



Agenda Item No. 9e.

Staff Report

Date: June 18, 2020

To: Mayor McMillan and Council Members

From: Joe Chinn, Town Manager

Subject: Council Approval of a Fiscal Year 2019-20 Budget Adjustment to increase the budget transfer from the Operating Fund to the Facilities and Equipment Fund

Recommendation

Staff recommends the Council approve a Fiscal Year 2019-20 (FYE20) budget adjustment to increase the transfer from the Operating Fund to the Facilities and Equipment Fund from \$400,000 to \$1 million for future capital facilities.

Background and discussion

The Town Council approved the FYE20 budget on June 13, 2019. Included in that budget was a \$400,000 transfer from the Operating Fund to the Facilities Fund and Equipment Fund to provide for current and future capital expenditures. At the March 12, 2020 Council meeting, staff discussed the five year financial forecast and the need for significant future resources to rehabilitate or re-build new Town facilities that are physically and functionally obsolete. At the May 7, 2020 Budget Workshop staff discussed the proposal of increasing the transfer from the Operating Fund to the Facilities Fund to \$1 million in the current fiscal year.

In light of this need for future capital facility funding and because of the retention of Operating Fund surpluses since 2014, staff recommends the FYE20 budget be amended to increase the transfer from the Operating Fund to the Facilities Fund from \$400,000 to a total of \$1,000,000. With this transfer the year end Operating Fund balance at June 30, 2020 is projected to be approximately \$4.3 million which is a sufficient amount in reserves to support the FYE21 cash flow needs of the \$7.5 million Operating Fund budget. The Facilities and Equipment Fund balance is estimated to be \$4.3 million at June 30, 2020 after the transfer.

Alternative actions

Do not approve the budget adjustment.

Environmental review (if applicable)

N/A

Attachment

None