



**MEMORANDUM
OFFICE OF THE COMMISSIONER OF FINANCE
CITY OF SARATOGA SPRINGS**

**MICHELE MADIGAN
COMMISSIONER OF FINANCE**

To: Mayor Joanne Yepsen
Commissioner John Franck
Commissioner Chris Mathiesen
Commissioner Anthony Scirocco

Cc: Christine Gillmett-Brown

From: Commissioner Michele Madigan

Date: October 30, 2015

Re: 2014 Excess Fund Balance Recommendations

Under the 2015 Fund Balance Policy I am required to report annually to the Council whether the audited balance available in the unrestricted fund balance of the City's General Fund for the most recently audited fiscal year is within 10% – 15% of the adopted expenditure budget for the ensuing fiscal year for the City's General Fund. I have reported that the City's 2014 audited unrestricted fund balance is in excess of this policy in an amount of \$1,538,137.

I am also required to make recommendations for the use of funds in the event of a surplus. On October 6th, with the presentation of the 2016 Comprehensive Budget, I provided recommendations to the Council for the use of this excess. I reviewed these at the October 26th Budget Workshop, and am summarizing them here as follows:

- 1. Assignment for costs (excluding legal fees) associated with the settlement of City employment contracts or resolutions, including salaries, other negotiated contract terms, and NYS retirement expenses, in an amount of up to \$380,000.**

Any remainder shall go to the Reserve Fund for the Payment of Bonded Indebtedness.

At this time, two of seven employee contracts area currently expired. Funds must be available for settlement costs and they must be available for the abrupt budget realignment this will generate. These are one-time costs required to bring contracts up to date.

In the event that amounts referenced above are not completely used for the proposed purposes by year-end 2016, I am recommending that the remainder go to the Reserve Fund for the Payment of Bonded Indebtedness, which will serve tax stabilization as well.

2. Contribution to the Reserve Fund for the Payment of Bonded Indebtedness in the amount of \$400,000.

Debt service is critical to capital infrastructure and improvement, and largely dependent on property tax. Balancing general fund needs with capital needs will be an ongoing issue in the City's budget management, and this reserve will help provide tax stabilization in those years when it may be needed most. Current Amount: \$440,503. New Amount: \$840,503. Amounts used in the 2016 Comprehensive Budget: \$500,000.

3. Contribution to the Retirement Reserve in the amount of \$300,000.

As long as the City has employees, it will be required to contribute to the retirement system. While efforts have been made to stabilize and better predict contributions, it is still a large cost to the City. Reserving funds for retirement costs will protect the City in leaner years. Current Amount: \$453,386. New Amount: \$753,386. Amounts used in the 2016 Comprehensive Budget: \$300,000.

4. Contribution to the Capital Reserve for Buildings in the amount of \$200,000.

The City's Capital Reserve for Buildings has been critical to capital improvements, covering unexpected contingencies for large projects and allowing smaller projects to be paid for without incurring interest costs. Current Amount: \$347,950. New Amount: \$547,950. Amounts used in the 2016 Comprehensive Budget: \$50,000.

5. Assignment for IT Initiatives and One-time Projects in the amount of \$258,137.

This City must invest in its Information Technology capacities and I intend to ensure that we are as technologically prepared and competitive as possible in 2016 and beyond.

Virtually every daily operation, project and plan involves IT - laptops in police vehicles, security cameras on Caroline St., body cameras on police officers, parking ticket laser guns, Tasers, e-911, Nixel notification systems, payroll time and attendance software, financial management systems, GPS for real property assessments, tablets for building code enforcers, City Council meeting agenda software, Web-casts, cash registers, credit card operations, scanners, printers, desktops, projectors, e-mail, information archives, internet for all City buildings, and the people's portal to all City government – the City website.

The City must be also be ready to participate in City-wide high-quality broadband. This is vital to our business economy as well as the health, safety and public welfare of our citizens and visitors. High-speed internet access has become necessary rather than optional infrastructure. It is a universal and essential resource that we depend on already, and I intend to see that the City is positioned to develop effective broadband Internet and next-generation networking. This has City-wide implications and community-wide benefits that I am committed to bringing to Saratoga Springs.