

STAFF REPORT

June 14, 2021

Topic: First reading of Resolution 2021-14, relative to authorizing transfer of funds from the General Fund to the Internal Service Fund in the amount of \$950,000 with funding to be provided from the General Fund Balance

Discussion: The Internal Service Fund was created by vote of Council in 1998 to account for the financing of fleet acquisition, fleet maintenance and the purchase of gasoline and diesel fuel. Funding is provided through charges to City Departments for services rendered.

Analysis shows that for many years transfers from the General Fund have not fully compensated the Internal Service Fund for services provided. This has resulted in a growing obligation on the part of the General Fund. As of June 30, 2020 this obligation totals \$1,062,994.43. These funds have been carried in the General Fund - Fund Balance as they accumulate. This results in an artificially inflated fund balance in the General Fund.

Staff recommends that the situation be remedied by authorizing the transfer of \$950,000 from the non-spendable portion of the General Fund - Fund Balance to the Internal Service Fund.

Fiscal Impact: Because the action involves the transfer of fund balance, there is no fiscal impact or impact to the tax rate.

Staff Recommendation: Staff recommends that Council schedule a public hearing to be held during the Council meeting of June 28, 2021 to provide for public input on this item.

This report submitted by: Glenn Smith, Finance Director

Proposed Motion:

"I move to waive a reading of this Resolution in its entirety and to read by title only."

"I move a first reading of Resolution 2021-14, relative to authorizing transfer of funds from the General Fund to the Internal Service Fund in the amount of \$950,000 with funding to be provided from the General Fund Balance."

"I move to schedule a public hearing on June 28, 2021, during the regular Council Meeting to gather public input prior to adoption."