

BOARD OF ALDERMEN

ITEM NO. B(6)

AGENDA ITEM ABSTRACT

MEETING DATE: September 16, 2003

TITLE: Request to Approve a Budget Ordinance

DEPARTMENT: Community and Economic Development	PUBLIC HEARING: No
ATTACHMENTS: A. Budget Ordinance	FOR INFORMATION CONTACT: James R. Harris, 918-7319 L. Bingham Roenigk, 918-7300

PURPOSE:

Currently, the Town's local contribution to the HOME Consortium program managed by Orange County is budgeted in a separate fund. In an effort to streamline the number of budgetary fund accounts managed by the Town, the HOME Fund has been eliminated and all local matches are to be budgeted in the Community and Economic Development budget. The unexpended portion of the HOME Fund equals \$15,152, which represents the FY 02-03 local match approved by the Board. These funds have been transferred to the General Fund reserve account. The purpose of this item is to request that the Board approve a budget amendment to appropriate this amount from the General Fund reserves to the Economic Development budget so that funds are available when the County submits an invoice.

INFORMATION:

HUD established the HOME Program to provide nationwide funding for various types of housing programs to benefit low-income families and individuals. In 1992 Carrboro, Orange County, Chapel Hill, and Hillsborough formed the Orange County HOME Consortium to collectively address the housing needs of our citizens that meet the HOME Program Criteria. Orange County was selected to be the lead entity for the program. The HOME Consortium, which is composed of one elected official and a staff person from each jurisdiction, was established to jointly administer the program. Alderman Gist and James Harris represent Carrboro.

Each budget year, HUD makes a funding allocation to the consortium. The federal guidelines require that there be a 25% local match. This match requirement is allocated across the participants based on population size. Carrboro's required contribution is 14% of the total match. Each budget year, the Town allocates the match based upon this formula. The money is held by the Town until the actual dollars are drawn down from HUD and spent by the consortium. Therefore, the Town may have multiple years of allocations held in a town account awaiting the County to request payment. Invoice submittal indicates that the HOME funds have been drawn down and spent.

Town staff is reviewing the Town's accounting structure in preparation for GASB 34 and has found that the HOME Consortium local match is more appropriately budgeted and expended within the General Fund. This requires eliminating the HOME Fund and transferring the residual amounts to the General Fund which has been done. The Board is now requested to re-appropriate these funds to a line item in the Community and Economic Development budget given that this is a responsibility of the department. This line item, once established, will total \$38,449. It is comprised of the \$15,152 residual funds resulting from the elimination of the HOME Fund, and the FY03-04 Adopted Budget local match of \$23,297 already budgeted in the Economic Development budget. The Board is requested to approve a budget amendment to appropriate the FY'02-03 match from fund balance to enable payment of the Town's local match when

invoiced by Orange County. Invoice submittals will indicate that the HOME funds have been drawn down and spent.

FISCAL IMPACT: N/A

RECOMMENDATION:

The administration recommends approval of this budget amendment.