

10/11/22  
CC



## **Business Office**

To: Dr. Lorna R. Lewis  
From: Christopher Caputo CC  
Re: Annual Transfer/Re-Allocation of Fund Balance – 6/30/2022  
Date: October 4, 2022

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With the completion of the annual external audit, I am requesting the Board approve the following resolutions for the re-allocation of excess fund balance for June 30, 2022.

These allocations will enable the District to maintain 4% in undesignated fund balance. It is recommend that the District continue with the past practice of maintaining 4% in undesignated fund balance. Having less than 4% undesignated fund balance would have a negative effect on the District's Credit rating. Maintaining 4% provides some protection to the District against unanticipated loss of revenue and maintains maximum flexibility, at Board discretion, to utilize Unassigned Fund Balance for operating expenses under exceptional circumstances.

The allocation of \$125,000 into the "Reserve for Employee Benefits Accrued Liability" would restore funds used from this Reserve in 2021/22. Although this Reserve is not currently funded at 100% of the accrued liability, the allocation will enhance the reserves current funding level and protect the District if it is unable to fund this reserve next year.

The allocation of \$1,112,632.85 into the "Capital Reserve III Fund" would bring the total Capital Reserve III balance to \$1,121,632.85 as of June 30<sup>th</sup>, 2022. The District would have until June 30, 2032 to fund the remaining \$7,378,367. Note this reserve fund was voter approved in May 2020 with a total maximum funding limit of \$10,000,000. The previously funded \$1,500,000 of this reserve has already been voter approved to be spent on various projects.

The allocation of \$400,000 into the Reserve for Retirement Contributions (ERS) would partially restore funds used from this reserve in 2021/22. The allocation will help maintain the funding level as this reserve is used on an annual basis to fund the budget.

The allocation of \$451,000 into the Reserve for Teacher Retirement System Contribution Sub-Fund (TRS) will increase the reserve balance for future annual payments. This reserve will be used to partially fund the subsequent years' budget.

**Please note the recommended resolutions for the October 11<sup>th</sup> Board agenda:**

BE IT RESOLVED, that the Board of Education authorize a transfer of \$125,000.00 from the fund balance of the General Fund to the Reserve for employee benefit accrued liability as of June 30, 2022.

BE IT RESOLVED, that the Board of Education authorize a transfer of \$400,000.00 from the fund balance of the General Fund to the Retirement Contribution Reserve Fund (ERS) as of June 30, 2022.

BE IT RESOLVED, that the Board of Education authorize a transfer of \$451,000.00 from the fund balance of the General Fund to the Reserve for Teacher Retirement System Contribution Sub-Fund (TRS) as of June 30, 2022.

BE IT RESOLVED, that the Board of Education authorize a transfer of \$1,112,632.85 from the fund balance of the General Fund to the Capital Reserve III as of June 30, 2022.