



Legislation Text

File #: 16608, **Version:** 1

Fiscal Note

This resolution provides funding authorization for a variety of expenditures not anticipated in the 2009 Operating Budget. The appropriation of \$2,778,000 from the General Fund balance brings the 2009 General Fund budget to the expenditure limit allowable under the State of Wisconsin's Expenditure Restraint Program. There is no impact on the tax levy. It is anticipated that, following this transfer, the unreserved, undesignated General Fund balance will remain at approximately 12% of budgeted expenditures, somewhat below the established target of 15%.

Title

Appropriating \$2,778,000 from the General Fund Balance and transferring within agency budgets and to the Workers Compensation Fund to cover various unbudgeted departmental expenditures during 2009.

Body

PREAMBLE

As the end of the year approaches, a review of agency budgets indicates a number of areas where conditions and events during 2009 are expected to result in the overrun of major departmental expenditure categories. In some cases, offsetting savings in another major expenditure or program revenue category are also available within the same department, so that no additional appropriation is required to balance the agency's budget. In other cases, however, internal savings are not sufficient to offset predicted cost overruns, resulting in a need to appropriate funds from Contingent Reserve or the General Fund balance. For 2009, a need for such additional appropriations are anticipated in the Police Department, City Channel, Streets Division and the Office of Community Services.

The Workers Compensation Fund is also in need of an additional appropriation. The City of Madison has long been self-insured for workers compensation costs and has maintained a distinct internal service fund called the Workers Compensation Fund to account for costs associated with claims arising from work related injuries. Medical costs, disability settlements, administrative expenses and premiums for catastrophic insurance coverage are all charged to this fund. The full cost of the workers compensation program is then allocated through an internal "premium" charge to the annual operating budgets of City agencies.

Because the premiums charged to departments in previous years were insufficient to fund required reserves, a significant deficit balance has accumulated. As of the end of 2006, the net asset deficit in the Workers Compensation Fund stood at \$5,171,635. While increased charges to operating departments and additional appropriations from the General Fund in subsequent years have reduced that deficit to approximately \$2,200,000 by the end of 2009, a transfer from the General Fund to the Workers Compensation fund at this time would serve to further reduce the accumulated fund deficit.

This resolution is a compilation of requested internal budget transfers, Contingent Reserve appropriations and Fund Balance appropriations needed to satisfy identified departmental budget overruns and to reduce the Workers Compensation Fund deficit without exceeding the expenditure limits imposed under the State Expenditure Restraint Program.

WHEREAS, a review of actual expenditures to date has identified a number of departmental expenditure categories in General Fund agencies which are expected to exceed budget authorization by the end of the year, and

WHEREAS, a review of the reserve balance in the Workers Compensation Fund indicates that the fund will remain in a deficit balance position at the end of 2009, and

WHEREAS, after other departmental appropriations, the City could transfer an additional \$1,625,000 from the General Fund to the Workers Compensation Fund during 2009 and remain eligible for future payments under the State's Expenditure Restraint Program,

NOW THEREFORE BE IT RESOLVED, that the Common Council amends the 2009 Operating Budget to authorize the following adjustments to expenditure categories within General Fund departments:

See Attachment Titled: 2009 Year End Adjustments.pdf

BE IT FURTHER RESOLVED, that \$ 2,778,000 be appropriated from the General Fund balance to various departmental operating budgets to fund expenditures during 2009, and to the Workers Compensation Fund to reduce that fund's accumulated deficit:

Police Department: \$125,000

City Channel: \$9,000

Streets Division: \$994,000

Community Services: \$25,000

Workers Compensation Fund: \$1,625,000

Total Appropriation from General Fund Balance: \$2,778,000