



MEMORANDUM

To: Mayor and Members of the City Council

From: Rich Olson, City Manager
Suzanne Tungate, Finance Director

Date: June 6, 2018

Ref: Consideration – Approval of Budget Amendments

BACKGROUND:

Sometimes, Budget Amendments are needed after the initial budget is adopted by the City Council in June for the following fiscal year. These amendments are necessary for a variety of reasons; to carry forward projects that were approved in the prior year but not completed prior to June 30th, to reflect contracts that were approved in the current year but not foreseen and previously budgeted, and increases in costs that were estimated in the budget at a lower amount.

ANALYSIS:

Several lines items have been included in the attached Budget Amendment to reflect the adjustments that need to be made; an amount of \$83,815 for the purchase of eleven foreclosed properties and the associated taxes for these houses within the City limits; pursuant to the Interlocal Agreement we have with the County. The County forecloses on the properties and sells them to the City for the back taxes, assessments, and foreclosure costs. These amounts are not estimated in the budget when adopted.

An amount for \$14,000 to reflect additional legal fees incurred for work related to a property condemnation. These additional legal fees were not expected and as such were not estimated in budgeted expenses. The increase in revenues is from receipts for delinquent DMV property taxes that exceeded estimated budgeted amounts. The increase in DMV property tax revenues is directly tied to the new method the state put in place which requires you to pay for the taxes when you renew your vehicle registration.

Lastly, an amount of \$100,000 for General Fund retiree insurance benefits. As discussed in the May 21st budget session, the retiree insurance expenditure was underestimated, thus requiring this amendment. The increase in revenues is from

receipts for delinquent DMV property taxes and interest earned on investments that exceeded estimated budgeted amounts, due to increasing interest rates.

FINANCIAL:

The Finance Committee discussed this matter during their June 7, 2018 meeting. Upon motion made by Councilwoman Young, seconded by Councilwoman Hummer, the Committee unanimously recommended approval by the City Council.

STAFF RECOMMENDATION:

By motion, approve the General Fund Budget Amendments attached to modify the original Budget Ordinance as approved by City Council on June 26, 2017.



BUDGET AMENDMENT

BE IT ORDAINED by the City Council of the City of Elizabeth City that the following amendment be made to the annual budget ordinance for fiscal year ending June 30, 2018:

SECTION I. That the General Fund Tax Collection Purchase of Foreclosed Properties (104600.4600) be increased by \$63,110,

That the General Fund Tax Collection Taxes for Foreclosed Properties (104600.4601) be increased by \$20,705,

That the General Fund Legal Miscellaneous Legal Work (104700.0401) be increased by \$14,000,

That the General Fund Non-Departmental Retiree Group Insurance (106600.0600) be increased by \$100,000,

That the General Fund Delinquent DMV Taxes Revenue (103021.2016) be increased by \$148,690,

That the General Fund Interest Earned Revenue (103290.0000) be increased by \$49,125,

(To increase budgeted revenue for excess revenues received and to increase budgeted expenditures for unforeseen items such as purchase and taxes for foreclosed properties purchased from the County, legal expenditures, and retiree group insurance coverage expenditures that were under-estimated.)

ADOPTED, this 11th day of June 2018.

Bettie J. Parker
Mayor

Attest:

April Onley
Interim City Clerk