THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: June 23, 2020

Subject: Adoption of one month of interim appropriations from July 1, 2020 to July 31, 2020, and amendment to the Fiscal Year (FY) 2020-21 budget calendar to move public hearing and annual budget ordinance adoption to July 28, 2020.

Staff Resource: Barbara Whitehorn, CFO, Finance and Management Services Director

Action Requested: Motion to: 1) adopt an ordinance approving interim budget appropriations from July 1, 2020 to July 31, 2020; and 2) amend the FY 2020-21 Budget Calendar to (a) reschedule the August 25, 2020, FY 2020-21 Annual Budget Ordinance Public Hearing to July 28, 2020; (b) reschedule the September 8, 2020 FY 2020-21 Annual Budget Ordinance Adoption until July 28, 2020; and (c) delete the September 8, 2020, FY 2020-21 Annual Budget Ordinance Adoption.

Background:

- The Fiscal Year (FY) 2020-21 Proposed Annual Operating Budget was presented to City Council on May 26, 2020.
- In accordance with the North Carolina Local Government Budget and Fiscal Control Act, a summary of the Proposed Budget along with a notice of the Public Hearing was published on May 29, 2020.
- Following presentation of the FY 2020-21 Proposed Budget, the City decided that adopting an interim budget would allow time to plan a public engagement process around reallocating resources to address equity, social disparity, and policing concerns voiced by the community.
- Per NC General Statutes, the City cannot adopt the annual property tax rate with an interim budget. The property tax rate can only be adopted as part of the annual budget ordinance and must be adopted by August 1.
- After meeting with faculty at the UNC School of Government, staff determined that delaying the annual budget adoption until September 8, 2020 would negatively impact the City's ability to establish a property tax rate in accordance with the state statutory deadline.
- As a result, staff is recommending that the City Council adopt a one-month interim budget from July 1, 2020 to July 31, 2020, and adopt the annual budget ordinance and set the property tax rate at its July 28, 2020 meeting.
- The revised FY 2020-21 budget calendar will be:
    - June 23, 2020: Adoption of one-month interim budget
    - July 28, 2020: FY 2020-21 Proposed Budget Public Hearing and Adoption of the FY 2020-21 Annual Budget Ordinance
- Pursuant to North Carolina General Statute §159-16, the interim budget allows the City to pay salaries, debt service payments, and the usual ordinary expenses that typically occur during the July 1, 2020 to July 31, 2020 time period. It does not allow for any new spending or capital projects.
- The attached interim budget ordinance, which was prepared in accordance with North Carolina General Statute §159-16, reflects the estimated cost of providing existing programs

and services during the month of July, with adjustments made to account for any large expenses, such as debt service payments, that typically occur during this time.

- The annual budget ordinance that staff prepares for Council consideration at its July 28, 2020 meeting will include full annual budgets at the fund level but only provide three months' worth of funding for each department, with the remaining budget being held in reserve in a non-departmental section of the budget.
- During this time, the City Manager's Office will engage the community in a process to determine investments in the Asheville Police Department, other City departments, and various community programs.
- At the City Council's September 22, 2020 meeting, the City Manager will present a budget amendment that will reflect input received during the public engagement effort and provide all departments with additional budget authority for the remainder of fiscal year 2020-21.

Council Goal(s):

- A Financially Resilient City

Pro(s):

- Ensures the City's compliance with North Carolina General Statutes that require local governments to adopt either a balanced annual budget ordinance or interim appropriations by July 1 of each year.
- Provides for adoption of the City's property tax rate within state statutory guidelines.
- Provides expenditure authorization for ongoing City services while staff reevaluate investments in the Asheville Police Department, other City departments, and various other community services.

Con(s):

- The City cannot begin any new programs or initiatives or new capital projects until after July 28, 2020.
- Staff will be required to bring a budget amendment to City Council in late September to fully fund General Fund departmental operations for the entire fiscal year.

Fiscal Impact:

- Interim appropriations for the time period from July 1 to July 31, 2020 are financed with appropriations from fund balance for all operating funds.
- The property tax rate will be adopted on July 28, 2020 with the FY 2020-21 Annual Budget Ordinance.

Suggested Motion:

- Motion to: 1) adopt an ordinance approving interim budget appropriations from July 1, 2020 to July 31, 2020; and 2) amend the FY 2020-21 Budget Calendar to (a) reschedule the August 25, 2020, FY 2020-21 Annual Budget Ordinance Public Hearing to July 28, 2020; (b) reschedule the September 8, 2020 FY 2020-21 Annual Budget Ordinance Adoption until July 28, 2020; and (c) delete the September 8, 2020, FY 2020-21 Annual Budget Ordinance Adoption.

Attachment:

- Interim Budget Ordinance

ORDINANCE NO. _____

AN ORDINANCE ADOPTING AN INTERIM BUDGET FOR THE MONTH OF JULY 2020 FOR THE FOLLOWING FUNDS; GENERAL FUND, WATER RESOURCES FUND, PARKING SERVICES FUND, STREET CUT UTILITY FUND, STORMWATER FUND, CIVIC CENTER FUND, TRANSIT FUND, CAPITAL RESERVE FUND, HOUSING TRUST FUND, SUSTAINABILITY FUND AND INTERNAL SERVICES FUNDS

WHEREAS, Article 3 of Chapter 159 of the N.C. General Statutes requires local governments in North Carolina to adopt ordinances establishing an annual budget, in accordance with procedures specified in said Article 3; and

WHEREAS, N.C. General Statute 159-16 gives local governments the authority to make interim appropriations for the purpose of paying salaries, debt service payments, and the usual ordinary expenses for the interval between the beginning of the budget year and the adoption of the budget ordinance,

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

The following amounts are hereby appropriated for operating City government for the interim period beginning July 1, 2020 and ending July 31, 2020, according to the following schedules:

REVENUES - ALL FUNDS

General Fund - Fund Balance Available	$ 8,967,350
Water Resources Fund - Fund Balance Available	6,573,671
Parking Services Fund - Fund Balance Available	382,543
Street Cut Utility Fund - Fund Balance Available	209,478
Stormwater Fund - Fund Balance Available	629,231
Harrah's Cherokee Center of Asheville Fund - Fund Balance Available	290,177
Transit Fund - Fund Balance Available	1,021,390
Capital & Debt 2100 Fund (General Fund) - Fund Balance Available	2,518,513
Housing Partnership 2300 Fund (General Fund) - Fund Balance Available	54,368
Sustainability 2400 Fund - Fund Balance Available	64,099
Internal Services Funds - Fund Balance Available	3,289,915
Total Projected Revenues	**$ 24,000,735**

APPROPRIATIONS - ALL FUNDS

General Fund (1100 Fund) Appropriations	
Administration Services	$ 172,840
Communications & Public Engagement (CAPE)	63,083
Capital Projects	237,162
City Attorney	95,064
Community & Economic Development	233,811
Development Services	376,180
Equity & Inclusion	37,917
Finance & Management Services	239,980
Fire Department	2,279,339
Human Resources	125,783
Information Technology Services	311,114
Parks & Recreation	888,812
Planning & Urban Design	106,022
Police Department	2,425,966
Public Works	970,090
Transportation	217,836
Non-Departmental	186,351
Total General Fund Appropriations	**$ 8,967,350**
Enterprise Fund Appropriations	
Water Resources Fund	$ 6,573,671
Parking Services Fund	382,543
Street Cut Utility Fund	209,478
Stormwater Fund	629,231
Harrah's Cherokee Center of Asheville Fund	290,177
Transit Fund	1,021,390
Total Enterprise Fund Appropriations	**$ 9,106,490**
Other Operating Funds Appropriations	
Capital & Debt 2100 Fund (General Fund)	$ 2,518,513
Housing Partnership 2300 Fund (General Fund)	54,368
Sustainability 2400 Fund	64,099
Internal Services Funds	3,289,915
Total Appropriations	**$ 5,926,895**

The City Manager is hereby authorized to revise the budget by transfer of appropriations within each fund.

Copies of this interim budget shall be furnished to the City Manager and the Finance Director for their use in directing the disbursement of funds.

The reserve for encumbrances at June 30, 2020, representing prior commitments as of that date shall be reappropriated pursuant to North Carolina General Statute 159 13, to the departments within various funds, under which expenditures may be made during fiscal year 2020-21 as the previous commitments are satisfied.

This ordinance shall be in full force and effect upon date of final passage.

Read, approved and adopted this the 23rd day of June, 2020.

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City Clerk Mayor

Approved as to form:

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City Attorney