



Legislation Text

File #: 18-516, Version: 1

TO: Mayor and Members of City Council

THRU: Telly Whitfield, Ph. D., Assistant City Manager

FROM: Tracey Broyles, Budget and Evaluation Director

DATE: November 13, 2018

RE:
Adoption of Budget Ordinance Amendment 2019-5 (Carryover of Encumbered, Assigned and Donated Funds from Fiscal Year 2018 and Other Items)

COUNCIL DISTRICT(S):
All

Relationship To Strategic Plan:

Goal V: Sustainable Organizational Capacity

- Objective A: To ensure strong financial management with fiduciary accountability

Executive Summary:

Budget Ordinance Amendment (BOA) 2019-5 will appropriate \$4,031,117 across several annually budgeted funds for outstanding purchase orders and contracts; \$17,508 in the General Fund for unspent donation proceeds; and \$1,770,854 for specific items for which funding was assigned (designated) at the close of fiscal year 2017-2018 for the General Fund. Funding for these expenditures was included or available in the fiscal year 2017-2018 budget. These appropriations will be funded by fund balance or net asset appropriations for the various funds.

A portion of the funding assigned (designated) in the General Fund is for funding for Transit grant local match funding. Those funds (\$154,108) will be transferred to the Transit Operating Fund to flow to the project fund appropriations.

Additional appropriations are also proposed for two Hurricane Matthew recovery expenditures that were budgeted during fiscal year 2017-2018 but were not completed. Those appropriations total \$24,523 for the General Fund and \$1,932 for the Environmental Services Fund and are to be funded by the Federal Emergency Management Agency (FEMA) and the State of North Carolina.

Background:

Routinely, the City issues purchase orders or contracts for various items in the budget (i.e. equipment and services) but does not receive them by the June 30 fiscal year end date. The City may also fund

items in the current fiscal year, but for various reasons not expend or encumber those funds during the fiscal year. For instance, a planned expenditure or project may be delayed. To address these circumstances and to ensure that funds are available to meet the Council's goals, the City assigns (designates) funds for specific purposes and reserves funds for encumbrances and unspent donations in the City's fund balance at the end of the fiscal year. When Council approves the budget ordinance for the following fiscal year, it authorizes the City to re-appropriate funds reserved for encumbrances and donations and funds assigned (designated) for a specific purpose based upon the year-end financial statements.

As of June 30, 2018, there was \$2,130,854 of fund balance in the General Fund assigned for future specific purposes in the financial statements. On July 19, 2018, Council adopted Budget Ordinance Amendment 2019-1 to appropriate \$360,000 of that funding for the Louise Street Bridge repair project. Highlights of the items for which \$1,770,854 of assigned funds are being appropriated in the General Fund include:

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|--|-----------|
| Pending Municipal Agreements with NCDOT | \$201,487 |
| Local Grant Match Funding for FY18 Transit Capital and Planning Grants | 154,108 |
| Potential Retirement System Payments for Pension Spiking | 150,000 |
| ERP Replacement Project Consulting | 100,000 |
| Non-Live Fire Shoot House Upgrade for Police Training Center | 100,000 |
| Active Shooter Protective Gear for Fire First Responders | 75,194 |
| Comprehensive Plan/Zoning Map Updates | 75,000 |
| HOME Grant Local Match | 74,853 |
| Renovations of the Seabrook Resource Center for PAL Boxing Program | 70,000 |
| City Public Safety Camera System Repair and Maintenance | 60,000 |
| Gateway Enhancements | 58,573 |
| External Audit and Financial Statement Preparation | 51,400 |
| Police Evidence Storage System Improvements | 50,000 |

The additional appropriations for Hurricane Matthew recovery expenditures that were not encumbered as of the fiscal year end include \$24,523 for replacement pedestrian light poles at Festival Park in the General Fund, and \$1,932 for a pending final invoice for debris removal and monitoring for the Environmental Services Fund. As noted above, these expenditures are expected to be reimbursed by FEMA and the State of North Carolina.

Issues/Analysis:

Funding for the General Fund fund balance appropriations on BOA 2019-5 was included in restricted or assigned fund balance as of June 30, 2018.

At the close of fiscal year 2018, it has been preliminarily estimated that unassigned, or available, General Fund fund balance is approximately \$23.4 million, although that total is unaudited at this point. In accordance with the Council fund balance policy, the estimated fund balance would equate to approximately 14.2% of the fiscal year 2019 General Fund budget, excluding budget for the County Parks District. That amount would represent fund balance that exceeds the established 10% minimum by approximately \$6.9 million, and exceeds the 12% target by approximately \$3.6 million.

Budget Impact:

A total of \$5,819,479 was included in the annual operating budgets for the various funds in fiscal year 2017-2018 for the additional appropriations on this budget ordinance amendment and was available at the close of the fiscal year. Of the remaining \$180,563 appropriated, \$154,108 relates to transfers between funds for the same items and the balance of \$26,455 is expected to be funded by FEMA and state hurricane recovery reimbursements.

Options:

Adopt Budget Ordinance Amendment 2019-5 as presented.

Do not adopt the budget ordinance amendment and provide direction to staff.

Recommended Action:

Staff recommends that Council move to adopt Budget Ordinance Amendment 2019-5 as presented.

Attachments:

Budget Ordinance Amendment 2019-5