



Legislation Text

File #: 14-0206, **Version:** 1

TITLE:

Authorization of Fund Balance for Designated Capital Projects and Related Costs

PURPOSE: The purpose of this agenda item is to consider authorizing the use of fund balance for designated current or future capital projects.

DEPARTMENT: Town Manager and Finance

CONTACT INFORMATION: David Andrews, 918-7315; Arche McAdoo, 918-7439

INFORMATION: The fund balance policy adopted by the Board requires the Town to maintain an unassigned fund balance in the general fund between 22.5% and 35% of the General Fund budget. The fund balance must be confirmed at the end of each year by the annual independent audit. When the unassigned fund balance falls below 20%, the Town Manager must develop and implement a plan to rebuild the balance to 22.5% within one year. When unassigned fund balance exceeds 35%, the Town Manager may set aside an amount in assigned fund balance for transfer to the capital projects fund. The Board is required to take formal action to commit the use of fund balance for projects or purposes in the current year or future year's budget.

For the fiscal year ending June 30, 2013, the Town's general fund balance total was \$12.8 million. After adjusting for restricted funds and state requirements, the unassigned fund balance was \$9.2 million or 51% of actual expenditures. Based on the Town's fund balance policy, fund balance should be between \$4.0 and \$6.3 million. The amount above the \$6.3 million (i.e., \$2.9 million) is available for set aside by the manager for capital projects.

To provide financing for LED Street Lights Project and Wilson Park Tennis Court Replacement, unassigned fund balance in the General Fund is recommended to be transferred to the Capital Projects Fund for the following projects and/or purposes.

LED Street Lights - \$100,000

This project will replace existing streetlights on Town maintained streets with LED fixtures. LED lights typically last over 100,000 hours (or 20+ years) and allow for reduced energy usage and costs. This project is dependent upon a utility rate option and structure that allows the Town to own street light fixtures and a fee schedule that is fiscally beneficial for the Town.

Wilson Park Tennis Court Replacement - \$168,087

The settling of the subsurface beneath the Wilson Park Tennis Court has led to irregularities and cracking throughout the playing area. These cracks cannot be patched or repaired with a typical resurfacing of the court. Rather the court has to be replaced. If the cracking is allowed to continue, the court will continue to deteriorate and become hazardous to the safety of those using the courts.

FISCAL & STAFF IMPACT: The transfer of \$268,087 from unassigned fund balance in the General Fund would reduce the unassigned fund balance from \$9.2 million to \$7.9 million or 43.4% of expenditures, which is a more than an adequate reserve level. Enter the fiscal and staff here

RECOMMENDATION: That the Board consider adoption of the attached capital project ordinance that commits unassigned fund balance above the 35% threshold to the Capital Projects Fund for the LED Street Lights project and the replacement of the Wilson Park Tennis Court.