

<i>Function:</i> Transfers	<i>Department:</i> City Administrator
<i>Activity:</i> Assigned Funding Allocations	

GENERAL INFORMATION

Governmental Accounting Standards Board Statement 54 was effective for the City's fiscal year ended June 30, 2011. This Statement provided for clearer, more structured fund balance classifications and clarified the definitions of each fund type. This statement provides that the fund balances of governmental funds, including the General Fund of governmental entities, be classified into nonspendable, restricted, committed, assigned, and unassigned amounts.

The 2012/2013 General Fund budget included three assigned funding allocations. The original funding assignments and the updated status for each are described in the narrative below.

Police COPS Grant Future Funding Commitment - \$40,000 Annually for Three Years

In 2011 the City was awarded funding for two police officer positions under a U.S. Department of Justice COPS Grant. This grant provides 100% funding for the two officers for three years. The grant requires the City retain these two positions for at least one more year after the grant funding ends. One of the new positions will be a second School Resource Officer used during the school year in the middle schools. The School has agreed to fund the cost of the fourth year for this position (one officer prorated at 75% for the school year). Plans are for the City to assign annual allocations of \$40,000 in each of the three years of the grant so sufficient funding is available to fund the City's portion of the fourth year costs for these positions.

Current Status of Assigned Funding:

The first \$40,000 funding assignment was made in 2012/2013, and the 2013/2014 budget includes the second annual \$40,000 funding assignment.

Fire Engine Replacement - \$250,000

The 2012/2013 Fire department budget included a \$490,000 capital outlay request for a new fire engine. The 2012/2013 budget assigned \$250,000 of funding from the General Fund toward the then-expected future year (2013/2014) purchase of this fire engine. The balance of the fire ending cost (\$240,000) was originally planned to be funded from the 2013/2014 budget. In prior years this type of purchase would likely have been funded from a bond issue. This alternate funding arrangement was proposed in order to not increase the debt service tax levy for this purchase.

Current Status of Assigned Funding:

The General Fund balance at the end of the 2011/2012 year was \$648,531 higher than projected and City Council authorized full funding for the new fire engine in 2012/2013. Bids were received on the fire engine in December and the bid was awarded in January 2013. The General Fund transfer to the Equipment Replacement fund was increased from the originally budgeted \$250,000 to \$497,000 to fund this purchase.

Financial Software Replacement - \$140,000

Replacement of the City's financial software system has been included in the Five-Year Capital Improvements Program. The selection process for the new software system was underway when the 2012/2013 budget was prepared, and the 2012/2013 budget included \$140,000 of assigned funding for this purchase. A committee consisting of the Finance Director, Accounting Supervisor, IT Manager, and HR Manager completed their evaluation of new software systems in December 2012 and recommended entering into an agreement with Springbrook Software for the new system. City Council approved the agreement with Springbrook Software at their December 20, 2012 meeting. Similar to the Fire Engine funding assignment, this purchase was budgeted to be funded from the General Fund balance and not financed through a bond issue in order to not incur interest costs on this purchase.

Current Status of Assigned Funding:

The total cost for the new software and related software conversion is estimated at \$160,000, which is \$20,000 higher than the amount originally budgeted. This requested funding amount includes the software (\$132,320), related hardware requirements (\$10,100), and travel expenses for the software vendor during the conversion and implementation process (estimated at \$17,500).