



# Staff Report

**Agenda Item:**           **ALLOCATION OF FUND BALANCE IN THE GENERAL FUND –**  
Discussion and direction to staff to allocate a certain portion of the projected balance in the General Fund prior to June 30, 2012 and explore the designation of further available Fund Balance after the completion of the FY 2012 financial audit.

**Staff Contact:**           Kathy Bainbridge, Town Clerk/Finance Director

**Meeting Date:**           June 26, 2012

**Background:**           Through a combination of conservative budgeting, control of expenses, and higher than expected local sales tax generation, Finance Director Kathy Bainbridge is projecting an approximate \$150,000 positive balance in the General Fund for the Fiscal Year ending June 30, 2012. Without any further Council action, any unrestricted funds that remain at the end of the Fiscal Year are credited to the Fund Balance of the General Fund, and serve as an unrestricted reserve (also described as a contingent or rainy day fund). With Council action, some of the projected \$150,000 available could be directed to fund expenses before the end of the Fiscal Year.

The importance of the Town's capital assets was the subject of much discussion during the Council's Strategic Planning session. Throughout the downturn in the economy, the Town had to defer routine maintenance on facilities and infrastructure due to severely reduced revenue. Capital improvement projects that did not have an outside source of funding (such as grants or reserved capital funds) were suspended. The Council made clear that maintaining the Town's capital was a high priority, and the first area of focus should be to remedy issues that have resulted from deferred maintenance.

The 2012-2013 Preliminary Budget incorporated the following goal and objectives from Strategic Planning:

**Deferred Maintenance and Fund Balance:**

Maintain the Value of our Capital & Factor True Costs Into Asset Management Practices (Deferred Maintenance, Depreciation, etc.)

Establish and Maintain an Unreserved Fund Balance in the General Fund by dedicating a portion of fund balance to address deferred maintenance and build/ maintain unreserved fund balances in the General Fund.

- Deferred Maintenance - Two servers and 12 computer stations (1/3 of rotation) purchased from proposed 2011-2012 fund balance instead of budgeting for in 2012-2013.

Direction was given to our IT Staff to move forward with purchases that would improve our technological abilities and move towards returning to our maintenance routine which had been deferred due to severely reduced revenue.

| ITEM                     | COST                |
|--------------------------|---------------------|
| HP Server                | \$ 12,802.00        |
| Server Adapter           | \$ 1,300.00         |
| 9 Desktops/Monitors      | \$ 10,768.00        |
| 2 Laptops/Docks          | \$ 3,482.00         |
| 15 SSDs                  | \$ 2,100.00         |
| RAM Upgrades             | \$ 384.00           |
| Network Switches         | \$ 11,085.00        |
| SCCM Datacenter Licenses | \$ 2,316.00         |
| Drive Mounting Trays     | \$ 72.00            |
| Cables                   | \$ 339.00           |
| Additional Cables        | \$ 228.00           |
| 9 1 TB Server Drives     | \$ 2,329.00         |
| 2 Rack Drawers           | \$ 90.00            |
| <b>TOTAL</b>             | <b>\$ 47,295.00</b> |
|                          |                     |

- Deferred Maintenance - Propose transfer of 75% of 2011-2012 General Fund remaining fund balance to Streets for 2013 projects.

Town Manager Mabery and Finance Director Kathy Bainbridge are seeking direction from the Council relating to 1) the projected positive balance of the General Fund for the FY ending June 30, 2012; and 2) the expected Fund Balance in the General Fund that will be identified after the completion of the FY 2012 financial audit. The staff would like to explore options of dedicating a portion of these funds for one-time expenses associated with deferred maintenance and other deferred expenses.

**Recommendation:** Staff recommends that the Council direct staff to allocate a certain portion of the projected \$150,000 balance in the General Fund prior to June 30, 2012 for IT related purchases and explore the designation of further available Fund Balance after the completion of the FY 2012 financial audit for funding street projects.