

Reply to Common Council File No. 131484  
From DOA-Budget and Management Division

April 14, 2014

Ref: 14010

File Number 131484 contains a substitute resolution authorizing carryover of certain fund balances from 2013 to 2014 in accordance with Section 65.07(1)(p), Wisconsin Statutes.

State statutes permit the carryover of unexpended appropriations from one budget year to the next, up to a maximum of three years following the original appropriation.

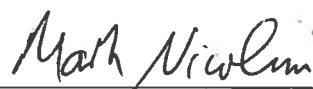
Carryover in recent years has been used primarily to provide for (a) budgeted, but uncompleted, projects; (b) planned supplements to program accounts that in effect reduced the level of new appropriations required in the annual budget; and (c) the payment of accrued but unpaid health care benefit and workers compensation expenses.

The recommended list of carryovers is included in Exhibit A. The following highlights some items that may be of particular interest to the Committee's review of this file.

- \$11.1 million for various Employee Health Care Benefit expenses, to cover claims volatility, such as arise from higher-than-projected utilization, large claim occurrences, the actual timing of claims processing, among other factors. The city is self-funded and assumes all the risk of costs that exceed budget. This carryover reduces Contingent Fund exposure in 2014 for costs that exceed budget. The development of the 2014 budget assumed that at least \$9 million in carryover would be available to supplement the appropriation level.
- \$1 million is included to cover Worker's Compensation expenses, to cover claims volatility. The city is self-funded and assumes all the risk of costs that exceed budget. This carryover reduces Contingent Fund exposure in 2014 for costs that exceed budget.
- \$178,000 for a server upgrade in the Employees' Retirement System, a critical application needed for ERS operations.
- \$1.5 million for pension contributions from the Parking Fund and Sewer Maintenance Fund.
- \$273,947 for various improvements at the Port of Milwaukee.
- \$100,000 is included to provide funding for potential security improvements at Library facilities. A need for potential improvements has been identified in 2014.
- \$1,192,725 for Contribution accounts. This is non-tax levy authority.

The recommendations include a total carryover amount of \$21,036,577, which includes \$1,192,725 for Contribution accounts, and \$2,249,072 for Enterprise Funds. The remainder of the recommended carryover is \$17,594,780 in General Fund levy supported appropriations. Approximately 63% of this amount pertains to health care benefits accounts and 6% is for anticipated workers compensation expenses.

**RECOMMENDATION: ADOPT COMMON COUNCIL FILE NUMBER 131484.**



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Budget and Management Director

EP:dmr

FINANCE:131484