

# Village of Thornton

## Memo

**To:** Board of Trustees

**From:** Arlette Frye, Treasurer

**cc:** Melissa Wiak, Acting Administrator  
Bryan Roberts, Public Works Director

**Date:** 9/12/2024

**Re:** Budget Line-Item Transfer Request

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Public Works submitted the following request for a budget transfer:

From: Contingency                      01-73-8006      \$ -20,000.00

To:      Maintenance-Sewer      02-74-7016      \$ 20,000.00

I believe that the intent of the Contingency line item is to allow any fund to utilize it if needed. It is recorded within the General Fund for two reasons.

One, just for ease of recording, if it were not within the General Fund, a separate fund would need to be established for that account with no activity and no sources of revenue to cover it.

Secondly, and more important is that one of the purposes of the budget is to determine if there are sufficient sources of funds, either cash on hand or anticipated revenues to cover budgeted expenses. By putting the contingency in the General Fund it is saying that the General Fund will cover any other fund's deficit if needed. The General Fund is the typical fund to make loans or permanent transfers to other funds. When making a line-item transfer to other funds from the contingency account, the thing to consider is "does the fund receiving the transfer have sufficient cash on hand or anticipated revenues to cover the additional expense". If it does not, the Board should consider approving a temporary loan or permanent transfer to that fund.

In regards to the specific request made above, I believe it would be appropriate to make the transfer as requested, if the board approves. As an alternative, the request for budget line-item transfer could be made from the Water/Sewer Capital Improvement Fund as this fund for audit purposes is combined with the Water/Sewer Fund. The Water/Sewer Capital Improvement Fund is reported as a separate fund just for internal tracking of the use of those service fees.

If you have any further questions please let me know.