

**LRB-FISCAL REVIEW SECTION ANALYSIS**

**FINANCE AND PERSONNEL COMMITTEE**

**ITEM 15, FILE # 020405**

**JULY 11, 2002**

**MARK A. RAMION**

File # 020405 is a resolution authorizing an appropriation of \$800,000 from the Common Council Contingent Fund to the Damages and Claims Fund.

**Background**

This resolution will authorize an appropriation of \$800,000 from the Common Council Contingent Fund to the Damages and Claims Fund to cover a shortage in the Damages and Claims Fund.

**Discussion**

1. Based upon current claims authorized, as well as pending claims against the city, the City Attorney reports that a shortfall of approximately \$778,573 will occur in the Damages and Claims Special Purpose Account.
2. The Damages and Claims Fund Account is used to cover the cost of judgments against the city for the following:
  - Liability and claims incurred in the provision of general services.
  - Miscellaneous damages and claims.
  - Vehicular-related claims.
3. The amount needed to meet claims against the city is difficult to predict. The number of claims against the city settled in a year, as well as the size of the judgment awards, affects the fund level. Historical data reflects this unpredictability:

• 2000 Budget	\$1,900,000
• 2000 Expenditure	\$1,439,114
• 2001 Budget	\$1,500,000
• 2001 Expenditure	\$2,386,000
• 2002 Budget	\$2,000,000
• 2002 Expenditures (Projected 7-1-2002)	\$2,778,573
4. The 2002 Damages and Claims Special Purpose Account is budgeted at \$2,000,000. As of July 1, 2002, this SPA had a balance of \$909,719.87, excluding encumbrances.

5. Based upon resolutions considered at the Judiciary and Legislation Committee on July 9, 2002 and File # 020378 considered as Item 1 at this meeting, the 2002 Damages and Claims Special Purpose Account, funded at \$2,000,000, will have a negative balance.

**Fiscal Impact**

1. The total amount of this resolution is \$800,000 to be appropriated from the Common Council Contingent Fund.
2. On July 1, 2002, the Contingent Fund had a balance of \$4,927,853. Upon approval of this resolution, the 2002 balance of the Fund will be \$4,127,853.

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LRB-Fiscal Review Section  
July 10, 2002

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