
INTEROFFICE MEMORANDUM

TO: DR. JAMES HOFFMAN, SUPERINTENDENT
FROM: MICHAEL OUMET
SUBJECT: GENERAL FUND - FUND BALANCE
DATE: JULY 19, 2016
CC: BOARD OF EDUCATION

FUND BALANCE:

Please find below unaudited fund balance information for the General Fund – Reserved & Unassigned Fund Balance for the Fiscal Year ended 6/30/16 and recommendations for designating certain portions of the unassigned fund balance for the purpose of compliance with the 4% unassigned fund balance limitation and for long range financial planning.

The District's total fund balance as of June 30, 2016 is **\$5,850,408** fund balance and includes the following Reserve Accounts:

Unemployment Insurance	\$177,566
Carryover Encumbrances	496,151
Employee Benefit Liability	<u>1,615,560</u>
Total Reserves	\$2,289,277
Fund Balance	\$5,850,408
Less: Reserves	<u>(2,289,277)</u>
Fund Balance (net of reserves)	\$3,561,131
Less: Appropriated 16-17 tax levy	<u>(780,000)</u>
Unassigned Fund Balance	<u>\$2,781,131</u>

After adjusting the Fund Balance for previously designated reserves and the \$780,000 determined by the Board to be used to reduce 2016-17 taxes, the remaining unassigned fund balance is \$2,781,131 which is 4.95% of the 2016-17 budget of \$56,173,142.

The 2016-17 budget of \$56,173,142 allows for an unassigned fund balance of \$2,246,926 (4% of \$56,173,142). The \$2,781,131 of unassigned fund balance is \$534,205 above the 4% limit.

I am recommending the Board take the following actions in order to maintain compliance with Section 1318 of the Real Property Tax Law (4% Limit) and to continue long range financial planning designed to preserve and enhance District educational programs.

1. Transfer \$23,432.58 from unassigned fund balance to the Employee Benefit Accrued Liability (EBALR) Reserve as per the District's annual reconciliation of projected EBALR liability using the vesting methodology.
2. Transfer \$250,000 from the unassigned fund balance to the Workers' Compensation Reserve for the purpose of funding the District's actuarially determined self-insured reserve deficit of \$337,633 which the District will be required to satisfy over a three year period. (There is currently no balance in this reserve)

3. Transfer \$300,000 from the unassigned fund balance to the Retirement Contribution Reserve for the purpose of funding a portion of the District's future support staff retirement system contributions. (There is currently a \$100,000 balance in this reserve)
4. Transfer the remaining balance of \$177,566 from the Unemployment Insurance Reserve to the Retirement Contribution Reserve for the purpose of funding a portion of the District's future support staff retirement system contributions. (This transfer has no impact on the unassigned fund total)

The combination of these transfers will bring the District into compliance with the 4% fund balance limitations and will provide a foundation for the future fiscal stability of the District.

These transfers will result in an unassigned fund balance is \$2,207,698 which is 3.93% of the 2016-17 budget of \$56,173,142.

	Unassigned Fund Balance	\$2,781,131 (Prior to Transfers)
Less:	Reserve Transfers	
	EBALR	(23,433)
	Workers Compensation	(250,000)
	Retirement Contribution	<u>(300,000)</u>
	Unassigned Fund Balance	<u>\$2,207,698 (After Transfers)</u>

Please do not hesitate to contact me if you require any additional information on these recommendations.