



Office of the Finance Director/Treasurer

To: Milton Common Council, Mayor Anissa Welch
From: Dan Nelson, Finance Director/Treasurer
Date: March 3, 2020
Subject: Discussion and Possible Action on Resolution 2020-03 – Assigning Fund Balance for OPEB and Resolution 2020-04 Transfer from General Fund to Capital Projects Fund

Discussion and Background

The projected revenues for 2019 are expected to exceed revenues by \$365,000.

Therefore, the Administration is proposing those funds be assigned for the following uses:

Post-Employment Benefit Liabilities

In the next 12 to 24, the City of Milton will likely experience a high number of retirements. At that time of retirement, several of these employees may be eligible for payouts related to their unused, sick, vacation and medical leave bank accounts. Although administration does not know when these employees would “officially” retire, staff has reasonably estimated the unfunded Other Post-Employment Benefit (OPEB) obligation and believes it is prudent to set aside funds for these anticipated liabilities. The estimated amount is \$125,000 and would be reflected as “assigned” fund balance in the City’s 2019 audited financial statements per Resolution 2020-03.

Capital Replacement / Street Maintenance

Resolution 2020-04 recommends a transfer of \$150,000 into the City’s capital project fund with the ultimate use of these funds being approved at a future meeting. Staff is aware of several larger capital items that did not make it into the 2020 budget, as well as the potential for the 10-20% match for the state transportation grant that was applied for last winter. Due to the timing of state grant programs and obtaining estimates for potential projects/equipment, staff cannot reasonably estimate costs at this time. The resolution is being brought forward at this time so the transfer can be reflected in the 2019 audited financial statements.

Debt Service Fund

Resolution 2020-04 also recommends a transfer of \$55,000 to the City’s Debt Service fund to potentially prepay the issuance costs associated with the potential refinancing of some of the City’s long-term debt. In the event that this refinancing opportunity does not these funds would be placed in the General Fund’s unassigned fund balance.

Since the projected 2019 fund balance is above the stated policy’s percentage, staff is recommending the utilization of \$365,000 of excess revenues over expenditures for the purposes of capital projects and the funding of anticipated unfunded OPEB obligations.



Recommendation

1. Adoption of Resolution 2020-03 – Assigning a portion of the 2019 fund balance for OPEB.
2. Adoption of Resolution 2020-04 – Amending the City of Milton 2019 Annual Budget