

Mayor and Council Communication

DATE: 01/26/21

M&C FILE NUMBER: M&C 21-0064

LOG NAME: 03FY2020 CLOSING

SUBJECT

(ALL) Adjust Appropriations in Various Funds and Amounts to Bring Revenues and Expenditures into Balance for the Capital and Operating Budgets for Fiscal Year 2020, Enact Budget Adjustments to Reallocate Resources, Commit Funds to Facilitate Fiscal Year 2020 Year End Closeout and Rollover into Fiscal Year 2021, Authorize All Associated Transfers and Adopt Appropriation Ordinances

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached appropriation ordinance adjusting Fiscal Year 2020 receipts and appropriations in various funds as described below to bring receipts and expenditures into balance in order to finalize and facilitate year-end closure and audit following the 03FY2020 WINDUP Mayor and Council Communication:
 - A. Adjust appropriations in the following General Fund Department budgets for a net impact of \$0.00:
 - a. Increase Human Resources by \$13,826.00 to cover separation leave expenses;
 - b. Decrease Non-Departmental by \$13,826.00 to cover separation leave in Human Resources;
 - c. Reallocate Park and Recreation appropriations by decreasing Operations and Maintenance and increasing Transfer Out for the purpose of transferring to the Botanic Gardens Special Revenue Fund, utilizing operational savings to cover the Botanic Gardens shortfall in the amount equal to the lesser of \$56,046.67 or the actual year end negative fund balance;
2. Authorize the transfer of rolled over insurance funds from the Fire Department within the General Fund to the General Capital Projects Fund in the amount of \$828,750.00 for equipment replacement;
3. Adopt the attached appropriation ordinance increasing receipts and appropriations in the Botanic Gardens Special Revenue Fund by \$32,380.60, authorizing an additional use of fund balance in the amount of \$195.34, recognizing the additional transfer from the General Fund in the amount of \$56,046.67 and recognizing the decrease of other operating revenues in the amount of \$23,861.41 to effectively balance financial transactions needed to close the fund;
4. Delegate authority to the City Manager, or his designee, to record the necessary transactions in Fiscal Year 2020 to close the Botanic Gardens Special Revenue Fund;
5. Adopt the attached appropriation ordinance increasing receipts and appropriations in the Municipal Parking Fund in the amount of \$24,251.00, from available revenues, for additional expenses in excess of current appropriations;
6. Adopt the attached appropriation ordinance decreasing receipts and appropriations in the Vehicle and Equipment Replacement Fund in the amount of \$2,000,000.00, for the purpose of reverting previously transferred funds back to the General Fund;
7. Authorize the commitment of Fiscal Year 2020 fund balance in the amount of \$2,000,000.00 in the General Fund to be assigned to facilitate building expense needs related to the purchase and relocation of City Hall;
8. Authorize the commitment of Fiscal Year 2020 fund balance from Fiscal Year 2020 savings in the General Fund for contractual commitments in the amount up to \$118,354.00 in the Diversity and Inclusion Department; \$265,039.00 in the City Manager's Office, and \$32,500.00 in the Financial Management Services Department for rollover into Fiscal Year 2021; and
9. Adopt the attached supplemental appropriation ordinance increasing estimated receipts and appropriations in the General Fund in the amount of \$415,893.00 in Fiscal Year 2021 and decreasing the unaudited fund balance of the General Fund by the same amount, from the rollover of surplus funds from Fiscal Year 2020 in order to fund contractual commitments.

DISCUSSION:

The City's annual Operating Budget is formally enacted into law by City Council action adopting an appropriation ordinance that establishes spending limits for each department's operation.

The purpose of this Mayor and Council Communication (M&C) is to adjust the final budget and authorize transactions to reflect actual performance for the year ending September 30, 2020. Any amounts over budget must be appropriated by action of the City Council, in accordance with the City Charter (Chapter X, Section 5, Expenditures Only Pursuant to Appropriations). This action represents the final step before the external audit can be completed and the Comprehensive Annual Financial Report published after the wind up M&C approved by City Council on September 22, 2020.

Appropriations reflected in the attached ordinances include adjusted appropriations in the departmental budgets within the General Fund to offset excess expenditures or re-purposed funds, with the total amount offset by a decrease in the non-departmental budget in the General Fund for a zero net impact. Below is a brief explanation of the activity that caused deviations from the adopted budget:

GENERAL FUND

Department Additional Appropriations

Human Resources Department \$13,826.00

Reason: The deficit is due to separation leave and is covered via delegated authority using Non-Departmental funds.

Non-Departmental Department -\$13,826.00

Reason: The appropriations for separation leave are being moved via delegated authority to the Human Resources Department.

Park and Recreation Department \$0.00

Reason: A reallocation of funds from Operations and Maintenance to Transfers is required to provide for a \$56,046.67 transfer to the Botanic Gardens Special Revenue Fund to offset the Special Revenue Fund's shortfall. The reallocation of funds in the General Fund is possible due to operating savings held by the department during the fiscal year.

Authorization of Transfer

Fire Department \$828,750.00

Reason: On February 2, 2020, the City authorized the rollover of Fiscal Year 2019 fund balance from Fiscal Year 2019 through M&C 20-0057. Of this total amount, the Fire Department was authorized to rollover \$828,750.00 of receipted, but unappropriated, Fiscal Year 2019 insurance funds into Fiscal Year 2020 for the purpose of transferring them to a capital project fund. Though appropriations in the General Fund were increased to facilitate the transfer to the General Capital Projects Fund, the corresponding transfer authorization did not occur. Approval of this M&C will authorize that transfer. The project will be included for appropriation on the FY2021 first quarter Capital Cleanup M&C.

Spending in Excess of Appropriated Budget

BOTANIC GARDENS SPECIAL REVENUE FUND

Park and Recreation \$32,380.60

Reason: The Botanic Gardens Special Revenue Fund will be closed effective September 30, 2020. Expenditures exceeded budget creating a shortfall, in addition to the financial transactions necessary to close the fund. The fund is utilizing all available fund balance for a total use of \$262,195.34 as previously appropriated via M&C 20-0677 and the current actions seeking approval in this M&C. The General Fund is transferring additional subsidy funds in the amount of \$56,046.67 to offset revenue shortages. To the extent any other balance remains in the Botanic Gardens Special Revenue Fund after its closure, excess balances will be returned to the General Fund.

MUNICIPAL PARKING FUND

Transportation and Public Works \$24,251.00

Reason: The overage is due mainly from other contractual service costs. These expenditures are able to be covered from higher than anticipated daily parking revenue. Previously, appropriations were decreased in the FY2020 Wind Up M&C 20-0677, based on projections related to revenue loss as a result of COVID-19, however, revenues and expenses have come in slightly higher than anticipated, requiring receipts and appropriations to be slightly raised.

Decrease in Capital

VEHICLE AND EQUIPMENT REPLACEMENT FUND

Property Management -\$2,000,000.00

Reason: During FY2020, Tax Notes were issued to replace General Fund Pay-go funding for vehicle and equipment replacements. With this change in funding source, \$2,000,000.00 of Pay-go funds will be returned to the General Fund to be assigned for future building expense needs related to the relocation of City Hall.

Commitment of Funds and Rollover

GENERAL FUND

Citywide \$2,000,000.00

Reason: The returned \$2,000,000.00 from the Vehicle and Equipment Replacement Fund is considered available excess General Fund fund balance and will be assigned and committed to fund future building expenses related to the relocation of City Hall. Future actions will be requested and approved via subsequent M&C request(s).

Diversity and Inclusion Department \$118,354.00

Reason: Appropriated funds in FY2020 related to a contract with The City University of New York (CUNY) Institute for State and Local Governance (ISLG) were not expended prior the end of the fiscal year. These funds were swept back to the General Fund's fund balance; therefore, the rollover of funding into Fiscal Year 2021 is needed to fulfill the contractual commitment. These funds represent the appropriation of previously unspent authorized dollars.

City Manager's Office \$265,039.00

Reason: Appropriated funds in FY2020 related to police consulting contract(s) were not expended prior to the end of the fiscal year. These funds were swept back to the General Fund's fund balance; therefore, the rollover of funding into Fiscal Year 2021 is needed to fulfill the contractual commitment(s) for the Police Expert Panel Review. These funds represent the appropriation of previously unspent authorized dollars.

Financial Management Services Department \$32,500.00

Reason: Appropriated funds in FY2020 related to a contract with Weaver and Tidwell LLP were not expended prior the end of the fiscal year. These funds were swept back to the General Fund's fund balance; therefore, the rollover of funding into Fiscal Year 2021 is needed to fulfill the contractual commitment for audit field work. These funds represent the appropriation of previously unspent authorized dollars.

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 recommendations and the adoption of the attached appropriation ordinances, funds will be available in the FY2020 operating and capital budgets and the FY2021 operating budgets noted as appropriated to the various funds. Prior to any expenditure being incurred, Diversity and Inclusion, City Manager's Office, and Financial Management Services departments have the responsibility to validate the availability of funds in FY2021.

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Expedited