

**M E M O R A N D U M**

**TO:** Mike Bandelin  
Interim General Manager

**FROM:** Bobby Magee  
Interim Director of Finance

**SUBJECT:** Verbal Report on the Finance Department’s Strategy for Returning the General Fund Reserves to be in Compliance with Board Policy 7.1.0, Section 2.1 “General Fund Reserves”.

**DATE:** February 14, 2024

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**I. RECOMMENDATION**

It is recommended that the Board receive and file the verbal report from the Finance department on plans to return the General Fund Reserves to the Board Policy of 15% of annual budgeted expenditures.

**II. BACKGROUND**

As a result of recent needed actions by the Board to address issues within the Finance department, the General Fund Reserves are currently projected to end the 2023/24 fiscal year below the Board’s stated policy. Policy 7.1.0, *Appropriate Level of Reserves*, sets the Board’s target reserve level at 15% of annual budgeted expenditures (less transfers and debt). Some factors attributing to this projection are the unanticipated one-time costs of contracted help to get the District’s finances back in order, ongoing costs to maintain expected future workload levels, and the previous movement of Parks from the Community Services Fund to the General Fund. The Finance department is currently evaluating options on how to return the General Fund Reserves to the target reserve level, and will present to the Board the strategies it intends to employ during the upcoming budget process.

**III. ALTERNATIVES**

None.