



Legislation Text

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Fiscal Note

The adopted 2016 Operating Budget includes \$400,000 for prior year encumbrances. Since actual encumbrances at the end of 2015 totaled \$634,257, the difference of \$234,257 must be released from the Contingent Reserve. The 2016 adopted budget included a \$1.2 million contingent reserve. This resolution would decrease the total Contingent Reserve to \$913,573, including expenditures from the contingent reserve associated with previously approved and pending resolutions. There is no impact on the tax levy or State Expenditure Restraint Program eligibility limits.

Title

SUBSTITUTE Allocating funds appropriated in the 2016 Operating Budget for prior year encumbrances to match actual carry forward encumbrances in various departmental accounts and decreasing the Contingent Reserve by \$234,257.

Body

PREAMBLE

In governmental accounting terminology, encumbrances are outstanding purchase orders and other contractual commitments for expenditures that have been incurred but not yet paid. Any encumbrances that remain open at the end of the budget year must be paid and charged to expense in the subsequent year. Governmental accounting rules require that such expenses be charged against the adopted budget when prior-year encumbrances are paid.

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 2015, actual prior-year encumbrances were more than the \$400,000 budgeted, and the Contingent Reserve balance was decreased by \$221,890 in that year.

WHEREAS, the 2016 Adopted Budget includes an appropriation for estimated Prior-Year Encumbrances of \$400,000 and actual carry forward encumbrances at the end of 2015 totaled \$634,257;

NOW, THEREFORE, BE IT RESOLVED, that \$400,000 be allocated from Prior-Year Encumbrances and \$234,257 from Contingent Reserve in the 2016 Adopted Budget to the following departmental budgets to fund expenditures for actual encumbrances carried forward:

\$32,419	Fire
\$39,850	Mayor
\$1,590	Parks
\$50	Civil Rights
\$165,770	Planning Division
\$1,938	Finance
<u>\$88,483</u>	<u>\$5,800</u> General Fund Miscellaneous Appropriations

\$231	Human Resources
\$2,550	Information Technology
\$5,738	Municipal Court
\$1,695	Police
\$23,842	Traffic Engineering
\$267,100	Community Development
<u>\$3,000</u>	Economic Development
<u>\$634,257</u>	<u>Grand Total</u>
<u>-\$400,000</u>	<u>2016 Prior Year Encumbrance Budget</u>
<u>\$234,257</u>	<u>Net Reduction to Contingent Reserve</u>

[NOTE: The duplicate line for the Mayor (\$39,850) in the printed version of the resolution was removed as a clerical correction.]