



STAFF REPORT

CITY of YORBA LINDA

FINANCE DEPARTMENT

DATE: DECEMBER 7, 2021

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: DIANNA HONEYWELL, FINANCE DIRECTOR / CITY TREASURER

SUBJECT: FISCAL YEAR 2020/21 BUDGET CARRYOVERS

RECOMMENDATION

It is recommended that the City Council approve the attached final list of budget carryovers for fiscal year 2020/21.

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 15, 2021, the City Council adopted the Two-Year Budget for fiscal years 2021/22 and 2022/23. Recommendations were included in the staff report on June 15th 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. These carryovers, and the related budget adjustments, roll forward unspent appropriations from the fiscal year 2020/21 budget into the fiscal year 2021/22 budget to allow the related projects and programs to continue as originally intended in the prior year's budget.

DISCUSSION

Carry Forward of General Fund Operating Appropriations

At the end of FY 2020/21 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 2021/22. The carryover of these appropriations is an appropriation of General Fund reserves because as previously stated, all appropriations lapse at the end of the prior fiscal year. These unexpended funds must be carried over and re-appropriated in order to complete the projects that were in progress at June 30, 2021. Because these funds were not spent by June 30, 2021, the amount transferred to General Fund reserves at June 30, 2021 is higher than anticipated. Attachment 1 lists operating expenditure purchase order carryovers (\$866,002.75) and related budget adjustments (\$1,102,561.02).

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Carry Forward of Other Funds Operating Appropriations

There were also various goods and services funded by other City funds that were encumbered but not paid for by June 30, 2021. Some of these items include LMAD tree trimming and median improvements, lockers for the Library, and HVAC improvements and installation of synthetic turf at Black Gold Golf Course. Purchase orders required to be carried over for these funds total \$165,877.88 and the additional appropriations total \$118,500.61. Attachment 1 includes the details of these adjustments.

Capital Project Carryover Appropriations

When the budget for FY 2021/22 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 2020/21 has been preliminarily closed, staff is able to compare the estimated carryover appropriations already included in the FY 2021/22 budget and the actual amount of funds still required for each project. Attachment 2 lists capital project purchase order carryovers (\$1,375,716.39) and related budget adjustments (\$638,733.86).

FISCAL IMPACT

The following budget appropriations are required:

1. \$1,102,561.02 from General Fund reserves for operating budget adjustments.
2. \$32,573.57 from LMAD Fund reserves for operating and capital outlay budget adjustments.
3. \$32,754.60 from Library Fund reserves for operating and capital outlay budget adjustments.
4. \$53,172.44 from Black Gold Golf Course Fund reserves for capital outlay budget adjustments.
5. \$638,733.86 in the Capital Improvement Fund (and related funding source transfers) per Attachment 2.

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 - Capital Improvement Project Carryover Schedule
