



AGENDA ITEM #: 18-49
COUNCIL MTG OF: May 1, 2018
FROM: David Caron, Town Administrator
OFFERED BY: Administration
PREPARED BY: Administration
SUBJECT: To Revise the Town's Fund Balance Policy.

STAFF REPORT
Public Hearing 5-15-18

PURPOSE

To further revise the Town's Fund Balance Policy to better meet the needs of the organization.

TOWN ADMINISTRATOR COMMENTS

The Council is encouraged to hold a public hearing on May 15 and subsequently vote to revise its Fund Balance Policy.

BACKGROUND

In 2017 the Council revised its fund balance policy to establish new retention limits and set the amount of funds to be used to stabilize the tax rate. After working with the policy over the past year, additional revisions are recommended which will create a more responsive policy and maintain the threshold decisions made by the Council in 2017.

DISCUSSION

The Council is asked to consider three main issues:

- 1) Maintain the maximum amount of fund balance used to stabilize the tax rate (\$650,000) and provide the Council with flexibility to utilize a lesser amount should circumstances warrant;
- 2) Recognize that the Expendable Maintenance Trust for Buildings and Grounds is both project-driven and used as a resource to address unanticipated expenses, designate that a certain percentage of funds allocated to Capital Reserve is earmarked for this Trust;
- 3) Recognize that long-term financial planning requires that some Capital funding be raised from the operating budget, clarify that the \$1.5M capital reserve investment target is a combination of fund balance transfer and budget appropriations.

FISCAL IMPACT

This action will not have any fiscal impact as total capital reserve funding will not change.

RECOMMENDED ACTION BY COUNCIL

It is recommended that the Council hold a public hearing on May 15 and vote on Resolution #2018-020.

RECOMMENDED MOTIONS:

See Resolution #2018-020