

Town Of East Greenwich

Finance Department

Memorandum

TO: ANDREW E NOTA, TOWN MANAGER
FROM: PATRICIA A. SUNDERLAND, FINANCE DIRECTOR *pas*
SUBJECT: YEAR END RESERVE FUND TRANSFERS
DATE: JUNE 17, 2020

Based on a June 8, 2020 year to date budget review it is estimated that the Town will finish the fiscal year with a General Fund operating surplus in excess of \$950,000. Revenues in excess of budgeted amounts were a significant factor in generating the surplus due to aggressive collection practices on delinquent accounts. Based on the projected surplus within the General Fund Budget, I am recommending that the Town Council transfer \$487,000 to eight different capital reserve funds to fund various capital projects to help minimize future budget expenditure increases by funding necessary expenditures with the current fiscal year anticipated surplus, as follows:

1. Transfer up to a maximum \$40,000 to the Municipal Planning Reserve Fund. This budget transfer from the General Fund, Planning Department, to this Capital Reserve will reserve the 2019-2020 budgeted funds earmarked for the Waterfront Master Plan. This RFP was issued on April 20, 2020 and nine (9) responses were received.
2. Transfer up to a maximum \$57,000 to the Property Revaluation Reserve Fund. This budget transfer from the General Fund to this Capital Reserve will defray the cost of the 12/31/2020 Statistical Revaluation. This will be the first year of a six-year funding plan and is consistent with the 2020-2021 Capital Improvement Program.
3. Transfer up to a maximum \$100,000 to the Public Works Improvement Fund. This transfer will allow the Town to continue to with the pavement management program as presented in the 2020-2021 Capital Improvement Program and provide set aside funds for future infrastructure improvement projects.
4. Transfer up to a maximum \$70,000 to the Technology Improvement Fund. This budget transfer from the General Fund to this Capital Reserve will be the first year of a two-year funding plan associated with GIS Printer/Copier/Scanner & iPlan Table and Public Safety Communications - Receivers, Repeaters. Additionally, \$20,000 would be earmarked for MUNIS Tyler Content Manager to provide for efficiencies in the financial system. This transfer is consistent with the 2020-2021 Capital Improvement Program.
5. Transfer up to a maximum \$50,000 to the Parks Improvement Program Fund. This transfer will help defray the costs associated with the improvements to the area playgrounds, field and court lighting, and handicap access consistent with the 2020-2021 Capital Improvement Program.
6. Transfer up to a maximum \$70,000 to the Capital Equipment Replacement Fund-Fire Department. This transfer will help defray the costs associated with the replacement of 11 Self Contained Breathing Apparatus which is outlined in the 2020-2021 Capital Improvement Program.
7. Transfer up to a maximum \$50,000 to the Capital Equipment Replacement Fund-Police Department. This transfer will help will help aide in the aging fleet ultimately reducing the annual vehicle maintenance expenses. This transfer is consistent with the 2020-2021 Capital Improvement Program.
8. Transfer up to a maximum \$50,000 to the Town Hall Improvement Fund. This transfer will be set aside to help defray the costs associated with future infrastructure improvements to the Town Hall specific to

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the painting of the elevated walkway and future replacement of the HVAC system. This transfer is the first year of a six-year partial funding consistent with the 2020-2021 Capital Improvement Program.

In closing, I strongly recommend that all General Fund transfers be made in order to provide as much financial flexibility for the anticipated costs associated with these projects. The transfers will help to minimize future budget expenditure and property tax increases by funding necessary expenditures with the current year projected surplus.

Additional transfers are recommended should a greater surplus be projected, as follows:

- A transfer of \$50,000 from Miscellaneous Tax Transfer account, #0001- 01036, to the Capital Reserve Fund - Town Hall Improvement Fund, to be set aside for the purchase and upgrading of the street lighting to LED fixtures.

It should be noted that it is management's objective to maintain an operating surplus equal to the amount of unassigned fund balance being forwarded to the General Fund each fiscal year in order to maintain an Appropriate Level of Unrestricted Fund Balance.

If you agree with the above recommendation I would request the following resolutions be placed on the Town Council's June 22, 2020 agenda.

Reserve Fund Transfers from General Fund

BE IT RESOLVED that program balances identified below in the 2019-2020 fiscal year appropriations for General Fund (0001) shall be transferred to the following Reserve Funds in the corresponding not-to-exceed amounts:

Object Code	Expenditure Description	Transfer Total	Reserve Fund
0146101*	Planning Department	\$40,000	Municipal Planning Reserve Fund
0142101*	Finance Department	57,000	Property Revaluation Fund
0142151*	Information Technology	70,000	Technology Improvement Fund
0144510*	Public Works	100,000	Public Works Improvement Fund
0150251*	Community Parks & Resources	50,000	Compensated Absences Fund
0149101*	Fire Department	70,000	Fire Cap Equip Repl. Fund
0143201*	Police Department	50,000	Police Cap Equip Repl. Fund
0144201*	Town Hall	50,000	Town Hall Improvement Fund
	Total Expenditure Transfer	\$487,000	
Object Code	Revenue Description	Transfer Total	Reserve Fund
01036	Misc Tax Transfer	\$50,000	Town Hall Improvement Fund
	Total General Fund Transfers	\$537,000	

FURTHER RESOLVED: That the Town Finance Director, with the advice and consent of the Town Council, is hereby permitted to invest the funds at any time in said savings accounts or certificates of deposit of commercial or savings banks, or trust companies, or in obligations of the United States or its agencies, or in any other short-term investment as would be made by prudent persons of discretion and intelligence.