deficit in the budgeted energy expenses for FY18 due to unforeseen circumstances. The enterprise fund has a single account for both electricity and gas expenses. The department is able to cover the expense with a surplus in the sludge removal and chemical supply line items as well as salary and wages due to vacancies. By allocating the surplus in various departmental accounts, the enterprise fund's retained earnings will not be negatively impacted by the unforeseen expenses.



Eileen Donoghue
City Manager

June 22, 2018

Mayor William Samaras
And
Members of the Lowell City Council

Dear Mayor Samaras and Members of the Lowell City Council,

I am hereby requesting that the City Council consider a number of votes to balance various accounts in deficit by utilizing other budgetary accounts with surpluses, pursuant to Chapter 44 § 33B of the Massachusetts General Laws. Since some appropriations are interdepartmental, the Department of Revenue requires a vote of the City Council to be recorded.

A number of fiscal controls that have been permanently imbedded in Lowell's operations are directly responsible for the availability of budgetary surpluses that will provide the Administration with the flexibility necessary to close the year successfully. Those measures include – the "vacancy review committee" to determine the cost-benefit of each vacancy created through attrition, careful scrutiny of every purchase order, and the ongoing efforts of the LowellSTAT program. It is with those savings that we are able to hold the line on taxes while continuing to provide quality municipal services.

By utilizing surplus appropriations from within the FY2018 budget to eliminate this year's overage, no additional burden will be placed on the taxpayers for costs associated with this past winter.

Enclosed is a memo from the Chief Financial Officer, which further details and analyzes the year-end transfers.

Sincerely,

Eileen Donoghue
City Manager

Cc: Conor Baldwin, Chief Financial Officer