

TO: James L. App, City Manager
FROM: Mike Compton, Director of Administrative Services
SUBJECT: Budget Appropriation for Fiscal Year 2003 Encumbrances
DATE: October 21, 2003

Needs: For the City Council to consider approval of carry-over appropriations for fiscal year 2003 encumbrance requests.

Facts:

1. Proposed encumbrances represent requests to carry-over unspent budget appropriations for the fiscal year just ended June 30, 2003.
2. Carry-over appropriations are *not* new requests. They represent previously approved Council budget appropriations for projects and/or equipment purchases that were not completed in the prior budget year. Thus, the appropriations weren't spent.
3. It has been past practice of the City to limit carryovers to one-time expenses such as capital outlay, capital improvements, special consultant services, etc.
4. This request includes some suggested recurring expense carryover.
5. Carry-over requests total \$2,653,300 including \$849,900 for the General Plan most of which is for the heavy rescue vehicle for Emergency Services and \$483,800 for completion of the General Plan (see attached Exhibit "A").
6. It is only a coincidence that the amount of the General Fund carry-over request is nearly identical to the estimated year end surplus previously reported to Council.
7. Approval of said requests will impact the budget for fiscal year 2004.

Analysis &
Conclusion:

Encumbrances (carry-over requests) are recorded upon the financial records of the City as budget adjustments in the fiscal year they are planned for expenditure and, subsequently, as an expense only when they are actually expended. For example, if there were a budget appropriation to replace the air conditioner at city hall, and it was not completed within the planned budget year, the appropriation would NOT be included in year end results as an expenditure or payable. However, budget appropriations in the following year would be increased by the unspent amount and, when the expenditure is actually made, recorded against that year end result.

Fiscal
Impact:

For a variety of reasons, not all of the projects and/or purchases authorized by Council for last year were completed.

The savings generated in fiscal year 2003 from not having spent said funds for the these items are recorded as increases to reserves/savings (assuming no other appropriations are over spent). These savings are therefore available in the following fiscal year to pay for their completion.

The unfortunate downside is that generally accepted accounting principals do not recognize the use of reserves/savings when measuring or reporting year end results. In past years, annual revenues have been sufficient to cover carry-over requests as well as operating expenditures. Thus, the City was able to report positive year end results. Given state budget woes and Council priorities, the adopted fiscal year 2004 budget already provides for the use of reserves/savings for operating expenditures. The carry-over requests will further impact projected results even though funds have been placed in reserves/savings to cover the expenditures.

Options:

- a. Adopt Resolution No. 03-xx approving budget appropriations for fiscal year 2003 carry-over requests; or
- b. Amend, modify, or reject the above option.

RESOLUTION NO. 03-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
APPROVING BUDGET APPROPRIATIONS FOR FISCAL YEAR 2003
BUDGET CARRY-OVER REQUESTS

WHEREAS, the City has historically recorded encumbrances (carry-over requests) as budget appropriation increases in the subsequent fiscal year; and

WHEREAS, said requests have not yet been formally approved by the Council; and

WHEREAS, it is desirable to formally approve appropriations to be added to the fiscal year 2004 budget.

THEREFORE BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles that the encumbrances (carry-over) requested in the attached Exhibit "A" are approved and shall be added to the fiscal year 2004 budget previously adopted.

PASSED AND ADOPTED by the City Council of the City of El Paso de Robles this 21st day of October 2003 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Frank R. Mecham, Mayor

Attest:

Sharilyn M. Ryan, Deputy City Clerk

Exhibit "A"

Schedule of Carryover Requests

	Budget Account	Carryover Amount
GENERAL FUND		
<u>Emergency Services</u>		
Heavy rescue vehicle	100-220-5454-150	\$ 240,000
Defibrillator	100-220-5212-150	6,000
SCBA training and testing	100-220-5224-150	13,000
<u>Public Works</u>		
Salinas River enhancement	100-310-5235-178	4,800
Add 40 diagonal parking spaces	100-310-5235-162	6,000
<u>Library & Recreation Services</u>		
BSP supplies & services ¹	100-411-5212-171	38,000
<u>Community Development</u>		
Zoning code update	100-130-5224-121	9,200
GIS	100-710-5224-209	10,000
Hwy 46 E Fiscal Analysis	100-710-5224-209	6,100
Blackburn Court plan	100-710-5224-212	6,000
Electronic inspection system	100-710-5235-217	27,000
General plan update	100-910-5224-596	483,800
TOTAL GENERAL FUND		849,900
 EQUIPMENT REPLACEMENT FUND		
<u>City Manager:</u>		
CMO File servers (3)	112-130-5454-120	36,100
Network printer	112-130-5454-120	4,000
<u>Administrative Services</u>		
Midsize copier	112-140-5454-134	11,000
PC (3)	112-140-5454-125	6,000
AS Desktop copiers (2)	112-140-5454-134	6,000
<u>Emergency Services</u>		
File server for ES	112-220-5454-150	4,400
<u>Public Works</u>		
PW PC (3)	112-310-5454-178	2,000
	112-310-5454-191	2,000
	112-310-5454-192	2,000
PW desktop copier	112-310-5454-191	2,000
<u>Library & Recreation Services</u>		
LRS File server	112-411-5454-183	10,400
LRS PC (10)	112-411-5454-199	17,500
LRS Desktop copier	112-411-5454-199	3,500
LRS Desktop copier	112-411-5454-183	3,500
<u>Community Development</u>		
- CD PC (5)	112-710-5454-209	2,000
	112-710-5454-212	2,000
	112-710-5454-217	6,000
- CD Autocad printer	112-710-5454-212	10,000
TOTAL EQUIPMENT REPLACEMENT FUND		130,400
 CAPITAL PROJECTS FUND		
<u>Public Works</u>		
4th Street Underpass	120-910-5452-676	81,300
TOTAL CAPITAL PROJECTS FUND		81,300
 CHANDLER RANCH SPECIFIC PLAN FUND		

Community Development		
Chandler Ranch specific plan	232-710-5452-209	286,100
TOTAL CHANDLER RANCH SPECIFIC PLAN FUND		<u>286,100</u>

CDBG FUND

Community Development		
Camp Fire Cabin & Lifestyles	227-710-5235-211	600
28th Street improvements	227-910-5452-340	20,600
LED lighted crosswalks	227-910-5452-341	24,000
Alley rehab	227-910-5452-342	15,800
I00F Hall rehab	227-910-5452-467	14,000
Carnegie Library rehab	227-910-5452-478	37,100
Muni pool rehab	227-910-5452-597	150,200
TOTAL CDBG FUND		<u>262,300</u>

SENIOR ENDOWMENT FUND

Library & Recreation Services		
Senior Endowment funds	401-411-5454-185	12,300
TOTAL SENIOR ENDOWMENT FUND		<u>12,300</u>

WATER OPERATIONS FUND

Administrative Services		
PC (3)	600-140-5454-127	6,000
UB printer	600-140-5454-127	6,100
Public Works		
PW desktop copier	600-310-5454-165	3,500
Butterfield Well Rehab	600-910-5452-351	44,400
Tar Well Rehab	600-910-5452-352	24,200
TOTAL WATER OPERATIONS FUND		<u>84,200</u>

AIRPORT OPERATIONS FUND

Public Works		
Reroof FAA Office	602-310-5451-166	21,100
TOTAL AIRPORT OPERATIONS FUND		<u>21,100</u>

RDA LOW & MODERATE INCOME FUND

Community Development		
Canyon Creek Apartments	701-810-5235-484	300,000
Creekside Garden Apartments	701-810-5235-485	89,800
CalHome 1st Time buyers	701-810-5235-486	15,200
Oak Park senior housing	701-810-5235-597	520,700
TOTAL RDA LMI 20% FUND		<u>925,700</u>

TOTAL ALL CARRY-OVER REQUESTS		<u><u>\$2,653,300</u></u>
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¹ For BSP security