

MEMORANDUM

TO: Mayor and Board of Commissioners

FROM: Mandy Cartrette, Finance Officer

SUBJECT: Budget Amendment for General Fund Charges to Water and Sewer Fund for Administrative Support

DATE: January 27, 2014

The attached budget amendment would:

- (1) Eliminate the transfers from the Water and Wastewater Treatment Plants to the General Fund for administrative support that General Fund employees provide to the Water & Sewer Fund.
- (2) Adjust salary expenditures in both the General Fund and the Water & Sewer Fund to amounts based on the percentages that Town staff has determined that each employee spends performing work related to each fund.

BACKGROUND

In previous years, transfers have been made from the Water & Sewer Fund to the General Fund to account for administrative support provided by General Fund employees for the Water & Sewer Fund. In some instances, Town employees spend a portion of their time performing work for the Water & Sewer Fund; however, they are paid 100% through the General Fund. For example, one of our Administrative Support Specialists is paid through the General Fund, but she is responsible for Utility Billing, which is a function that relates to the Water & Sewer Fund. To account for this type of administrative support, the Town has previously made transfers from the Water & Sewer Fund to the General Fund based on estimates of how much of their time administrative employees spend performing work for the Water & Sewer Fund.

As part of the Local Government Commission's (LGC) review of our audited financial statements for FY 2013, the LGC sent a letter to the Town that we should no longer account for these transactions by making interfund transfers. Instead, the LGC would like us to expense the salaries for each employee in the fund through which they actually perform work. This change became effective after the FY 2013 audit; thus, we are required to change the way that we account for salary expenditures. The attached budget amendment would serve this purpose.

RECOMMENDATION

That the Board of Commissioners adopt the attached budget ordinance amending the FY 13/14 operating budget to:

- (1) Eliminate the transfers from the Water and Wastewater Treatment Plants to the General Fund for administrative support that General Fund employees provide to the Water & Sewer Fund.
- (2) Adjust salary expenditures in both the General Fund and the Water & Sewer Fund to amounts based on the percentages that Town staff has determined that each employee spends performing work related to each fund.

ORDINANCE AMENDING THE
TOWN OF PITTSBORO
2013-2014 OPERATING BUDGET

Be it ordained by the Board of Commissioners of the Town of Pittsboro in regular session assembled on the 27th day of January, 2014.

Elimination of Transfer of Funds from Water & Sewer Fund to General Fund and Adjustment of Salary Expenditures

Section 1. That the following **GENERAL FUND REVENUE** be decreased by the amount indicated:

103720000	Administrative Fees	\$192,466.00
TOTAL		\$192,466.00

Section 2. That the following **GENERAL FUND EXPENDITURES** be decreased by the amount indicated:

104200020	Salaries	\$192,360.00
104800020	Salaries	34,155.00
TOTAL		\$226,515.00

Section 3. That the following **GENERAL FUND EXPENDITURE** be increased by the amount indicated:

105400020	Salaries	\$34,049.00
TOTAL		\$34,049.00

Section 4. That the following **WATER AND SEWER FUND EXPENDITURES** be decreased by the amounts indicated:

308100025	General Fund Admin Support	\$109,706.00
308200025	General Fund Admin Support	82,760.00
308300020	Salaries	6,968.00
TOTAL		\$199,434.00

Section 5. That the following **WATER AND SEWER FUND EXPENDITURES** be increased by the amount indicated:

307200020	Salaries	\$199,434.00
TOTAL		\$199,434.00

Adopted this 27th day of January, 2014.

William G. Terry, Mayor

ATTEST:

Alice F. Lloyd, CMC, NCCMC, Town Clerk