



UNIVERSITY PARK CITY COUNCIL AGENDA MEMO

Meeting Date:
11/19/2024

Item Type:
Consent Agenda

Subject: Ordinance amending FY2025 budget to carry forward FY2024 encumbrances

Prepared By: Brian Hogan, Controller

Background:

Each year, City staff proposes a budget amendment to bring forward encumbrances from the end of the prior fiscal year. Encumbrances are commitments to purchase specific goods or services that have been authorized but not yet fully executed by the end of the fiscal year. "Rolling over" the FY2024 encumbrances moves the corresponding budget amount from FY2024 to FY2025 (reducing the FY2024 budget, while increasing the FY2025 budget), making the funds available to complete the transaction.

Impact on the FY2025 budget

As noted above, the proposed budget amendment will increase the FY2025 authorized expenditures, while decreasing the amended FY2024 budget by an equal amount. The specific amounts per fund, department and vendor are displayed in Exhibit "A" of the attached ordinance. The table below illustrates the impact on the FY2025 budget:

Fund	Adopted Budget	Encumbrances	Amended Budget
General	\$42,377,197	\$311,386	\$42,688,583
Utility	22,063,294	8,526	22,071,820
Sanitation	4,151,287	8,508	4,159,795
Storm Water	576,601	45,300	621,901
Aquatics	453,578	-0-	453,578
	<u>\$69,621,957</u>	<u>\$373,720</u>	<u>\$69,995,677</u>

Please note that the encumbrances related to Business-type Capital Projects (Fund 42), Storm Water Capital Projects (Fund 43) Governmental Capital Projects (Fund 44), Technology Services (Fund 46) and Equipment Services (Fund 47) are not presented in the totals above, as these funds are not part of the legally adopted budget. The same details as noted above, may also be found in Exhibit "A" for these funds. The encumbrance amounts for Funds 42, 43, 44, 46 and 47 are \$13,739,031, \$1,401,156, \$9,505,237, \$185,583, and \$1,805,483 respectively, totaling \$26,636,490.

Impact on FY2024 financial position

Shifting expenditures from FY2024 to FY2025 will increase the FY2024 end-of-year fund balances and working capital. If the funds are then expended in FY2025, fund balance and working capital in the current year will decrease by the same amount. Thus, over the course of a two-year period, the net effect on fund balance and working capital of an encumbrance carry-forward can be zero.

Fiscal Impact:

- ☐ Not Applicable
- ☒ Budget Amendment Required
- ☐ Proposed Revenue
- ☐ Proposed Expenditure

Funding Source:

Master Plan Goal:

Please check the associated Theme and provide the corresponding action item number.



	Theme	Action Item(s)
<input type="checkbox"/>	Affirming Sense of Place	
<input type="checkbox"/>	Assuring Connectivity	
<input type="checkbox"/>	Innovative Governance	
<input type="checkbox"/>	Technological Integration	
<input type="checkbox"/>	Preparing for the Future	
<input checked="" type="checkbox"/>	Not Applicable	

Recommendation:

The encumbrance carry-forward is presented to the Council each year as a routine budget item. Encumbrance carry-forwards allow the completion of transactions remaining open at year-end. City staff recommends approval of the attached ordinance.

Committee Review (optional):

N/A.

Attachments:

Ordinance amending FY2025 Budget
FY2025 Budget Amendment No. 1 (Exhibit "A") by Fund and Department