

TO: Council
Mayor Stinchcomb

FROM: Jennifer Teal, Director of Finance

DATE: April 24, 2014

SUBJECT: Human Resources Council Report 4/28/14

Action Items

Action Item #1—TIZ Real Estate Escrow Supplemental

The TIZ Real Estate Escrow Fund was established to collect and pay property taxes for the TIZ leased properties. Much like a traditional mortgage escrow arrangement, the City collects a monthly payment from the lessees for the property taxes that will be due and holds the funds in escrow until they are due to the County the following year (e.g. the City collected for the 2014 taxes in 2013).

As of this time there is one property remaining on a lease in the TIZ. All other properties have paid their respective lease obligation and the associated property tax liability and the property has been transferred, or the lessee has otherwise been released from their obligation.

A final review of this fund has identified a shortfall of \$69,900 in the remaining fund balance. When there were multiple properties paying into the escrow each year, this issue was not immediately apparent. It was only when the final properties began to roll off that we identified the shortfall in the fund. Finance Department staff researched back as far as our financial system allows (1/1/2007) and it is apparent that the issue stemmed from before that time. It is likely that property tax payments were made from the TIZ Escrow Fund that should have been paid out of the General Fund, but we can't confirm transactions from before 2007.

To rectify this issue, and to ensure that we don't end 2014 with a negative fund balance in the TIZ Real Estate Escrow Fund, we are requesting the following actions:

1. A \$69,900 supplemental appropriation from the unencumbered, unappropriated balance of the General Fund account number 101.991.5944 – Transfers.
2. Council Approval to transfer \$69,900 from the General Fund 101.991.5944 to the TIZ Real Estate Escrow Fund 870.4018.

Action Item #2—Police Duty Weapon Fund Advance

The Police Duty Weapons Fund was established to provide firearms to Officers who wish to purchase their own in lieu of accepting general issue handguns. The weapons are purchased by the City out of the Police Duty Weapons Fund and participating Officers establish a payroll deduction to repay the City for the purchase of the firearms over 26 pay periods (one year).

Since the weapons are purchased in advance of the payroll deductions, there is a risk for the balance of the Police Duty Weapons fund to become negative, especially early in the year and if there are multiple Officers participating in the program. In order to maintain a positive fund balance, an advance from the General Fund is required to “front load” the Police Duty Weapons fund. The Police Duty Weapons Fund will in turn repay the General Fund annually from the payroll deductions made by Officers. As a result we are requesting the following actions:

To advance necessary funds to the Police Duty Weapons Fund-

1. A \$19,320 supplemental appropriation from the unencumbered, unappropriated balance of the General Fund account number 101.991.5950-Advances.
2. Approval to advance \$19,320 from the General Fund 101.991.5950 to the Police Duty Weapons Fund 515.4001.

Closer to year-end, once the payroll deductions have been made to the Police Duty Weapons Fund, Finance will bring forward legislation to repay the General Fund for this advance. Moving forward, we will include these transactions in our annual Appropriations.