

## **MEMORANDUM**

**TO:** Donna Barron, City Manager

**FROM:** Brenda Martin, Director of Finance

**DATE:** December 5, 2018

**SUBJECT:** Approval of Supplemental Appropriations for Prior Year Encumbrances in the Following Amounts: General Fund - \$1,207,255; Hotel/Motel Tax Fund - \$1,839; PEG Programming Fund - \$90,358; Josey Lane PID Administrative Fund - \$1,703; Fire Control & Prevention Fund - \$9,004; Utility Fund - \$472,971; Maintenance & Replacement Fund - \$409,482; Self-Insurance Risk Fund - \$69,130; Tax Increment Reinvestment Zone 1 - \$50,719; LPLDC (4B) Fund - \$142,955; and for Donation Projects in the Following Amount – Fire and Police Training Fund - \$32,710.

### **BACKGROUND**

Each year a recommendation is made to supplementally appropriate funds for open purchase orders from the prior year. Open purchase orders are defined as those purchase orders that have been issued, but not all of the ordered goods or services have been received.

Staff estimates donations received by the City annually as part of the budget process each year.

### **ANALYSIS**

Purchase orders that have been issued during a fiscal year, but in which the goods or services have not been received in-hand or performed, may not, in conformance with generally accepted accounting principles, be expenses until received or performed. At year end these items represent amounts that are shown in the financial statements as restrictions to fund balance or net assets in the various funds of the City.

As a result, when the items or services are received in the current fiscal year, they are charged to the current year budget. Unless the current fiscal year appropriations are amended to provide for these charges, funds in the affected line item accounts will be short at year-end or expenditures would need to be reduced to offset the prior year purchase.

Subsequent to the close of the 2018 fiscal year, outstanding purchase orders from said fiscal year are extensively reviewed. If the order has been received or is expected to be received by the end of the current 2019 fiscal year, then recommendation is made that the funds be appropriated as an addition to the current budget year.

This year's listing of purchase orders open at the end of Fiscal Year 2018 is detailed on the attached spreadsheet.

## **Approval of Supplement Appropriations**

**December 5, 2018**

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At the end of the fiscal year, an analysis is conducted to ensure that all donations were budgeted. If donations were received in excess of the amount budgeted, a supplemental appropriation is needed to move the donations into a donation project for departmental use.

### **RECOMMENDATION**

It is staff's recommendation that the City Council approve the supplemental appropriations as stated in the caption above.