

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 21, 2021

Based on a June 7, 2021 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 \$1,300,000. Revenues greater than budgeted amounts were a significant factor in generating the surplus due to aggressive collection practices on delinquent accounts, uptick in building permits and real estate conveyance fees. Additionally, the Town received \$1.2 million dollars of Coronavirus Relief Aid to supplant shortfalls in state municipal pass thru revenues resulting in a surplus of \$479,000. Due to the uncertainty of the pandemic, vacant positions remained unfilled, recreation and senior program were held, and capital projects were deferred resulting in a \$300,000 savings in expenditures. Based on the projected surplus within the General Fund Budget, I am recommending that the Town Council transfer \$695,000 to twelve 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 \$25,000 to the Municipal Planning Reserve Fund. This budget transfer from the General Fund, Planning Department, to this Capital Reserve will reserve the 2020-2021 budgeted funds earmarked for the Parking Study.
2. Transfer up to a maximum \$50,000 to the Property Revaluation Reserve Fund. This budget transfer from the General Fund to this Capital Reserve will defray the cost of the town's Full and three-year Statistical Revaluation. This will be the first year of a six-year funding plan and is consistent with the 2021-2022 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 2021-2022 Capital Improvement Program and provide set aside funds for future infrastructure improvement projects.
4. Transfer up to a maximum \$80,000 to the Technology Improvement Fund. This budget transfer from the General Fund to this Capital Reserve will be earmarked to cover the wireless controller and access point. Of this amount, \$50,000 is being earmarked for MUNIS Tyler Content Manager to provide for efficiencies in the financial system. These projects are outlined in the 2021-2022 Capital Improvement Program.
5. Transfer up to a maximum \$55,000 to the Public Safety Communications Program Fund. This transfer will cover the cost of the fiber connectivity program to support VHF receiver locations as outlined in the 2021-2022 Capital Improvement Program.
6. 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 municipal tennis courts and playground upgrades consistent with the 2021-2022 Capital Improvement Program.
7. Transfer up to a maximum \$25,000 to the Capital Equipment Replacement Fund-Recreation Department. This transfer will support the cost associated with the purchase of a new F550 truck which will ultimately reducing the annual vehicle maintenance expenses. This transfer is consistent with the 2021-2022 Capital Improvement Program.

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8. Transfer up to a maximum \$15,000 to the Swift Gymnasium Improvement Fund. This transfer will cover the cost associated with the Honeywell Building Management System (HVAC). This project is outlined in the 2021-2022 Capital Improvement Program.
9. Transfer up to a maximum \$45,000 to the Fire Department Building Improvement Fund. This transfer will help defray the costs associated with the generator and window project at Station 1 which is outlined in the 2021-2022 Capital Improvement Program.
10. Transfer up to a maximum \$75,000 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 as well as replace the water heater. This transfer is consistent with the 2021-2022 Capital Improvement Program.
11. Transfer up to a maximum \$125,000 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 the painting of the elevated walkway, metal roof and future replacement of the HVAC system. This transfer is the second year of a six-year partial funding consistent with the 2021-2022 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 28, 2021 agenda.

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Reserve Fund Transfers from General Fund

BE IT RESOLVED that program balances identified below in the 2020-2021 fiscal year appropriations for General Fund (0101) shall be transferred to the following Reserve Funds in the corresponding not-to-exceed amounts:

Object Code	Expenditure Description	Transfer Total	Reserve Fund
014610*	Planning Department	\$25,000	Municipal Planning Reserve Fund
014210*	Finance Department	50,000	Property Revaluation Fund
014215*	Information Technology	80,000	Technology Improvement Fund
014215*	Information Technology	55,000	Public Safety Comm. Program Fund
014451*	Public Works	100,000	Public Works Improvement Fund
015025*	Community Parks & Resources	75,000	Parks Improvement/Cap Equip Repl Fund
014810*	Senior & Human Services	15,000	Swift Gymnasium Improv Fund
014910*	Fire Department	45,000	Fire Department Building Imp Fund
014320*	Police Department	75,000	Police Cap Equip Repl. Fund
014420*	Town Hall	125,000	Town Hall Improvement Fund
	Total Expenditure Transfer	\$645,000	
Object Code	Revenue Description	Transfer Total	Reserve Fund
01036	Misc Tax Transfer	\$50,000	Town Hall Improvement Fund
	Total General Fund Transfers	\$695,000	

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.