

Update on CARES grant expenditures and General Fund balance information
November 16, 2020

1. We entered 2020 with a fund balance deficit (amount below 10 + 2 % of expenditures required by code to be set aside as a Bond Rating Reserve) of \$9.0 million, all of this attributable to \$9.2 million in Pt. Mck Quake expenditures that had not yet been reimbursed by FEMA Public Assistance.
2. Per the EO's that were passed by the Assembly, we could have taxed for this recovery. We expected that we would receive FEMA reimbursement prior to 12/31/2020 and chose not to tax. YTD 2020 we have received \$4.2 million, leaving us with \$5 million still owed. While we may receive additional funds prior to yearend, we should assume we end 2020 with at least a \$4 million deficit due to this item.
3. COVID related expenses stand at \$37 million spent and encumbered, with the \$5 million on the agenda for 11/17 taking us to \$42 million. At very best we get \$4.5 million prior to 12/31/2020. This DEFICIT of at least \$25 million will be a significant drag on calculated fund balance. We do expect to recover most of this in 2021.

CARES related impact on fund balance,

1. We expect that all CARES grant programs are full expended and the entire \$156,713,566.04 million is received and spent. We expect to receive the second tranche prior to Nov 23, 2020.
2. \$83,127,380.04 in program expenses will be charged to the CARES Grant
3. \$73,586,000.00 in public safety payroll will be charged to the CARES Grant.
4. Only \$19.4 million of programs moved to the general fund (out of \$35.15 million authorized) are expected to be expended in 2020.
5. The projected revenue shortfall for 2020, as updated by Treasury at 11/10 Assembly meeting, is \$25.5 million.
6. Our goal is for all buildings to be purchased for \$12.5 million prior to 12/31/2020.

When you take the above items into consideration, our rough estimate of year end fund balance, which assumes that all other revenue and expense in the 2020 budget are as expected, is a \$16 million surplus. Math; \$73.586 - \$19.4 – \$25.5 - \$12.5 equals \$16.186 million.

THE FUND BALANCE THAT THE CONTROLLER CALCULATES AFTER ALL 2020 TRANSACTIONS ARE COMPLETED WILL SHOW A DEFICIT (again relative to code) of roughly \$13 million. (\$16.186 surplus less FEMA deficits of \$4 million and \$25 million). This does not reflect any impact of ML&P cash, though \$6 million of is already an offset in the proposed 2021 budget.