

Mayor and Council Communication

DATE: 09/30/25

M&C FILE NUMBER: M&C 25-0920

LOG NAME: 13FY2025 LEGACY FUND CLEAN-UP

SUBJECT

(ALL) Authorize the Financial Management Services Department to Process Financial Transactions Necessary to Facilitate Clean-up and Close-out from Identified Legacy Capital Project Funds to Corresponding New Capital Project Funds, General Fund, or General Debt Service Fund with No New Appropriations Required; and Adopt Ordinance Reducing Appropriations in the 2007 Critical Capital Projects Fund by \$10,318.58

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the Financial Management Services Department to process financial transactions from identified Legacy Capital Project Funds to the corresponding new Capital Project Funds, the General Fund, or the General Debt Service Fund to facilitate the clean-up and close-out of legacy funds. These actions will not require new appropriations.
 2. Adopt the attached ordinance reducing appropriations in the Enhanced CFA – 2007 CCP programmable project (City Project No. P00069) of the 2007 Critical Capital Projects Fund by \$10,318.58.
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DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to take several actions to clean up and close several of the City's legacy capital project funds. These actions could consist of balancing receipts and appropriations for old projects in the legacy capital project funds, making correcting budget transfers/general ledger entries to prepare for project closure, and moving any residual receipts and appropriations into the corresponding capital project funds in the new financial management system, to the General Fund, or to the General Debt Service Fund.

The Financial Management Services Department (FMS) has been conducting a comprehensive review of legacy capital project funds and providing recommendations regarding closure. The goal has been to verify and "cleanse" data in all the old funds, bring old projects into balance on the ledger to facilitate their closure, and close funds that are no longer needed so that the City's financial records are in the best possible condition. The City created 49 legacy capital project funds during ERP Phase II for conversion from MARS to PeopleSoft Financials, of which 18 remain active on the City's ledger. For the scope of this M&C, FMS has collaborated with City Departments to reconcile and prepare six (6) legacy funds listed below for clean-up and potential closure. Therefore, certain actions noted may be performed by assigned departments and FMS to help facilitate the closure.

For financial reporting purposes, each legacy fund is "rolled up" with its new system counterpart and reported as a single fund because the two are considered to be the same fund under generally accepted accounting principles. To more accurately reflect this structure, rather than appropriating residuals in the legacy capital project funds and then moving them to the new funds, staff proposes moving any excess appropriations or revenues from the legacy capital project funds to the corresponding new funds. If applicable, any legacy capital project fund that contains residual debt proceeds will be analyzed to determine if the amounts should be moved to their respective debt service fund to support debt service and the early retirement of outstanding bonds and/or moved to a new capital project fund in which the proceeds can be tracked for reporting requirements.

The following financial transactions are needed to clean up and close specific identified Legacy projects and funds:

TPW Gas Lease Project Legacy Fund (39303)

Interest earnings in the Unspecified-All Funds project (UNSPEC) in the amount of \$158.34 will be moved to UNSPEC in the new capital projects fund, General Gas Lease Capital Project Fund (33005), for the use on future capital projects as needed. Completion of this financial transaction will allow closure of the TPW Gas Lease Project Legacy Fund.

Public Safety Training Facility Fund (39005)

Interest earnings in an amount of \$32,176.16 and lease revenue in an amount of \$124,544.71 from the UNSPEC project will be moved to the General Fund. Financial Management Services has collaborated with multiple departments to identify the source of lease revenue that was recorded prior to the system conversion from MARS to PeopleSoft. Despite extensive research and review, the source of this revenue could not be identified. In order to close this fund, it was determined to transfer all interest earnings and lease revenue to the General Fund. Completion of this financial transaction will enable the closure of the Public Safety Training Facility Fund.

Street Improvements Fund (39409)

Residual proceeds in UNSPEC projects designated for Council Districts 2, 3, and 4 in a total amount of \$156,308.04 are not available for their originally defined purposes and will be transferred to the General Debt Service Fund to support debt service and the early retirement of outstanding bonds.

Street Improvements Fund (39403)

Project Waterfront at Enchanted Bay (City Project No. C000374) has residual revenue in the amount of \$241,929.44. To balance and close this project, residual proceeds from General Obligation 2007A will be moved to the General Debt Service Fund to support debt service and the early retirement of outstanding bonds. Completion of this financial transactions will allow closure of the Waterfront at Enchanted Bay project.

2007 Critical Capital Projects Fund (39001)

Residual proceeds from 2013A Certificate of Obligation in the Enhanced CFA – 2007 CCP programmable project (City Project No. P00069) in the amount of \$10,318.58 will be moved to UNSPEC project within the corresponding new capital project fund, 2007 CritCapProj - CO2013A Fund (34012), for use on future capital projects as needed.

Adoption of the attached ordinance will reduce appropriations by the same amount to close the programmable project.

Transportation Impact Fee Cap Legacy Fund (39008)

Interest earnings totaling \$3,215,472.05 from all designated transportation impact fees service areas within the Transportation Impact Fee Cap Legacy Fund (39008) will be moved to the same service areas within the new Transportation Impact Fee Capital Project Fund (30108). Per state law, the interest will remain restricted for impact-fee-eligible uses in the geographic area the underlying impact fee funds were paid for.

With the enhanced budgetary and expenditure controls built into PeopleSoft Financials, correcting budget transfers/general ledger entries may be necessary to properly close out projects within the legacy capital project funds. This action will not result in an increase in overall appropriations and will allow the projects to be closed appropriately.

Separate M&C's will be submitted by each department to appropriate any available funds in the new capital project funds, as needed.

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 upon approval of the above recommendation, funds and financial transactions will be moved from the Legacy Capital Project Funds to the identified new funds to efficiently expedite the clean-up and close out of projects and funds.

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Expedited