



STAFF REPORT

CITY of YORBA LINDA

FINANCE DEPARTMENT

DATE: SEPTEMBER 20, 2022

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: DIANNA HONEYWELL, FINANCE DIRECTOR / CITY TREASURER

SUBJECT: FISCAL YEAR 2021/22 BUDGET CARRYOVERS

RECOMMENDATION

It is recommended that the City Council approve the attached final list of budget carryovers for fiscal year 2021/2022.

BACKGROUND

Under City Council Policy F-2 – Two-Year Budget, unspent appropriations for capital projects and funds encumbered in purchase orders carry forward between years one and two of the Two-Year Budget automatically but lapse at the conclusion of the two-year period. Any other funds to be carried forward must also be specifically approved by the City Council. On June 21, 2022, the City Council approved the Mid-Term Budget Update to the Two-Year Budget for fiscal years 2021/22 and 2022/23. Recommendations were included in the staff report to authorize these carryovers, with direction to staff to return to the Council with this final list of carryovers for review and approval when available.

The items proposed for carryover fall into three categories – operating expenditures, equipment and vehicle purchases and capital projects.

DISCUSSION

Carry Forward of Operating Appropriations

At the end of FY 2021/22 there were various goods and services encumbered but not received or paid for and therefore the related purchase orders must be carried over to FY 2022/23. The carryover of these appropriations is an appropriation of reserves because the appropriations have lapsed at the end of the prior fiscal year. These unexpended funds must be carried over and re-appropriated to complete the projects that were in progress on June 30, 2022. Because these funds were not spent by June 30, 2022, the amount transferred to reserves on June 30, 2022, is higher than anticipated. Attachment 1 lists operating expenditure purchase order carryovers and related budget adjustments which total \$148,196.46. \$125,929.15 of the total is attributable to the General Fund and will be appropriated from General Fund reserves.

FISCAL YEAR 2021/22 BUDGET CARRYOVERS

Page | 2

Carry Forward of Equipment and Vehicle Purchases

During FY 2021/22, various vehicles and equipment were ordered but not received by June 30, 2022. It is anticipated that they will be received in FY 2022/23 and therefore the related purchase orders and corresponding budget appropriations must be carried over. Attachment 2 identifies the details of these purchases which total \$1,291,798.95.

Capital Project Carryover Appropriations

When the budget for FY 2022/23 was approved by City Council, it included appropriations for new capital projects, as well as estimated carryovers for existing projects. Often, capital projects require more than one fiscal year for completion. Now that FY 2021/22 has been preliminarily closed, staff is able to compare the estimated carryover appropriations already included in the FY 2022/23 budget and the actual amount of funds still required for each project. Attachment 3 lists capital project purchase order carryovers (\$2,806,033.11) and related budget adjustments (\$384,816.29).

FISCAL IMPACT

The following budget appropriations are required:

1. \$127,018.79 from General Fund reserves for operating budget adjustments.
2. \$21,177.67 from LMAD reserves for operating budget adjustments.
3. \$152,298.87 from General Fund reserves for Vehicle and Equipment budget adjustments.
4. \$64,770.35 from Special Reserves for Vehicle and Equipment budget adjustments.
5. \$793.76 from Library reserves for Vehicle and Equipment budget adjustments.
6. \$1,073,935.97 from Black Gold Golf Course reserves for Vehicle and Equipment budget adjustments.
7. \$384,816.29 in the Capital Improvement Fund (and related funding source transfers) per Attachment 3 and related Purchase Order carryovers in the amount of \$2,806,033.11.

ALTERNATIVES

The City Council could choose to remove any items from the carryover list or request additional information about one or more carryovers from staff.

ATTACHMENTS

Attachment 1 – Operating Budget Carryover Schedule

Attachment 2 – Vehicle and Equipment Budget Carryover Schedule

Attachment 3 – Capital Improvement Project Carryover Schedule
