



## Agenda Item Summary

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### **Submitted By**

Steven Drazner, Chief Financial Officer

### **Reviewed By**

### **Agenda Item Title**

**An Ordinance Amending the Fiscal Year 2019 Annual Budget**

### **Overview**

An ordinance is hereby presented to appropriate funds for FY19 which were not originally budgeted totaling \$8,689,041 (includes a carryover from 2018 of \$4,517) as well as reclassifying various budgeted amounts between or among accounts in the amount of \$163,628. The reclassification amendments are not seeking new funding but rather, merely moving budgeted funds from one account or accounts to another account or accounts.

### **Staff Recommendation**

Approve ordinance

### **Fiscal Impact**

New money amendments are typically needed due to unforeseen costs or required for accounting purposes only which do not actually involve increased cash expenditures. One example of this might be when a change order is required or a situation when an adjustment is being recommended as an interfund transfer. However, in the vast majority of cases, these new money requests will either reduce a budgeted surplus or increase a budgeted deficit. The attached Q3, 2019 new money budget amendments total \$8,696,624 for the following Funds:

General Fund	\$3,065,260
Foreign Fire	\$1,380
Community Dev Loan	\$1,176
State RICO	\$1,380
Federal RICO	\$1,380
Motor Fuel	\$400,963
Emergency Solutions Grant	\$972
SSA#1	\$972
CBG	\$972
SSA#7	\$1,392
Downtown TIF	\$2,200,000

Health Grants (various)	\$7,680
Equipment Replacement	\$63,301
Main CIP	\$137,996
Sustainability	\$10,800
Debt Service	\$2,801,000

Again, it must be noted that of the \$8,696,624 in “new money” requests, \$5,500,000 is an increase in budgetary accounts for accounting purposes only (i.e. fund transfers) and are completely non-cash in nature (no additional funds will be paid out to external parties). In addition, another \$2,801,000 is requested to pay off early Series 2016C bonds estimated to save the Village approximately \$24,000 in interest expense over the next two years which the Village Board will approve via a separate action at a future meeting.

The next type of budget amendment is a reclassification of funds between budgetary accounts and has no fiscal impact on the overall budget. These amendments merely reallocate money already within the approved budget among or between accounts. Total reallocated funds on the Ordinance total \$181,128 although overall, these combined reclassifications net to zero.

The final type of amendment is a carryover from the previous year for unspent funds, often due to the timing of larger scale projects (capital improvements) and the payment of those invoices. There is a single carryover amendment totaling \$4,517.

### **Background**

The annual budget which provides a ceiling on spending by account, department, and fund is approved each December for the subsequent fiscal year. While every effort is made during the budget process to project and forecast spending for the following year, there are instances when a budget amendment may be required in the following situations:

- 1) Funds were not entirely spent in the preceding year and it is thus necessary to shift the unspent budget into the current fiscal year (a “Carryforward” budget amendment).
- 2) Unforeseen expenditures which were not budgeted are necessary (a “New Money” budget amendment).
- 3) Funds are merely moved from one account to another within the budget (a “Reclassification” budget amendment).

### **Alternatives**

Additional information will be provided upon request.

### **Previous Board Action**

Ordinance 19-41 adopted on June 17, 2019.

### **Citizen Advisory Commission Action**

N/A.

**Anticipated Future Actions/Commitments**

N/A.

**Intergovernmental Cooperation Opportunities**

N/A.