



## Legislation Text

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### Fiscal Note

The adopted 2006 Operating Budget includes \$400,000 for prior year encumbrances. Since actual encumbrances at the end of 2005 totaled only \$273,780, the difference of \$126,220 will be available to increase the Contingent Reserve. Following adoption of this resolution, the available Contingent Reserve balance is expected to total \$921,705. There is no impact on the tax levy or State Expenditure Restraint Program eligibility limits.

### Title

Allocating funds appropriated in the 2006 Operating Budget for prior year encumbrances to match actual carry forward encumbrances in various departmental accounts and increasing the Contingent Reserve by \$126,220.

### Body

#### PREAMBLE

The City of Madison, along with other municipalities, was required to implement comprehensive new 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 are not charged to expense or 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 a \$400,000 appropriation for prior-year encumbrances as part of the annually adopted budget. 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 carry forward encumbrances can be appropriated from, or returned to, the Contingent Reserve.

For fiscal years 2003 and 2004, actual prior-year encumbrances were less than the \$400,000 budgeted, and the Contingent Reserve balance was increased by approximately \$24,000 and \$42,000 respectively for those years. In 2005, the remaining prior-year encumbrances were higher than budgeted, and an additional amount of \$101,100 was drawn from the Contingent Reserve to cover actual carry forward encumbrances.

WHEREAS the 2006 Adopted Budget includes an appropriation for estimated Prior-Year Encumbrances of \$400,000 and actual carry forward encumbrances at the end of 2005 totaled only \$273,780;

NOW THEREFORE BE IT RESOLVED that \$273,780 be allocated from Prior-Year Encumbrances in the 2006 Adopted Budget to the following departmental budgets to fund expenditures for actual encumbrances carried forward:

Fire \$195,051  
Police \$10,134  
Public Health \$1,551  
Mayor \$493  
Municipal Court \$187  
Attorney \$748  
Engineering \$13,490  
Parks \$6,040  
Streets \$1,083  
Traffic Engineering \$4,488  
Inspection \$1,379  
Community and Economic Development \$1,483  
Affirmative Action \$4,783  
EOC \$30,000  
Comptroller \$304  
Miscellaneous/Legal Fees \$2,566

**TOTAL \$273,780**

BE IT FURTHER RESOLVED that the remaining \$126,220 budgeted for Prior Year Encumbrances be reallocated to increase the available 2006 Contingent Reserve.