

AGENDA ITEM SUMMARY

December 3, 2013

City Council

STAFF

Mindy Pfeiger, Accounting Supervisor
Craig Foreman, Director of Park Planning & Development
John Voss, Controller/Assistant Financial Officer

SUBJECT

First Reading of Ordinance No. 167, 2013, Appropriating Prior Year Reserves in the Conservation Trust Fund and Authorizing the Transfer of Appropriations to the Capital Projects Fund.

EXECUTIVE SUMMARY

The purpose of this item is to appropriate \$13,808 of prior year reserves in the Conservation Trust Fund for transfer to the Capital Projects Fund, and to transfer \$1,084,261 of existing appropriations from Conservation Trust Fund projects to projects in the Capital Projects Fund.

Per Colorado Revised Statutes Sec. 29-21-101, only funds received from the State of Colorado lottery proceeds can be deposited in and expensed from the Conservation Trust Fund. Grants, contributions and interest earnings tied to these revenues cannot be commingled with the lottery proceeds. This ordinance transfers the interest earnings, grants, and contributions from existing projects in the Conservation Trust Fund into projects in the Capital Projects Fund.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

The City of Fort Collins receives lottery proceeds from the State each quarter. Every year the City must submit a 'Status of Conservation Trust Fund Report' to the Colorado Department of Local Affairs showing how the funds are being spent per state statutes. In August 2012, the Colorado Department of Local Affairs (DOLA) audited the City of Fort Collins' 2011 'Status of Conservation Trust Fund Report'. On January 9, 2013, the City was notified from DOLA that Conservation Trust Fund dollars were being commingled with other City funds which is strictly prohibited by state statute. This Ordinance cleans up the Conservation Trust Fund so the City will be in compliance with C.R.S Sec. 29-21-101.

FINANCIAL / ECONOMIC IMPACT

The City's Conservation Trust Fund has \$13,808 in reserves from interest and contributions which need to be appropriated for transfer to the Capital Projects Fund. The remaining \$1,084,261 to be transferred are from grants and contributions that were appropriated in past budget cycles and supplemental ordinances. These existing appropriations are to be transferred out of the Conservation Trust Fund projects, and applied to the same project through the Capital Projects Fund. The affected projects are as follows:

Trail Acquisition & Development Project	\$ 13,808
Poudre River Trail Project	737,597
Fossil Creek Trail Project	200,000
Pickle Plant Project	75,364
Hughes Stadium Disc Golf Course Project	71,300
Total	<u>\$1,098,069</u>

ATTACHMENTS

- 1. State of Colorado's Response to 2011 Audit (PDF)



ATTACHMENT 1
STATE OF COLORADO

John W. Hickenlooper, Governor

Department of Local Affairs
Reeves Brown, Executive Director

Division of Local Government
Tony Hernandez, Director

January 9, 2013

Mindy Pfeiger, Senior Accountant
City of Fort Collins
PO Box 580
Fort Collins, CO 80522

Dear Ms. Pfeiger:

Pursuant to Title 29, Article 21, Sections 101 and 102 of the Colorado Revised Statutes and the rules promulgated by the department, the compliance review of the Conservation Trust Fund (CTF) program for the **City of Fort Collins** has been conducted. The compliance review covered the 2011 reporting year, from January through December 2011.

Based on the compliance review performed, revenues, interest and expenditures reported on the Status of CTF Report were mathematically accurate. However, the balances on the CTF report did not agree with the audited financial statement and there is evidence CTF dollars are being commingled with other City funds. Based on your reconciliation documents, the correct ending balance for the 2011 CTF report should be \$1,718,535.43, which will then be your 2012 beginning balance for reporting purposes. Commingling CTF dollars with any other funds available to the local government is strictly prohibited by state statute. Based on our conversations, I understand the City will work to prevent commingling of funds in the future.

In addition, an in-depth review of supporting documentation was completed on the projects listed on the 2011 Spending Report. The supporting documentation submitted for the CTF projects listed below was adequate.

CTF Funds Used	Date of expenditure	Project Description
\$35,940.42	June-Dec 11	Poudre Trl to Timnath-Layout ~2 miles of trl & prelim rev of opt/ trail crssing of I25.
\$18,795.11	Jan-Dec 2011	Northeast Trails- continued planning effort for the 10'-wide trail system in NE Ft Collins.
\$198,142.94	Jan-Dec 2011	Hughes Stadium Disc Golf Course- final design & development of an 18-hole disc golf course.

The City of Fort Collins is compliant with the relevant CTF statutes and rules. I appreciate you working with me to ensure compliance with the CTF program. Information regarding CTF program requirements can be found at: www.dola.colorado.gov/ctf.

No response or follow up to this letter is necessary. However if you have any questions, please feel free to contact me at (303) 866-6398.

Sincerely,


Tamra Hooper
Program Manager

cc: Darin Atteberry, City Manager
Don Sandoval, DOLA Regional Manager
File

ORDINANCE NO. 167, 2013
OF THE COUNCIL OF THE CITY OF FORT COLLINS
APPROPRIATING PRIOR YEAR RESERVES IN THE CONSERVATION TRUST FUND
AND AUTHORIZING THE TRANSFER OF APPROPRIATIONS TO THE CAPITAL
PROJECTS FUND

WHEREAS, the City receives lottery proceeds from the State of Colorado each quarter and annually submits to the State a *Status of Conservation Trust Fund Report*, showing how the proceeds have been spent; and

WHEREAS, in August 2012, the Colorado Department of Local Affairs (DOLA) audited the City's 2011 *Status of Conservation Trust Fund Report*; and

WHEREAS, on January 9, 2013, the City was notified by DOLA that Conservation Trust Fund dollars were being improperly commingled with other City funds, contrary to the requirements of CRS Sec. 29-21-101; and

WHEREAS, this Ordinance separates the lottery funds by transferring the other City funds that are derived from interest earnings, grants, and contributions, out of projects in the Conservation Trust Fund and into projects in the Capital Projects Fund; and

WHEREAS, the City's Conservation Trust Fund has \$13,808 in prior year reserves from interest earnings and contributions, which monies need to be appropriated for transfer to the Capital Projects Fund to comply with CRS Sec. 29-21-101; and

WHEREAS, the City's Conservation Trust Fund also has \$1,084,261 of existing project appropriations from grants and contributions that also needs to be transferred to projects through the Capital Projects Fund; and

WHEREAS, Article V, Section 9 of the City Charter permits the City Council to appropriate by ordinance at any time during the fiscal year such funds for expenditure as may be available from reserves accumulated in prior years, notwithstanding that such reserves were not previously appropriated; and

WHEREAS, Article V, Section 10, of the City Charter authorizes the City Council to transfer by ordinance any unexpended and unencumbered appropriated amount or portion thereof from one fund (project) to another fund (project), provided that the purpose for which the transferred funds are to be expended remains unchanged.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That there is hereby appropriated from prior year reserves in the Conservation Trust Fund the sum of THIRTEEN THOUSAND EIGHT HUNDRED AND

EIGHT DOLLARS (\$13,808) for transfer to the Capital Projects Fund - Trail Acquisition/Development - Special Funds Project and appropriated therein.

Section 2. That the unexpended appropriated amount of ONE MILLION EIGHTY-FOUR THOUSAND TWO HUNDRED SIXTY-ONE DOLLARS (\$1,084,261) in Conservation Trust Fund projects is hereby authorized for transfer to the Capital Projects Fund for the following projects:

Poudre River Trail Project	\$737,597
Fossil Creek Trail Project	200,000
Pickle Plant Project	75,364
Hughes Stadium Disc Golf Course Project	<u>71,300</u>
Total	\$1,084,261

Introduced, considered favorably on first reading, and ordered published this 3rd day of December, A.D. 2013, and to be presented for final passage on the 17th day of December, A.D. 2013.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading on the 17th day of December, A.D. 2013.

Mayor

ATTEST:

City Clerk