COMMONWEALTH OF MASSACHUSETTS

CITY OF LOWELL

VOTE

IN CITY COUNCIL

ORDER,

To transfer available surplus funding in debt service accounts to cover anticipated expenses in energy accounts in the parking enterprise

ORDERED,

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

That the amount of sixty seven thousand and 00/100 ($67,000) Dollars be transferred:

FROM: 44500025-597303 Parking Debt Service as described in "Attachment A"

TO: 44500010-520100 Energy - Electric as described in "Attachment A"

ORDER RECOMMENDED AND INTRODUCED BY:

Eileen M. Donoghue

Eileen M. Donoghue, City Manager

V: fy2021.year-end.trans.parking.energy

Transfer Form - "Attachment A"

Department:	**Parking**			
TRANSFER TO:				
Account #			**Description**	**Amount**
Org.	**Object**	**Project**		
44500010	520100		Parking - Energy	$ 67,000.00
			TOTAL	$ 67,000.00
TRANSFER FROM:				
Account #			**Description**	**Amount**
Org.	**Object**	**Project**		
44500025	597303		Parking Debt Service - Principal	$ 67,000.00
			TOTAL	$ 67,000.00

Reason for Transfer:

To cover anticipated expenditures thorugh FY2020 year end

Department Head

Chief Financial Officer

6/15/20

Office of the City Manager
City Hall • 375 Merrimack Street • Lowell, MA 01852
P: 978.674.4000 • F: 978.970.4007
www.LowellMA.gov

Eileen Donoghue
City Manager

June 15, 2020

Mayor John J. Leahy
And
Members of the Lowell City Council

Dear Mayor Leahy 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, as well as some other relevant year-end financial matters that require action before the June 30th close of fiscal year 2019. Since some appropriations are interdepartmental, the Department of Revenue requires a vote of the City Council to be recorded.

The fiscal controls 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, and careful scrutiny of every purchase order. It is with those savings that we will be able to end the year in balance.

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

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Conor M. Baldwin
Chief Financial Officer

MEMORANDUM

TO: Eileen Donoghue, City Manager

FROM: Conor Baldwin, Chief Financial Officer

DATE: June 14, 2020

SUBJECT: Fiscal Year 2020 Year End Transfers/ Votes

A number of financial matters need legislative action prior to the close of fiscal year 2020 on June 30th. The transfers are routine in nature and occur just prior to the June 30th close of the city's fiscal year. This memorandum provides a description of each transfer on the Council agenda. The amounts for the transfers are based on calculated projections to bring all city-side accounts in balance, but there may be a need at the next City Council meeting on July 9th to further transfer funds in order to cover any aberrations. The rules of the Department of Revenue allow for year-end housekeeping items to be acted upon by the local legislative body until the 15th of the subsequent fiscal year (July 15, 2020).

The following is a summary of each transfer and financial-related vote on the agenda for authorization by the City Council:

1. **Year End Payroll Adjustments**

This transfer is a blanket vote to cover various projected salary and wage deficits. Each fiscal year staffing turnover occurs in the various city departments, accounts in the 'salary and wage' statutory category either accumulate a surplus or accrue a deficit. Surpluses normally occur when positions remain unfilled and, conversely, a deficit may occur if an extraordinary number of employees separate employment with the city. In the latter example, accumulated vacation time must be paid and is charged to the employee's department salary budget. Most departments, however, have funded their FY2020 salaries through their own budgetary flexibility. Most of the transfers are relatively small, but require City Council approval because they are interdepartmental transfers.

The salary budgets for municipal departments in the current fiscal year (FY2020,) in the aggregate, are projected to end the fiscal year under budget by nearly $1.5 million. The hiring freeze implemented in April has slowed spending, as the projected surplus in the closing period of the last fiscal year (FY2019) was only $800,000. The surplus appropriations are more than sufficient to cover this transfer.

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Conor M. Baldwin
Chief Financial Officer

2. **Capital Debt Service Offset**

This transfer is to offset debt service in the general fund associated with capital projects associated with improvements to LeLacheur Park. The amount is part of the lease agreement with the Spinners. To date, the city has funded the replacement of new LED lighting and a complete field replacement, as well as designer services for additional improvements. The dollar value of the transfer is equal to the amount paid in FY2020 by the General Fund for capital improvements at LeLacheur. The funding source for the transfer is the Ballpark Capital fund, whose revenue is comprised of lease payments by the Spinners for use of the stadium.

3. **Revolving Fund Spending Limits for FY2021**

This vote, while not a transfer vote like the previous items outlined in this memorandum, is similar in that it is an annual housekeeping item at year-end. The revolving funds statute, G.L. c. 44, § 53E½, was amended by the Municipal Modernization Act to provide more flexibility by allowing revolving funds to be established once by ordinance, rather than on an annual basis and eliminating the departmental per fund and total fund caps. These changes were effective beginning in FY2018.

However, before July 1 of each year, the City Council must vote to set the spending limit for the upcoming fiscal year for each fund so established. This spending limit can be increased, as needed, during the fiscal year with approval of the City Council upon recommendation by the City Manager.

4. **Energy Transfers in Parking and Wastewater Enterprise Funds**

There are two votes requiring City Council approval related to FY2020 energy costs. The first is in the wastewater enterprise fund and the second in the parking enterprise fund. Because the funding sources are in other statutory categories within each fund, it requires approval from the Council. There are sufficient surplus balances in other FY2020 budget accounts to cover the anticipated costs without the need to impact rates.