



Agenda Action Form Overview

Budget Ordinance Amendment No. 21BCC000060 FY 2019-2020 Encumbrance Rollover – increasing multiple Funds Budgeted Expenditures and Revenues by a total of \$6,792,980.89

Background/Justification

The Board is requested to approve Budget Ordinance Amendment No. 21BCC000060 for FY 2020-21 amending the budgets for the outstanding encumbrances at fiscal year-end FY 2019-20. Encumbrances outstanding at fiscal year-end represent obligations/commitments entered by the County for either services not yet completed or performed, or goods not yet received. These moneys must be restricted in the fund balance within the equity section of the balance sheet for FY 2019-20 to honor these obligations/commitments once completed and/or received. These encumbrances outstanding at year-end do not represent expenditures or liabilities. These encumbrances outstanding are included in the amount reported as “Restricted Stabilization by State Statute” in the fund balance section of the Balance Sheet in the Comprehensive Annual Financial Report (CAFR).

According to generally accepted accounting principles (GAAP), governmental type funds are the only funds to record encumbrances in the CAFR. However, during the fiscal year, the County maintains encumbrances (purchase orders and service contracts) for all fund types (funds and sub-funds) to ensure funds are set aside for obligations and commitments appropriately at the time that they are ordered and/or entered into.

Because these encumbrances lapse at year-end and are re-appropriated in the subsequent fiscal year, they do not affect unassigned fund balance. It is merely a re-appropriation in the subsequent fiscal year of funds for obligations and commitments for goods and services already ordered but not yet received in the prior fiscal year. Encumbering these funds is a statutory requirement.

Therefore, authorization is requested to amend the following funds’ budgets in FY 2020-21 to honor the outstanding purchase orders and service contracts as of the end of FY 2019-20:

General Fund (1001010000)	\$ 6,136,987.87
Risk Management Fund (1001020000)	\$ 119,524.61
Reappraisal Reserve Fund (1001050000)	\$ 278,500.00
Benefits Plan Fund (1001500000)	\$ 2,999.10
Sewer Utility Fund (6006600000)	\$ 254,969.31
Total	<u>\$ 6,792,980.89</u>

Policy Impact

There is no policy impact. This budget amendment is consistent with past actions. It does not require an exception to Board policy.

Procurement Background

N/A



Fiscal Impact

There is no fiscal impact. These funds are in “Reserve for encumbrances” fund balance in each of the funds. This amendment is appropriating the reserve for encumbrances fund balance in the current fiscal year to honor the outstanding commitments as of fiscal yearend 2019.

Recommendation

The County Manager recommends that the Board approve Budget Ordinance Amendment No. 21BCC000060 for FY 2021 amending the budgets for the outstanding encumbrances at fiscal yearend 2020.