

July 2017

Revolving Funds Support Selected City Services

User fees and charges generate \$7M for eight departments

The City of Boston has utilized state law (Ch. 44, s.53E1/2), recently amended by the Municipal Modernization Act, to re-establish 14 [revolving funds](#) totaling \$7.0M for use in FY18 by eight departments. The funds are generated through fees and charges to support services related to the fees. For example, animal control services are supported by the sale of dog licenses and dog fines. These funds have the advantage of being able to roll over year-end balances to the next fiscal year. Each fund has a maximum annual expenditure limit approved by the City Council that must be managed by the department receiving the funds.

Revolving funds totaling \$7.0M represent a small fraction of the City's FY18 budget of \$3.1B, but they do provide a limited diversification of revenue from the property tax that is generally paid by the users of the services provided.

Accountability

The City's Office of Budget Management (OBM) annually provides the City Council with a listing of the beginning balance, receipts, expenditures and ending balance for each revolving fund sought for re-authorization. With this information, the City Council either approves or rejects the reauthorization for the next year's budget cycle. OBM also periodically reviews expenditures to ensure that actual spending is program related for each fund.

Revolving fund information included in the external budget section of each department's budget is limited to totals for two years of

Revolving Funds by Department

Department	# of Funds	Authorized Expenditures FY18
BCYF	1	\$750,000
Police	4	\$525,000
School	3	\$4,225,000
Environment	1	\$250,000
Inspectional Ser.	1	\$300,000
Law	1	\$500,000
Arts & Culture	2	\$300,000
Tourism	1	\$150,000
Total	14	\$7,000,000

actual expenses, the current year appropriation and next year's recommendation. A table containing a listing of all funds and for each fund, the expense limit and the source and purpose of the funds would be a helpful addition to the annual city budget.

School Department

The School Department's three revolving funds account for 60% of the total money authorized for FY18. The BPS Facilities Fund is authorized to spend \$2.6M on the repair and maintenance of school buildings from funds earned from leases, permits, and parking at BPS facilities. A technology fund up to \$1.5M is used to repair and purchase technology for students and staff using funds from the sale of BPS equipment and repair fees. A transportation fund of \$125,000 is supported by bus fees for field trips.