

CITY OF HIGH POINT

AGENDA ITEM



Title: Motorola Radio System Core Purchase Capital Lease Budget Amendment

From: Laura Mason Altizer
Budget and Performance Manager

Meeting Date: November 18, 2019

Public Hearing: No

**Advertising Date /
Advertised By:**

Attachments: Budget Amendment

PURPOSE:

The City needs to purchase a System Core from Motorola for the 800 MhZ Radio System. The System Core will be purchased with a capital lease. A budget amendment is needed to account for the capital lease.

BACKGROUND:

Information Technology Services is recommending the City of High Point purchase a radio system core from Motorola for the 800 MhZ radio system at a purchase price of \$550,663. The City is currently utilizing a system core owned by Guilford County and the City of Greensboro and paying a utilization cost of \$207,000 per year.

Generally accepted accounting principles (GAAP) require that certain 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 Motorola System Core to be capitalized and does not authorize additional spending.

BUDGET IMPACT:

Budgeted expenses associated with capitalizing leases are equal to the associated accounting revenue recognized by entering into the lease. Lease payments have been appropriated in the annual operating budget.

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 2019-2020 BUDGET ORDINANCE
OF THE CITY OF HIGH POINT, NORTH CAROLINA
TO APPROPRIATE CAPITAL LEASE FUNDS FOR A MOTOROLA SYSTEM CORE

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 acquire and operate a commercial front loading refuse collection truck. The City intends to borrow the funds required for the purchase through an installment financing contract, the proceeds from which need to be appropriated for use.

Section 2. The 2019-2020 Budget Ordinance of the City of High Point, should be amended as follows:

(A) That the Central Services Fund revenues be increased:

Lease Financing Proceeds	\$560,663
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(B) That the Central Services Fund expenditures be increased:

Motorola System Core	\$560,663
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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 November 18, 2019