



# City of Greensboro

Melvin Municipal  
Office Building  
300 W. Washington Street  
Greensboro, NC 27401

## Agenda Report

File Number: 2023-102

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### Agenda Item# I. 1.

**Agenda Date:** 2/7/2023. **Department:** Financial & Administrative Services

**Meeting Type:** Council Meeting **Category:** General Business Agenda

**Title:** 2023 - 102 Resolution to Re-Affirm City Council Action for Fund Balance Improvement Plan

**Council Priority: Place an 'x' in the box.**

- Create an Environment to Promote Economic Development Opportunities and Job Creation
- Maintain Infrastructure and Provide Sustainable Growth Opportunities
- Promote Public Safety & Reduce Crime
- Exceptional Customer Service and a Diverse City Government Workforce
- Ensure Fiscal Stewardship, Transparency, & Accountability

**Council District:** All

**Public Hearing:** No

**Advertising Date/By:** N/A

**Contact 1 and Phone:** Marlene Druga, Ext 2094

**Contact 2 and Phone:** Larry Davis, Ext 2002

**PURPOSE:**

It is necessary for the majority of Council to support a required response to the Local Government Commission (LGC) by February 10, 2023 that outlines a plan to achieve the LGC's recommended 25% fund balance goal. Staff recommends that the plan adopted by City Council on May 3, 2022 be re-affirmed in order to achieve the goal within 5 – 7 years.

**BACKGROUND:**

At the close of FY21-22, the available fund balance (including Debt Service Fund) percentage as a percent of General Fund expenditures decreased from 21.96% in FY 20-21 to 18.0%. Although General Fund fund balance increased in FY 21 -22, a significant portion of fund balance in the Debt Service Fund was used to support increased principal and interest costs, as planned. These expenditures supported \$90 million of debt associated with the 2016 referendum with reliance solely on fund balance, without additional property tax support for two years. As a result combined available fund balance declined from \$65.8 million to \$59.1 million in FY 21 – 22, or \$6.7 million overall.

Although the levels of available fund balance dropped in FY21 – 22, measures for improvement have since been taken. The FY 22-23 budget includes additional property tax support of 1.25 cents for 2016 and 2022 bond referendums as well as property revaluation growth remained in the Debt Service Fund to help strengthen the fund balance over time.

Staff believes that the 25% fund balance goal may be achieved in 5 – 7 years if expenditures assume modest growth and additional annual dedicated support is provided.

**BUDGET IMPACT:**

Additional dedicated fund balance support will be recommended during the City’s annual budget process to help meet the fund balance goal within the targeted timeframe.

**ACCOUNT NUMBER:**

N/A

**RECOMMENDATION / ACTION REQUESTED:**

It is recommended that City Council adopt the attached resolution which re-affirms a Council action taken on May 3, 2022 that developed a fund balance improvement plan to meet the LGC’s recommended goal of having 25% of General Fund expenditures available.