

BOARD AGENDA ITEM

November 12, 2019

SUBJECT:

Proposed One-Time Use of Fund Balance

BACKGROUND INFORMATION:

Board policy DA describes the District's fund balance policy. Per that policy, the District is to maintain a minimum unassigned fund balance of 8% of the annual operating budget, with a desired unassigned fund balance of at least 16% of the annual operating budget. The 16% threshold provides approximately two months' reserves.

Periodically, the Board approves use of fund balance for one-time, non-recurring type purposes while maintaining the District's desired level of fund balance. The Board approved one-time funds at its December 11, 2018 meeting, that included a \$150 Christmas bonus for employees last year. This year's December 17, 2019, meeting would not allow sufficient time to process bonuses if it is the Board's wish to provide Christmas bonuses once again.

ADMINISTRATIVE CONSIDERATION:

The cost of last year's bonus was approximately \$540,000 (including fringe). The cost of \$150 bonuses in the current year would be comparable.

One-time requests have typically coincided with the presentation of the annual audit. While this year's audit is not yet complete and therefore the change in fund balance not yet finalized, the District will again see growth in fund balance at the conclusion of the audit. Furthermore, the current fund balance levels are sufficient to cover the cost of bonuses while maintaining at least two months' reserves.

RECOMMENDATION:

Approve one-time funds for employee Christmas bonuses

PREPARED BY:

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