



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Department Source: Finance

To: City Council

From: City Manager & Staff

Council Meeting Date: February 20, 2023

Re: Amending the FY23 Annual Budget to include encumbered expenses from the FY22 Annual Budget

Executive Summary

This ordinance is for the approval of the FY22 encumbrances into FY23 Annual Budget.

Discussion

An encumbrance is defined in the City's budget document as a "Commitment for unperformed contracts for goods or services. Any amount of money committed and set aside, but not yet expended, for the purpose of a specific good or service". As recommended by the City's initial performance/integrated audit, the Finance department has created a process to perform a review of open encumbrances for the fiscal year end. During the 2022 fiscal year end close, Finance performed an encumbrance roll of every Purchase Order that was began in FY22 but will not be completed until FY23. The effects of the encumbrance roll is a decrease to the FY22 budget and an increase to the FY23 budget by the amount of the encumbrances.

Encumbrances are a normal occurrence in all businesses, as all expenditures do not make it neatly into any fiscal year. This particular fiscal year, FY22, was higher than normal due to the many supply chain issues that the City and much of the world faced. The lion's share of the encumbrances were fleet related (Capital Outlay), as vehicle shortages continue to be an issue. However, we have also seen other general supplies be put on hold, backordered, or amounts that can be ordered limited within a certain period. This included building materials, parts for mechanical repairs, and utilities equipment like electric transformers.

Please see the attached Exhibit A for a breakdown of encumbrances by fund.

Fiscal Impact

Short-Term Impact: The FY22 operating budget was decreased by \$9,197,770.82 and the FY23 operating budget was increased by \$9,197,770.82

Long-Term Impact: None

Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Primary, Secondary Impact: Secondary, Tertiary Impact: Tertiary

Comprehensive Plan Impacts:

Primary Impact: Primary, Secondary Impact: Secondary, Tertiary Impact: Tertiary



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Legislative History

Date	Action
09/19/2022	B214-22 Adopting the FY 2023 Annual Budget for the City of Columbia.

Suggested Council Action

Approve the ordinance as submitted