



Legislation Text

File #: 18-1035, **Version:** 1

Item:

Budget Ordinance Amendment No. 19BCC000014 - Fiscal Year (FY) 2017-2018 Encumbrance Rollover

Date Of BOCC Meeting: November 13, 2018

Request For Board Action:

The Board is requested to approve Budget Ordinance Amendment No. 19BCC000014 for Fiscal Year (FY) 2018-19, amending the budgets for the outstanding encumbrances at fiscal year-end FY 2017-18.

Encumbrances outstanding at fiscal year-end represent obligations/commitments entered into 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 2017-18 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 2018-19 to honor the outstanding purchase orders and service contracts as of the end of FY 2017-18:

General Fund (1001010000) \$ 4,929,091.26
Risk Management Fund (1001020000) \$82,727.76
Benefits Plan Fund (1001500000) \$69,632.18
Sewer Utility Fund (6006600000) \$926,101.06

Total \$6,007,552.26

Alignment With Strategic Plan: This request relates to the following elements of the Durham County Strategic Plan: the effort aligns with Goal 5 (Accountable, Efficient, and Visionary Government).

Resource Persons: Susan Tezai, Chief Financial Officer and Keith Lane, Budget and Management Services Director

County Manager's Recommendation: The County Manager recommends that the Board approve Budget Ordinance Amendment No. 19BCC000014.

County Manager: _____