



Legislation Text

File #: 08186, **Version:** 2

Fiscal Note

This resolution provides funding authorization for a variety of expenditures not anticipated in the 2007 Operating Budget. The unexpended balance of \$185,605 that currently remains in the Contingent Reserve is appropriated first before turning to the General Fund balance. An appropriation from Contingent Reserve has no impact on the tax levy or Expenditure Restraint Program eligibility.

The appropriation of \$5,300,000 from the General Fund balance brings the 2007 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 16% of budgeted expenditures, above the established target of 15%.

Title

SUBSTITUTE - Appropriating \$185,605 from the Contingent Reserve, appropriating \$5,300,000 from the General Fund Balance and transferring within agency budgets to cover various unbudgeted departmental expenditures during 2007.

Body

PREAMBLE

As the end of the year approaches, a review of agency budgets indicates a number of areas where conditions and events during 2007 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 2007, a need for such additional appropriations are anticipated in the Police Department, Fire Department, 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 \$5,671,635. While increased charges to operating departments during 2007 and 2008 are expected to offset future growth of this deficit, a transfer from the General Fund to the Workers Compensation fund at this time would serve to 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 2007, and

WHEREAS, after other departmental appropriations, the City could transfer an additional ~~\$4,331,605~~ \$4,031,605 from the General Fund to the Workers Compensation Fund during 2007 and remain eligible for future payments under the State's Expenditure Restraint Program,

NOW THEREFORE BE IT RESOLVED, that the Common Council amends the 2007 Operating Budget to authorize the following adjustments to expenditure categories within General Fund departments:

See Attachment Titled: Adjustments for 2007.pdf

BE IT FURTHER RESOLVED, that \$185,605 be appropriated from the Contingent Reserve to the Police Department operating budget to fund a portion of the anticipated budget shortfall for 2007.

BE IT FURTHER RESOLVED, that \$ 5,300,000 be appropriated from the General Fund balance to various departmental operating budgets to fund expenditures during 2007, and to the Workers Compensation Fund to reduce that fund's accumulated deficit:

Police Department: \$530,395
Fire Department: \$100,000
Streets Division: ~~\$325,000~~ \$625,000
Office of Community Services: \$13,000
Workers Compensation Fund: ~~\$4,331,605~~ \$4,031,605
Total Appropriation from General Fund Balance: \$5,300,000