



CC Regular Meeting

AGENDA ITEM REPORT

Meeting: September 17, 2024
Title: Carryover of Encumbrances and Continuing Appropriations from Fiscal Year 2023-24 to Fiscal Year 2024-25
Presented by: Theresa Franke, Interim Finance Director
Charles Russom, Senior Management Analyst
Recommendation: Adopt Resolution CC 2024-90 and Resolution SA 2024-04 approving the Carryover of Encumbrances and Continuing Appropriations from Fiscal Year 2023-24 to Fiscal Year 2024-25.

EXECUTIVE SUMMARY:

The carryover of continuing appropriations is necessary when appropriation and encumbrance balances from a fiscal year that has ended remain unspent. These amounts are required to be carried forward into the next fiscal year to facilitate the completion of projects, contracts or activities for which the funds were originally awarded.

BACKGROUND:

Covina's Municipal Code Section 2.08.160 states that the City Manager shall be responsible for the administration of the budget after its final adoption. The City Manager shall be authorized to amend the budget between cost centers within each fund. City Council authorization shall be required for increases in total fund appropriations. Continuing appropriations for year-end encumbrances, contractual commitments, and capital projects shall be automatically carried forward. All other appropriations shall lapse at year-end unless carried forward by City Council action. The City Manager shall keep the City Council informed with respect thereto. (Ord. 00-1872, 2000; Ord. 1232 § 1, 1973; 1964 Code § 2.26.)

DISCUSSION:

As part of the year-end process, the Finance Department collaborates with all departments to analyze outstanding purchase orders, contracts, and remaining budget balances to determine which purchase orders and unspent appropriations should be carried over into the new fiscal year. Exhibit A of Resolution CC 2024-90 and Exhibit A of Resolution SA 2024-04 is the proposed Schedule of Encumbrance and Continuing Appropriation Carryovers which staff recommends for City Council and Successor Agency approval. These appropriations primarily relate to grant funds and capital improvement projects that were budgeted in Fiscal Year 2023-24 that were not completed before the end of the fiscal year, making it necessary to carry over the available budget balances to Fiscal Year 2024-25 to facilitate completion of the projects.

FISCAL IMPACT:

The city's fiscal impact is an increase in appropriations in Fiscal Year 2024-25 in the amounts of the necessary available carryover balances totaling \$28,908,919.46 in revenues and \$59,110,549.18 in expenditures. Additionally, there is increase in appropriations in Fiscal Year 2024-25 of \$5,110,000 for the Successor Agency. The majority of these funds are committed to Capital Improvement Programs. The impact to each fund is detailed in Exhibit A of Resolution CC 2024-90 and in Exhibit A of Resolution SA 2024-04.

CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):

Not applicable.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Theresa Franke', written over a horizontal line.

Theresa Franke
Interim Director of Finance