



## FY 2022 Recommended Budget Budget Question

**Board Question #: 21**

**BUDGET QUESTION:** In reference to the response provided to Question #2, how much is the transfer of cash to capital? Are we over the policy level? If so, by how much and can we use it elsewhere?

**RESPONDING DEPARTMENT/OFFICE:** Budget

**RESPONSE:** The FY 2022 transfer of cash to the Capital Projects Fund totals \$11,777,624. This consists of a one-time transfer of \$2,250,000 and \$9,527,624 in on-going, policy-based transfer.

The policy calls for a minimum annual transfer of 3% of General Fund revenues, with a goal of 5%. We began building towards the 5% goal back in FY 2008 with a transfer equal to 1% of General Fund revenue. Thereafter, in accordance with the policy, an additional 0.25% “will be transferred each year until at least the 5% target is met.” The following table shows the history of this transfer. The pink highlighting indicates where we began to diverge from policy target levels:

FY	Policy %	Policy Amount	Budgeted %	Budgeted Amount*	Difference – Budget* to Policy
2008	1.00%	\$2,072,451	1.00%	\$2,072,451	\$0
2009	1.25%	\$2,770,020	1.25%	\$2,770,020	\$0
2010	1.50%	\$3,180,771	1.50%	\$3,180,771	\$0
2011	1.75%	\$3,758,827	1.75%	\$3,758,827	\$0
2012	2.00%	\$4,358,730	2.00%	\$4,358,730	\$0
2013	2.25%	\$5,011,278	2.25%	\$5,011,278	\$0
2014	2.50%	\$5,645,744	2.50%	\$5,645,744	\$0
2015	2.75%	\$6,367,833	2.75%	\$6,367,833	\$0
2016	3.00%	\$7,070,354	3.00%	\$7,070,354	\$0
2017	3.25%	\$8,006,298	3.25%	\$8,006,298	\$0
2018	3.50%	\$8,833,474	3.50%	\$8,833,474	\$0
2019	3.75%	\$9,794,788	3.75%	\$9,794,788	\$0
2020	4.00%	\$10,952,372	Level \$ amount = 3.51%	\$9,794,788	(\$1,157,584)
2021	4.25%	\$11,907,833	3.00%	\$8,398,599	(\$3,509,234)
2022	4.50%	\$13,261,134	3.25%	\$9,527,624	(\$3,733,510)

\*Reflects each year’s originally adopted on-going budget amounts.

Had we maintained the policy course of adding 0.25% per year as had been done prior to FY 2020, the on-going FY 2022 transfer would be \$13.3M. Instead, it is \$9.5M. From that

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standpoint, we are behind in the progression to the policy-level goal of 5.0%. However, we are 0.25% or \$0.7M ahead of the policy minimum of 3.0%.

The Board could, of course, choose to shift the \$0.7M above the policy minimum elsewhere. Doing so would cause \$0.7M in additional borrowing for the CIP. Given the significant investments required by the needs within the CIP in FY 2022 and the out-years, staff does not recommend diverting cash from the capital transfer.

#### **ESTIMATE OF STAFF TIME SPENT ON RESPONSE:**