

Mayor and Council Communication

DATE: 04/06/21

M&C FILE NUMBER: M&C 21-0239

LOG NAME: 13SPECIAL PURPOSE FUNDS-CLOSE PROJECTS

SUBJECT

(ALL) Adopt Attached Ordinance Increasing Receipts and Appropriations in Identified Projects in the Special Purpose Fund to Restore Balance and Facilitate Closure, and Authorize the Cleanup and Close Out and Moving of Appropriations, Financial Transactions, and Fund Balance in Other Projects Totalling up to \$3,556,471.25 from the Special Purpose Fund to Identified Special Revenue Funds

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached ordinance to balance identified projects in the Special Purpose Fund and facilitate their closure by increasing receipts and appropriations by \$72,953.42 in certain Park and Recreation Department projects, from available funds, and by increasing receipts in other identified Park projects by \$253,541.60, from available funds, to bring revenues into balance with previously appropriated and expended amounts,

Project Number and Name	Amount to appropriate	Revenue Needed to be Added
S00056-Sycamore CC	\$110.74	
S00044-Fire Station CC	\$2,334.04	\$2,450.66
S00057-Thomas Place CC	\$22,005.11	\$22,005.11
S00151-Botanic Gardens	\$48,503.53	\$48,503.53
S00152-Botanic Gardens Support		\$3,397.37
S00153-Botanic Gardens Fuller Foundation		\$171,860.90
S00155-Botanic Gardens Maintenance		\$78,259.45
Total Amount	\$72,953.42	\$326,477.02

2. Authorize the clean-up and close-out of projects and moving of residual appropriations, financial transactions, and fund balance from identified projects/centers in the Special Purpose Fund to corresponding special revenue funds as follows.

Amount	Current Special Purpose Fund Center(s)/Project(s)	New Fund Location
\$523,550.19	Library	Library Special Revenue Fund
\$2,757,525.24	Municipal Court	Special Revenue MC (Municipal Courts) Fund
\$19,145.68	FW Local Development Corporation (in TIF Administration Project)	Fort Worth Local Development Corporation Special Revenue Fund
\$71,152.02	Public Improvement Districts (in TIF Administration Project)	Public Improvement District Funds
\$185,098.12	Tax Increment Reinvestment Zones (in TIF Administration Project)	Tax Increment Reinvestment Zone Funds

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to initiate the process for cleaning up the Special Purpose Fund by appropriating existing revenues and expenditures for certain Park Department projects/centers, strictly for accounting corrections to balance projects within the Fund and reconciling the accounting record (Recommendation 1) and reconciling other identified projects and moving appropriations, financial transactions, and fund balance for those projects into more appropriate special revenue funds (Recommendation 2).

Background

The Special Purpose Fund (formerly the Special Trust Fund) was originally intended as a mechanism for managing short-term projects with finite durations, often serving operating purposes but crossing boundaries between fiscal years.

Like capital funds, this Fund involves life-of-project or life-to-date appropriations, which means funds for a project are considered encumbered and roll forward from fiscal year to fiscal year until the project is completed or closed; however, many of these projects were operational in nature rather than capital oriented. The reason this approach was adopted was because these were projects with execution that straddled multiple fiscal years but that were short-term rather than ongoing, and it was determined that annual budgeting was inefficient for projects that were not ongoing but were instead finite in duration.

Over the years, the Fund has experienced projects being added that did not align with the intended use of the Fund - for example funding associated with dedicated revenues (such as the Municipal Court technology, safety, and juvenile case manager fees) and some less typical ongoing projects (such as Park and Recreation Department (PARD) contract instructors) - being established or moved into the Fund for various reasons. The Financial Management Services Department and the Planning and Data Analytics Department (Budget Division) have been working toward cleaning up the Fund and will be bringing forward a series of City Council actions over the course of the next several months as needed to balance and close out completed projects and move incomplete or continuing projects to locations in more suitable funds. The ultimate goal of this process is to pare the Special Purpose Fund back to its initial intended purpose.

Current M&C

In this M&C, Council is being asked to authorize staff to take actions to balance and close old, primarily completed, projects within several identified Park centers of the Special Purpose Fund (Recommendation 1) and to move remaining appropriations, financial transactions, and fund balance totaling up to \$3,556,471.25 from other projects/centers to appropriate special revenue funds as noted (Recommendation 2).

Departments with Projects in the Special Purpose Fund Related to this M&C

Department	Project Number and Names	Amount	Transferring To
Library	S00064 - Gray Library Trust S00065 - Addie Levy Trust	\$523,550.19	Library SR
Municipal Courts	S00094 - Court Security Funds S00095 - Court Technology Fees S00096 - Juvenile Case Manager Funds S00097 - Truancy Prevention & Diversion	\$2,757,525.24	Municipal Courts SR
Economic Development	S00127 - TIF Administration	\$275,395.82	FW Local Dev, PID, & TIF SR
Total Amount		\$3,556,471.25	

To more accurately retain the characteristics of these funds and their original sources, staff proposes moving the remaining appropriations, financial transactions, and fund balances for projects that are not being closed to the new locations as identified. This approach is recommended because appropriating residuals and transferring them to the new funds would cause original characteristics and sources to be lost due to the money all being designated solely as “transferred funds.” “Moving” the appropriations and transactions 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.

In most cases the projects being moved will largely only have unappropriated fund balance after the project clean ups are completed. However, to the extent projects have remaining appropriated and unused capacity in their current location, they would retain those “active” appropriations in the recipient fund following the move.

To the extent any identified residuals that are being moved were appropriated as programmable projects in the Special Purpose Fund, they will be considered as appropriated programmable funds in the identified new fund. Any appropriations for open static projects that get moved would remain as appropriated static projects in the new fund. And to the extent residuals consist of fund balance or un-spendable “unspecified” amounts in the Special Purpose Fund centers, they will retain those characteristics in the new fund, and subsequent departmental M&Cs will follow to appropriate the residual revenues in the appropriate funds.

The Botanic Garden (BG), Fire Station, Sycamore, and Thomas Place Community Centers (CC) projects in the Special Revenue Fund have expenses that exceed current appropriations. The Park and Recreation Department has identified available funds within its other centers/projects in the Special Revenue Fund and recommends those funds be appropriated under Recommendation 1 to bring the BG, and CCs projects into balance.

The movement of appropriations, transactions, and fund balance proposed in Recommendation 2 will not result in a net increase to appropriations; however it may be necessary to reduce appropriations in some completed projects in order to close them out in the Special Purpose Fund. 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 Special Purpose Fund.

Previously Appropriated Totals to Move to New Fund

Department	Project Number/Project Name	Revenue Appropriations	Expenditure Appropriations
Library	S00065 - Addie Levy Trust	\$28.46	\$28.46
Municipal Courts	S00094 - Court Security Funds	\$396,366.75	\$396,366.75
Municipal Courts	S00095 - Court Technology Fees	\$662,762.77	\$662,762.77
Municipal Courts	S00096 - Juvenile Case Manager Funds	\$255,415.21	\$255,415.21
Municipal Courts	S00097 - Truancy Prevention & Diversion	\$87,336.89	\$87,336.89

Economic Development	S00127 - TIF Administration	\$275,395.82	\$275,395.82
Totals			\$1,677,305.90

Residual Revenues with No Appropriations to Move to New Fund

Department	Project Number/Project Name	Residual Revenue
Library	S00064 - Gray Library Trust	\$44,208.09
Library	S00065 - Addie Levy Trust	\$479,313.64
Municipal Courts	S00095 - Court Technology Fees	\$882,045.98
Municipal Courts	S00096 - Juvenile Case Manager Funds	\$259,840.28
Municipal Courts	S00097 - Truancy Prevention & Diversion	\$177,228.48
Totals		\$1,842,636.47

If applicable, any legacy special revenue 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 fund in which the proceeds can be tracked for reporting requirements.

Staff will make correcting budget transfers/general ledger entries to prepare for project closure and moving any residual receipts within the PeopleSoft financial management system. Financial Management Services Department (FMS) leads this effort with the collaboration of many city departments. Therefore, certain actions noted may be performed by assigned departments and FMS to help facilitate the project closure.

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, funds and financial transactions will be moved from the Special Purpose Fund to the appropriate funds to efficiently expedite the clean-up and close-out of the projects.

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Additional Information Contact: