

November 2014

## City Utilizes Sixteen Revolving Funds for Specific Services

*Nine departments are authorized to expend up to \$6,850,000 from these funds in FY15*

The City of Boston has utilized state law (Ch. 44, s.53E1/2) to establish 16 revolving funds, with total authorized expenditures of up to \$6.8M in FY15. These funds are generated through fees and charges to support related services. For example, tuitions paid by parents fund the expenses of the City Hall Child Care Center. Revolving fund balances can roll over between fiscal years, facilitating the management of funds for these continuing programs. Each fund has a maximum annual receipt limit which must be managed by the department using the funds to support the programs. Despite these advantages, revolving funds are managed outside the normal budget process, which raises concerns about public accountability.

### Accountability

The City's Office of Budget Management has complied with the legal standards for revolving funds, providing the City Council with receipts, expenditures and balances from FY14 for each revolving fund. Monitoring is now in place to review expenditures to ensure that spending is program related. However, this information is not included in the public budget documents. Public information about each revolving fund lacks detail and uniformity regarding financial information and fund descriptions. These fees and charges are city funds and should be accounted for in a separate part of the departmental budgets that includes the description of the authorization of the revolving fund, the previous year's expenses and receipts and expected expenditures and receipts.

### Revolving Funds by Department

Department	# of Funds	Authorized Expenditures FY15
BCYF	1	\$750,000
Fire	3	\$225,000
Police	3	\$650,000
School	4	\$3,825,000
Environment	1	\$100,000
Law	1	\$500,000
Property Mgmt.	1	\$200,000
Tourism	1	\$300,000
Arts & Culture	1	\$300,000
<b>Total</b>	<b>16</b>	<b>\$6,850,000</b>

### School Department

The Schools Department's four revolving funds under Ch. 44 account for over half of total expenditures from revolving funds. The largest BPS revolving fund, which allows for \$1.8M in expenditures for maintenance and repair of BPS facilities, receives revenue from leases, permits, and parking at BPS facilities. The BPS also maintains a fund for up to \$1.5M in authorized expenditures to repair and purchase computer technology, which receives funds from sale of BPS equipment, as well as two smaller funds to support energy saving maintenance and field trip transportation. The School Department also maintains two revolving funds authorized under Ch.71 that help fund adult education and instrument rentals that contain \$122,000.