RESOLUTIONS **CITY COUNCIL**
AUGUST 26, 2003

To: Mayor and City Council

From: George J. Rodericks, City Manager

SUBJECT: BUDGET REAPPROPRIATION

BACKGROUND

The City budgets on a fiscal year basis from July 1 to June 30. Generally accepted accounting principals require that the City abide by established standards and guidelines for auditing purposes.

One principal is the use of encumbrances. When a government orders supplies or signed a contract for services, no expenditure is recognized until the goods or services have been received. Nonetheless, a portion of the appropriation is, in fact, committed. Through the use of an integrated accounting system, the City reports any uncommitted balances of appropriations using encumbrance accounting. Two projects were encumbered for expenditures in the future fiscal year based on their contract inception date.

However, if the project for which the City is encumbering funds does not complete within the first 30-45 days of the new fiscal year, it is recommended that the City re-appropriate the funds into the next fiscal year for auditing purposes.

There are two projects for which the City was under fully budgeted contracts in Fiscal Year 2002/2003, but which were unable to be completed within the first 30-45 days of the 2003/2004 Fiscal Year – the Pavement Management Program and the Sewer Monitoring Program.

FINDINGS

The City completed the Pavement Management Program in August 2003. The amount that needs to be re-appropriated into the 2003/2004 Fiscal Year Operating Budget is $269,640.00. These funds were available as part of the 2002/2003 Operating Budget and are required to be re-appropriated into the 2003/2004 Operating Budget to satisfy generally accepted accounting principals.

Completion of the Sewer Monitoring Program was dependent upon physical field conditions. There was insufficient rain to warrant an acceptable wet season monitoring and the program was postponed into late 2002/2003. As a result, the program was delayed. It is anticipated that the program will complete by September. The amount that needs to be re-appropriated into the 2003/2004 Fiscal Year Operating Budget is $87,000. These funds were available as part of the 2002/2003 Operating Budget and are required to be re-appropriated into the 2003/2004 Operating Budget to satisfy generally accepted accounting principals.

FISCAL IMPACT

There is no fiscal impact as the funds are available and are merely re-appropriated into a succeeding fiscal year.

RECOMMENDATION

It is recommended that the City Council adopt Resolution No. 2003-2709, a Resolution of the City Council of the City of Villa Park authorizing a budget amendment for various projects.