

# CITY OF HIGH POINT AGENDA ITEM



**Title:** GASB 87 Lease Budget Amendment

**From:** Bobby Fitzjohn, Financial Services Director

**Public Hearing:** No

**Attachments:** Budget amendment

**Meeting Date:** June 6, 2022

**Advertising Date /**

**Advertised By:**

**PURPOSE:**

Due to a change in accounting standards, a budget amendment is necessary to properly record the City's outstanding leases.

**BACKGROUND:**

Generally accepted accounting principles (GAAP) require that all leases be capitalized and receive specialized accounting treatment. When a lease is capitalized, it requires budgetary authorization, similar to a purchase of capital equipment. The attached ordinance allows the City to properly record leases that have previously been entered.

**BUDGET IMPACT:**

Budgeted expenses associated with capitalizing leases are equal to the associated accounting revenue recognized by entering into the lease.

**RECOMMENDATION / ACTION REQUESTED:**

Staff recommends approval of the attached budget ordinance amendment which will allow the proper accounting of the capital lease.

"AN ORDINANCE AMENDING THE 2021-2022 BUDGET ORDINANCE  
OF THE CITY OF HIGH POINT, NORTH CAROLINA  
TO APPROPRIATE CAPITAL LEASE FUNDS

Be it ordained by the City Council of the City of High Point, North Carolina, as follows:

Section 1. The City of High Point has determined it is in the City's best interest to certain equipment. Accounting standards require most leases to be recorded as capital assets and a corresponding obligation.

Section 2. The 2021-2022 Budget Ordinance of the City of High Point, should be amended as follows:

(A) That the following additional sources were received and be amended as follows:

General Fund – Lease Financing Proceeds	\$1,521,600
Transit Fund – Lease Financing Proceeds	\$15,800
Electric Fund – Lease Financing Proceeds	\$74,700
Central Services Fund – Lease Financing Proceeds	\$10,000
Water Sewer Fund – Lease Financing Proceeds	\$61,700
Parking Fund – Lease Financing Proceeds	\$4,400
Landfill Fund – Lease Financing Proceeds	\$22,100
Stormwater Fund – Lease Financing Proceeds	\$8,500
Total	<u>\$1,718,800</u>

(B) That the following expenditures be increased:

General Fund – Leased Equipment	\$1,521,600
Transit Fund – Leased Equipment	\$15,800
Electric Fund – Leased Equipment	\$74,700
Central Services Fund – Leased Equipment	\$10,000
Water Sewer Fund – Leased Equipment	\$61,700
Parking Fund – Leased Equipment	\$4,400
Landfill Fund – Leased Equipment	\$22,100
Stormwater Fund – Leased Equipment	\$8,500
Total	<u>\$1,718,800</u>

Section 3. That all ordinances, or parts of ordinances in conflict with this ordinance are hereby repealed to the extent of such conflict.

Section 4. That this ordinance shall be effective from and after its passage."

Adopted by High Point City Council, this the 6<sup>th</sup> day of June 2022

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Mayor, Jay W. Wagner

ATTEST

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Lisa B. Vierling,  
City Clerk