



Legislation Text

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Fiscal Note

The Adopted 2005 Operating Budget includes \$400,000 for prior year encumbrances. Since actual encumbrances at the end of 2004 totaled \$501,100, the difference of \$101,100 will decrease the Contingent Reserve. Following adoption of this resolution, the available Contingent Reserve balance is expected to total \$688,900. There is no impact on the tax levy nor State Expenditure Restraint Program eligibility limits.

Title

Allocating funds appropriated in the 2005 Operating Budget for prior-year estimated encumbrances to match actual carryforward encumbrances in various departmental accounts, and decreasing the Contingent Reserve by \$101,100 to fund these appropriations.

Body

PREAMBLE

The City of Madison, along with other municipalities, was required to implement the new comprehensive financial reporting requirements under GASB-34 for 2002 and subsequent fiscal years. One required change was the accounting treatment for "encumbrances". Encumbrances are expenditures that have been committed at the end of one budget period, but have not yet been incurred nor paid until the subsequent period. GASB-34 requires that the adopted budget include a provision to cover prior-year encumbrances.

The City of Madison currently includes an appropriation for prior-year encumbrances as part of the annually adopted budget. Historically, the amount appropriated annually was \$400,000. By including an appropriation for the estimated amount of prior-year encumbrances in the adopted budget, the need for an additional appropriation at a later date is substantially reduced. Any difference between the estimated and actual carryforward encumbrances can be appropriated from, or returned to, the Contingent Reserve.

For fiscal years 2003 and 2004, approximately \$24,000 and \$42,000 respectively increased the Contingent Reserve balance because actual carryforward encumbrances at year-end were lower than originally estimated during the budget process. An amount of \$101,100 is needed from the Contingent Reserve in 2005 to cover actual carryforward encumbrances .

WHEREAS, the 2005 Adopted Budget includes an appropriation for estimated Prior-Year Encumbrances of \$400,000, and actual carryforward encumbrances at the end of 2004 totaled \$501,100,

NOW, THEREFORE BE IT RESOLVED, that \$400,000 be allocated from Prior-Year Encumbrances, and that an additional \$101,100 be appropriated from the Contingent Reserve to the following departmental adopted budgets to fund expenditures for 2004 year-end actual carryforward encumbrances:

Fire \$119,315
Police \$50,400
Public Health \$1,565
Mayor \$490
Municipal Court \$59
Attorney \$407
Information Services \$12,915
Human Resources \$1,705
Engineering \$32,932
Parks \$11,315
Streets \$164,723
Traffic Engineering \$8,808
Planning Administration \$22,306
Planning Unit \$1,258

Inspection \$3,781
Community and Economic Development \$1,032
Miscellaneous \$68,089