

AGENDA ITEM SUMMARY

March 21, 2017

City Council

STAFF

Lawrence Pollack, Budget Director
Mike Beckstead, Chief Financial Officer

SUBJECT

First Reading of Ordinance No. 047, 2017, Appropriating Funds Related to Additional 2017 Budget Transfers to Meet Fund Accounting Requirements.

EXECUTIVE SUMMARY

The purpose of this item is to authorize additional appropriations for 2017 budget transfers required to authorize moving the source of funding to the funds where the appropriations for the 2017 Budget were actually approved. This action has no impact on service delivery of the programs and services funded in the 2017 Budget and there are no funding shortfalls. Rather, this appropriation moves funding from the fund where the Offer was funded to the fund where the actual expenses will occur.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

Governmental fund accounting adds complexities to our financial processes; one of which is transfers, or the "double counting" referenced in the budget documents. There are a number of reports that are run during the development of the budget that need to be reconciled to ensure that all funds supporting various offers in the budget have the necessary appropriation to move that revenue into the fund where the expenses will be incurred for those Offers.

The process documentation for the various steps of our budget process is comprehensive, but did not include some steps traditionally completed by long term City staff. With staff retirement, the complete methodology for balancing transfers of money between funds was inadvertently not documented in its entirety. When preparing to load the adopted budget into our financial software system, it was discovered that two important reports necessary to ensure all required transfers had been accounted for had not been completed and reconciled.

Thus, while all offers funded in the 2017 Annual Appropriation Ordinance are fully funded and there is no adverse impact to City programs and services, this additional appropriation is necessary to move money from one fund to another. For example, an intersection improvement project in the Capital Projects Fund that is funded by the Transportation Fund needs an equivalent appropriation in both funds. This appropriation will authorize the movement of some funding that needs to move from one fund to another.

The total net additional appropriation is \$1,924,263. This is derived from a total new appropriation of \$2,482,970 that is offset by a decreased need for a capital projects transfer of (\$558,707). This action would increase the City's total 2017 Budget, but since we exclude transfers when calculating the 2017 Net City Budget, there is no change to the 2017 Net City Budget and there is no need for actual additional funding.

The process documentation has now been updated to ensure all necessary transfers between funds have been identified going forward.

This agenda item was reviewed and discussed at the Council Finance Committee which recommended this be brought forward for Council consideration on consent.

CITY FINANCIAL IMPACTS

Although this ordinance is an appropriation to move money from one fund to another, there is no financial impact to the overall net 2017 City Budget. This appropriation is part of the double counting that is a technical requirement of governmental fund accounting. This increased appropriation would be “backed out” when calculating the net city budget and that is why there is no change to the 2017 Net City Budget adopted by Council in November 2016.

ORDINANCE NO. 047, 2017
OF THE COUNCIL OF THE CITY OF FORT COLLINS APPROPRIATING
FUNDS RELATED TO ADDITIONAL 2017 BUDGET TRANSFERS TO
MEET FUND ACCOUNTING REQUIREMENTS

WHEREAS, on November 15, 2016, the City Council adopted on second reading Ordinance No. 126, 2016, approving the biennial budget for the years beginning on January 1, 2017, and January 1, 2018; and

WHEREAS, the purpose of this item is to authorize additional appropriations for 2017 budget transfers required to authorize moving the source of funding to the funds where the appropriations for the 2017 Budget were actually approved; and

WHEREAS, this action has no impact on service delivery of the programs and services funded in the 2017 Budget and there are no funding shortfalls; and

WHEREAS, the total net additional appropriation is \$1,924,263 which is derived from a total new appropriation of \$2,482,970 offset by a decreased need for a capital projects transfer of (\$558,707); and

WHEREAS, this action would increase the City's total 2017 Budget, but since transfers are excluded when calculating the 2017 Net City Budget, there is no change to the 2017 Net City Budget and no need for additional funding for programs and services; and

WHEREAS, Article V, Section 9, of the City Charter permits the City Council to make supplemental appropriations by ordinance at any time during the fiscal year, provided that the total amount of such supplemental appropriations, in combination with all previous appropriations for that fiscal year, does not exceed the current estimate of actual and anticipated revenues to be received during the fiscal year; and

WHEREAS, City staff has determined that the appropriation of the revenue as described herein will not cause the total amount appropriated in the funds listed below to exceed the current estimate of actual and anticipated revenues to be received in that fund during any fiscal year.

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 or capital project to another fund or capital project, provided that the purpose for which the transferred funds are to be expended remains unchanged; the purpose for which the funds were initially appropriated no longer exists; or the proposed transfer is from a fund or capital project in which the amount appropriated exceeds the amount needed to accomplish the purpose specified in the appropriation ordinance.

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

Section 1. That the City Council hereby makes and adopts the determinations and findings contained in the recitals set forth above.

Section 2: That the following funds are hereby appropriated for expenditure in the funds listed below.

2017 Proposed Additional Appropriations

	<u>Existing 2017 Budget</u>	<u>Amount of Adjustment</u>	<u>Amended 2017 Budget</u>
General Fund	\$152,285,306	\$286,716	\$152,572,022
General Improvement District 1	158,107	90,000	248,107
Transportation Fund	26,352,802	2,012,675	28,365,477
Utility CS&A Fund	17,210,746	93,579	17,304,325
Total new appropriation		<u>\$2,482,970</u>	

Introduced, considered favorably on first reading, and ordered published this 21st day of March, A.D. 2017, and to be presented for final passage on the 18th day of April, A.D. 2017.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading on the 18th day of April, A.D. 2017.

Mayor

ATTEST:

City Clerk