



STAFF REPORT

Meeting Date: May 21, 2014

Agenda Item #: 1

TO: Mayor and Town Council
FROM: Susan Parker, Town Administrator
TITLE: **Proposed Grants and Donations Policy**

Summary: In an effort to minimize the need to reduce our General Fund Reserve to balance the budget, I propose the following Grants and Donations Policy to be further developed into a program in preparation for FY2015/2016 budget discussions.

Background: May 7, 2014 – Budget Workshop, Town Council requested a Grants and Donations Policy recommendation.

Discussion: In previous years, grants and donations were located in both Economic Development and Human Services Departments. This proposal would remove grants and donations from those departments and place them under the *Governing Body Department* with an account number entitled *Grants and Donations*. All FY2014-2015 grant requests remain unfunded in an effort to balance this operating budget. Staff recommends developing a formal grant policy in preparation for next year's budget. That policy would include earmarking ½ of 1 percent of General Fund Reserve balance as determined by the previous year's audit.

For example, according to the FY2012-2013 audit, the General Fund Reserve equals \$5,399,209. A ½ of 1 percent of General Fund balance would equal \$26,996. That amount could be distributed amongst the various grant requests once the Town Council Grants Committee reviewed the requests and presented a grants award recommendation to the full Town Council during the budget process.

This process provides a competitive grant process and helps establish an amount to be awarded on an annual basis. In an effort to maintain the recommended General Fund Reserve balance above the recommended 75% level of adopted expenditures, this new program would require a 1/15 cent increase in the Ad Valorem Tax Rate for FY2014/2015 to generate \$27,153 which would be placed in the General Fund Reserves for Grant and Donation awards.

Recommendation: The long-term success of this program requires a corresponding revenue source that includes a 1/15 cent increase in the Ad Valorem Tax Rate for FY2014/2015. A homeowner owning a \$250,000 home is projected to experience a \$1.65 increase.