



Department of Administration  
Budget and Policy Division

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**MEMORANDUM**

**TO:** Alderman Michael J. Murphy, Finance & Personnel Committee Chair  
Members of the Finance & Personnel Committee  
Members of the Common Council

**FROM:** Mark Nicolini *MN*  
Budget and Management Director

**SUBJECT:** Parking Fringe Benefits Accrual - Common Council File Number 090064

The negative balance of \$233,499.96 in the Parking Fringe Benefit account reflects the amount of expenditures of health and dental insurance premiums above the amount allocated to the Parking Fringe Benefit account. The health and dental insurance premiums are billed from the Department of Employee Relations to the Parking Fund, since the Parking Fund is an enterprise account and is responsible for paying actual Fringe Benefit expenditures out of its own budget. The Comptroller's Office could not journalize this amount until late April, due to backlogs resulting from end-of-year workload issues.

The previous accrual that resulted in the first transfer to the 2008 Fringe Benefits account (from Parking's 2008 salaries fund) in File 081407 reflected GASB accounting changes for costs in retiree health care and other post-employment benefits for the Parking Fund.

As a result of the GASB changes and past experience, the Parking Fund's Fringe Benefit account was increased to 50% of salary expenditures for 2009, above the 2007 and 2008 rate of 41%. The Parking Fund's fringe benefit rate has been at 50.1% of salaries for 2007 and 49.3% of salaries for 2008, this should reduce the need for transfers in 2009 and future years, although actual costs for dental and health benefits in the future are unknown. No further accruals for 2008 Parking Fringe Benefits are expected.

\$233,000 of the increase to fringe benefits over the 2008 budgeted amount is due to the retiree healthcare and other post-employment benefit accruals. According to the Comptroller's Office, the recording of this expenditure and liability will not diminish the fund's cash position.

I hope this information is useful to you. Please call Jake Miller at extension 5588 if you have questions.

JM:dmr

Finance/090064memo.doc