

Diane Miller

From: davidwhite@townoforiental.com
Sent: Thursday, July 21, 2022 1:23 PM
To: Sally; charlieovercash@townoforiental.com; sandywinfrey@townoforiental.com; Frank Roe; Allen
Cc: Diane Miller
Subject: Excavator and August 2nd Capital Reserve Funds
Attachments: town of oriental - equipment excavator 7182022.xlsx

To All

Thanks for taking time to meet/discuss with me the August 2nd Capital Reserve Fund. As Discussed, we should back away from the excavator approved in the recent budget. Diane and others reached out to the seller of the equipment and we were informed that he had sold it to another person about 3 months ago who is making payments. Not sure why the seller did not notify us earlier, but nothing we can do about that.

At the August 2nd meeting there will be an agenda item to discuss potential Capital Reserve Funds in Public Works (PW) and Water Fund.

Have attached a spread sheet that we discussed on suggestions for redistributing the excavator funds to Capital Reserve and elsewhere.

Also, will be making a motion based on the attached spread sheet.

Assumptions in the spreadsheet.

- The excavator we were looking at had a price tag of \$66,000 and was budgeted between PW and Water for 22- 23 budget
- PW Capital outlay for the excavator was \$30,500
- Water Fund outlay for excavator was \$35,500
- Water fund budgeted zero for depreciation in the 22-23 budget
- There is a PW Capital Reserve currently at \$13,153.52 in the 22-23 budget is undesignated and is a subject of August 2nd meeting
- Propose we create another Capital Reserve Fund for the excavator equipment and fund it with some of the funds in the PW outlay and combine this with the undesignated budget item 20-23 PW Capital Reserve. Making a new reserve with a total of \$26,603.52.
- Capital Reserve Funds are restricted funds designated for capital outlays

Thanks.....David

Town of Oriental
Resolution 2022-07

RESOLUTION CREATING CAPITAL RESERVE ACCOUNTS

Moving forward, and recognizing the impact of having reserves on capital purchases, the Mayor and Commissioners choose to incorporate the practice of reserving funds for specific capital purchases into the Standard Operating Procedure during the creation of the annual budget.

Whereas, a Capital Reserve Fund is created in the 2022-2023 FY for replacement of 2018 Ford Explorer in Police and funded in each of 2023-2024 through 2027-2028 at \$8,000; and the expected cost of that replacement is \$45,000; and the purchase of this vehicle is expected to take place in the 2027-2028 Fiscal Year; and that the source of these funds is the property tax collected in the annual budget as allowed by N.C.G.S. 159-48(b)(15); and

Whereas, a Capital Reserve Fund is created in the 2022-2023 Fiscal Year at \$26,603 for acquisition of a multi-terrain skid steer loader/mini excavator, and in the 2023-2024 and 2024-2025 FYs at \$20,000 each, and the expected cost of acquisition is \$66,000, and that the expected acquisition is scheduled for the 2024-2025 Fiscal Year;

Now, Therefore it be resolved, The Mayor and Commissioners of the Town of Oriental do hereby create the effective reserves as allowed by N.C.G.S. 159-18.

Approved

this 2nd day of August, 2022.

Sally Belangia, Mayor

Attest:

Diane H. Miller, Manager/Clerk

Proposed Capital Reserve Projects August 2 2022 Meeting						
Public Work						
	Budget			Proposed		
	22 -23			22 - 23		
PW Capital Reserve	\$13,153.52	\$13,450.00		\$26,603.52		Suggested Motion
					PW Capital Reserve	\$26,603.52
PW Drainage MA	\$14,476.80	\$13,450.00		\$27,926.80	Storm Prep	\$3,600.00
					Drainage	\$27,926.80
PW Capital Outlay Equip	\$30,500.00	\$30,500.00		\$0.00		
					PW Capital Reserve	\$13,450.00 add to
					PW Drainage MA	\$13,450.00 add to
Storm Prep	\$0.00	\$3,600.00		\$3,600.00		
	Budget			Proposed		
	22 -23			22 - 23		
Water Plant						
Water Capital Outlay	\$35,500.00	\$35,500.00	\$0.00	\$0.00		
Depreciation	\$0.00	\$35,500.00		\$35,500.00		