

To: President and Members of the Munster Town Council

From: Wendy Mis, Clerk-Treasurer

Copy to: Dustin Anderson, Town Manager

Date: March 15, 2021

Re: Appropriation Adjustments, Ordinance 1820

The Department of Local Government Finance (DLGF) certified the budget on January 15, 2021. The final amounts for the controlled funds were, in some cases, reduced from what the Council adopted in 2020. It is necessary for the Council to formally modify the 2021 budget to match the amounts certified. Ordinance 1820 has been prepared for the purpose of memorializing fund budgets to comply with the certified budget.

There are six controlled funds that were reduced from what Staff requested and what was certified by the DLGF.

- The General Fund was cut \$1,349,858 from what Staff requested. Because the reduction required is so high, Police must be impacted. The LIT-Public Safety Fund will assume \$1,000,000 in payroll expenses. There is another \$72,289 available from another fund which will assume a portion of the risk insurance costs associated with the General Fund. Other cuts totaling \$175,000 were made from various line items. The remaining departments supported by the General Fund are being asked to make cuts totaling \$102,569. This is not a sustainable solution which will have a dramatic impact on the LIT-Public Safety Fund. Additional revenue sources and other solutions will be needed for 2022 and beyond.
- The Motor Vehicle Highway Fund was reduced by \$790,092. This is being resolved mainly by moving expenses out of this fund into the Municipal Surtax Fund.
- The Park Fund was reduced by \$775,280. Some NIPSCO bills can be moved into the Electric Fund. Staff is being asked to identify \$379,837 in budget line items to cover the balance of the cuts.
- Two debt service fund cuts were expected because the budget request was based on pro-forma numbers prior to bond issuance. There are adequate appropriations to meet the debt service payments.
- The Major Moves Fund was cut by \$170,039. If Council and Staff find it necessary, an additional appropriation can be issued later in the year.

It is important to note that the certified amounts assume 100% property tax collection without circuit breaker impact and full collection of miscellaneous revenues. The actual circuit breaker impact cannot be known until property tax bills are calculated. It is possible that further cuts will be needed once the circuit breaker impact is known.

Part of this process involves transferring budget dollars among the major expenditure groups within each fund (Personal Services, Supplies, Contractual Services, and Capital Outlays). Municipalities are allowed to transfer budget amounts from one major expenditure group to another within the same fund in order to avoid overspending the budget. These transfers must be authorized by ordinance or resolution. The amounts in each group are reviewed regularly and it is anticipated that mid-year adjustments will be made.

The exhibit to the ordinance shows the adopted amounts, and the amounts certified by the Department of Local Government Finance.

RECOMMENDED ACTION:

By motion and voice vote, hear Ordinance 1820 on first reading and schedule second reading and adoption for the April 5, 2021 meeting.