

Mayor and Council Communication

DATE: 09/17/24

M&C FILE NUMBER: M&C 24-0810

LOG NAME: 13LEGACY CAPITAL PROJECT FUNDS CLEAN-UP

SUBJECT

(ALL) Authorize the Financial Management Services Department to Process Financial Transactions Moving Account Balances from Specified Legacy Capital Project Funds to the Corresponding New Capital Project Funds. These Actions will Facilitate the Clean-Up and Close-Out of Legacy Funds Converted from a Previous Accounting System into Peoplesoft Financials. This Authorization Does Not Appropriate Any Funds for Use in the New Capital Project Funds

RECOMMENDATION:

It is recommended that the City Council authorize the Financial Management Services Department to process financial transactions moving account balances from specified Legacy Capital Project Funds to the corresponding new Capital Project Funds and facilitate the clean-up and close-out of legacy funds converted from a previous accounting system into Peoplesoft Financials. This authorization does not appropriate any funds for use in the new Capital Project Funds.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to take a number of actions in order 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.

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 of 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 24 remain active on the City's ledger. For the scope of this M&C, FMS has collaborated with the multiple City Departments to reconcile and prepare five (5) legacy funds listed below for clean-up and 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 defer future interest/borrowings 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 & close specific identified Legacy projects & funds:

Aviation Gas Lease Capital Project Legacy Fund (59302)

Interest earnings in the Unspecified-All Fund project (UNSPEC) in the amount of \$19,164.52 will be moved to the new capital projects fund, Aviation Gas Lease Cap Proj Fund, for the use on future capital projects, as needed. Completion of this financial transaction will allow closure of the Aviation Gas Lease Capital Project Legacy Fund.

TPW or Gas Lease Project Legacy Fund (39303)

Interest earnings in the UNSPEC project in the amount of \$688.59 and interest earnings in the Unspecified-Gas Lease Revenue project (UNSGAS) in the amount of \$18,056.22 will be moved to the new capital projects fund, General Gas Lease Capital Prj Fund in UNSPEC and UNSGAS, respectively for the use on future capital projects, as needed. Completion of these financial transactions will allow closure of the Transportation Public Works (TPW) Gas Lease Project Legacy Fund.

SH 121T Southwest Parkway Fund (39405)

Interest earnings in the amount of \$11,031.78 and developer cash contributions in the amount of \$168,799.52 in the Unspecified-All Fund project (UNSPEC) project will be moved to the new capital projects fund, General Capital Projects Fund, for the use on future capital projects as needed.

PARD Gas Lease Cap Proj Legacy Fund (39302)

Project CLSD: Mosier Valley Park Dev (City Project No. C02306) has a remaining balance in expenses of \$1,335.76. In order to balance and close this project, residual interest earnings will be moved to the new capital projects fund, PARD Gas Lease Capital Project Fund in UNSPEC for

use on future capital projects, as needed. Also, to balance the project, appropriations will be reduced by the same amount. Any existing capital assets and related depreciation will also be moved to the new capital projects fund. Completion of these financial transactions will allow closure of the Parks And Recreation Department (PARD) Gas Lease Cap Proj Legacy Fund.

PARD Improvements Fund (39801)

Residual proceeds from 2007A & 2009 General Obligation and 2013A Certificate of Obligation in the Unspecified-All Fund project (UNSPEC) in the amount of \$13.62 will be moved to General Debt Service Fund to defer future interest/borrowings.

With the enhanced budgetary and expenditure controls built into PeopleSoft Financials, correcting budget transfers/general ledger entries may be necessary in order to properly close out projects within the legacy capital project funds. This action will not result in an increase to 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 capital project funds to efficiently expedite the clean-up and close out of projects and funds.

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Expedited