

Mayor and Council Communication

DATE: 06/22/21

M&C FILE NUMBER: M&C 21-0415

LOG NAME: 03FY21 CAPITAL CLEANUP Q2

SUBJECT

(ALL) Authorize Financial Transactions in Identified Funds to Facilitate the Clean-Up and Close-Out of Noted Projects, Adopt Attached Appropriation Ordinances, and Amend the Fiscal Years 2021-2025 Capital Improvement Program

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached appropriation ordinance adjusting estimated receipts and appropriations in the Water Capital Fund by increasing receipts and appropriations in the Water and Sewer Main Replacements project (City Project No. C01018) in the amount of \$240.49 and decreasing receipts and appropriations within the Unspecified-All Funds project by the same amount, for the purpose of balancing and closing the main replacement project;
 2. Adopt the attached appropriation ordinance adjusting estimated receipts and appropriations in the Sewer Capital Legacy Fund by increasing receipts and appropriations in the Village Creek Waste Water Treatment Plant Influent Junction Boxes project (City Project No. C01130) in the amount of \$3,000.00 and decreasing receipts and appropriations within the Unspecified-All Funds project by the same amount, for the purpose of balancing and closing the junction box project;
 3. Adopt the attached appropriation ordinance adjusting estimated receipts and appropriations in the Specially Funded Projects by increasing receipts and appropriations in the South Main Street Reconstruction project (City Project No. C02113) in the amount of \$66,416.04 and decreasing receipts and appropriations within the Unspecified-All Funds project by the same amount, for the purpose of balancing and closing the South Main project;
 4. Adopt the attached appropriation ordinance increasing estimated appropriations in the Library Department project Nos. S08415 (\$149,999.62) and S08416 (\$199,944.00) in the Special Donations Legacy Fund, by a total of \$349,943.62, for the purpose of balancing and closing the projects;
 5. Authorize the clean-up and close-out of identified projects in the Special Donations Legacy Fund and the moving of appropriations, financial transactions and fund balance in the amount up to \$488,498.74 to the Library Special Revenue Fund and up to \$22,501.00 to the General Fund; and
 6. Amend the Fiscal Years 2021-2025 Capital Improvement Program.
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DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to further efforts for project clean-up.

Since the advent of the City's new financial systems, staff has been systematically working through capital projects and life-to-date operating projects that came over from the old system to balance, finalize, and close completed projects and to move ongoing projects from the legacy funds to their current counterparts. Staff has also been making additional efforts to ensure more recent capital and life-to-date operating projects are finalized and closed in a more timely fashion.

As part of the clean-up process, additional City Council action is often required such as adjusting project appropriations to ensure the appropriation authority aligns with actual receipts and expenditures and authorizing transfers and moves of funds and appropriations. These actions are supported by staff efforts that include correcting budget transfers/general ledger entries and identifying additional receipts and appropriations needed within the appropriate project fund to balance projects and fulfill obligations as needed. As the City has enhanced budgetary and expenditure controls, these requested items seek approval for transparency and control purposes. To the extent possible, each request has been reviewed by the Budget Division in conjunction with the participating Department for accuracy and completeness.

Items addressed in this M&C are as follows:

Water Capital Fund (Water Department) – Water and Sewer Main Replacements Project

The Water and Sewer Main Replacements project in the Water Capital Fund, which was completed in 2014, is out of balance by \$240.49. This M&C requests an increase to receipts and appropriations in this project and Fund by a total amount of \$240.49 and a corresponding reduction to the "unspecified project" of the Fund to balance the water main project costs and allow for the closure of this project.

This project is located in ALL COUNCIL DISTRICTS.

Sewer Capital Legacy Fund (Water Department) – Village Creek Waste Water Treatment Plant (VCWWTP) Influent Junction Boxes Project

The VCWWTP Influent Junction Boxes project in the Sewer Capital Legacy Fund, which was completed in 2014, is out of balance by \$3,000.00. This M&C requests an increase to receipts and appropriations in this project and Fund by a total amount of \$3,000.00 and a corresponding

reduction to the "unspecified project" of the Fund to balance the junction box project costs and allow for the closure of this project.

This project is located in COUNCIL DISTRICT 5.

Specially Funded Projects Fund and Grants Capital Project State Fund (Transportation and Public Works Department) – South Main Street Reconstruction Project

The South Main Street Reconstruction Project was completed in July 2018 with \$3,000,000.00 of the project costs grant funded on a reimbursement basis by the North Central Texas Council of Governments (NCTCOG). This project included funding for the design and constructions of the South Main Urban Village Sustainable Development project. It was determined that expenses in the amount of \$66,416.04 were considered ineligible for reimbursement and not approved by NCTCOG. Action by Council is needed to increase receipts and appropriations in the Specially Funded Projects Fund to properly account for and record these project expenses to balance and close this project. A corresponding reduction in the Grants Fund appropriation will be addressed after the expenses have been moved out of that fund and the project has been fully cleaned up and closed.

This project are located in COUNCIL DISTRICT 9.

Special Donations Legacy Fund (Library) - Cleaning and Closing of All Projects

As part of closing legacy funds, Council is being asked to appropriate funds to balance some projects and to authorize staff to take actions to balance and close old, primarily completed, projects in the Special Donations Legacy Fund and to move remaining financial transactions and fund balance up to a total of \$511,000.00 to the Library Special Revenue Fund and the General Fund.

To more accurately retain the characteristics of these funds and their original sources, staff proposes moving the financial transactions and fund balances to new locations as identified for those projects that are not being closed. This approach is recommended because appropriating residuals and transferring them to new funds would cause original characteristics and sources to be lost due to the money all being designated solely as "transferred funds." "Moving" the transactions and funds balances will allow staff to preserve the funds' original intent, and review processes have been put into place to ensure the proper use of the Fund is maintained going forward.

Library Department Projects S08415 and S08416 need additional appropriations of \$149,999.62 and \$199,944.00, respectively, to be balanced and closed. Following that action, Library is projected to have other projects totaling up to \$488,498.74 that can be cleaned up in the Special Donations Legacy Fund and moved over to the Library Special Revenue Fund. Recommended appropriations in the Library Special Revenue Fund will be presented as part of the FY2022 budget proposal.

The Special Donations Legacy Fund also includes an amount up to \$22,501.00 associated with projects of various other City departments. Approval of recommendation 5 would authorize staff to clean up those project and move any remaining fund balance (along with associated financial transactions) to the General Fund, where the Financial Management Services Department will coordinate with the affected departments and develop plans for the use that money and preparation of recommended appropriations.

All of the remaining projects in the Special Donation Legacy Fund were part of financial system conversion process and have had no transactional activity since 2016. Future appropriation of remaining dollars in their new Funds, will allow the fiscal command staff in the Library and FMS Departments to ensure these funds are spent in compliance with the original intent. These funds will be tracked by the Library and FMS Departments when the appropriations are authorized in the new Funds.

Funding for the capital projects identified in this M&C was not included in the FY2021-2025 Capital Improvement Program due to not being identified prior to the program being approved for the year. The actions in the M&C will amend the FY2021-2025 Capital Improvement Program as approved in connection with Ordinance 24446-09-2020.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds are currently available in the Unspecified - All Funds project within the Water Capital, Sewer Capital Legacy and Specially Funded Projects Funds and upon approval of the above recommendations and adoption of the attached appropriation ordinances, funds will be available in the Special Donations Legacy, Water Capital, Sewer Capital Legacy, and Specially Funded Projects Funds for the Water and Sewer Main Replaceme, VCWWTP Influent Junction Boxes and the South Main Street Reconstructi projects. Prior to an expenditure being incurred, the Water Department, Library, Transportation and Public Works and FMS Departments have the responsibility of verifying the availability of funds.

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