

MEMORANDUM

TO: Board of Trustees

THROUGH: Steven J. Pinkerton
General Manager

FROM: Gerald W. Eick CPA CGMA
Director of Finance

SUBJECT: Review, discuss and possibly authorize the Operating Transfer of \$400,000 from the General Fund to the Community Services Special Revenue Fund.

STRATEGIC PLAN: Long Range Principle #2 – Finance “Comply with State and Federal Regulations” “Develop and maintain a long term plan to sustain financial resources”

DATE: May 15, 2017

I. RECOMMENDATION

Staff recommends the Board of Trustees authorize staff to execute an operating Transfer of \$400,000 from the General Fund to the Community Services Special Revenue Fund to be recorded by June 30, 2017.

II. DISTRICT STRATEGIC PLAN

This transfer supports Long Range Principle #2, Finance, Comply with State and Federal Regulations, and Develop and maintain a long term plan to sustain financial resources. Under Objectives for 2015-2017, 3. With allocated resources, equate service expectations and the capability to deliver.

III. BACKGROUND

Making the \$400,000 Transfer will complete a process that goes back to 2012. The timeline to this point includes:

February 29, 2012 - Board of Trustees approve amended budget for the fiscal year ending June 30, 2012 to conform the new law for the Central Services Cost Allocation, which was retro actively applied to July 1, 2011 and resulted in an increase to Fund Balance by \$270,000.

Review, discuss and possibly authorize the Operating Transfer of \$400,000 from the General Fund to the Community Services Special Revenue Fund.

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June 27, 2012 – Board of Trustees make a commitment of \$400,000 from the General Fund to the Community Services Fund to be paid at a future date.

May 15, 2014 – Board of Trustees approve fiscal year 2014-2015 budget including a transfer of \$400,000 from the General Fund Community Services Fund.

September 24, 2014 – Board of Trustees approve a major computer network purchase partially funded by not making the transfer from the General Fund to the Community Services Fund.

May 18, 2016 – Board of Trustees approve fiscal year 2016-2017 budget including a transfer of \$400,000 from the General Fund to the Community Services Special Revenue Fund. This was included in Form 4404LGF Schedule T.

May 24, 2017 – Board of Trustees considers action to authorize transfer as budgeted and complete the commitment from 2012.

Committed Fund Balance was established under the Governmental Accounting Standards Board Statement 54. The establishment of a committed amount can only be done by the District Board of Trustees.

Each District Comprehensive Annual Financial Report since June 30, 2012 has reported the Committed Balance.

Staff recommends the transfer because the General Fund has sufficient resources to meet its administrative purpose for the District. As of the June 30, 2016 audit report, General Fund Balance stood at \$1,819,993. Under Board Policy the minimum target is \$161,205, which is based on the 4% factor used in Nevada Revised Statute. For the fiscal 2016-2017 year, the Fund Balance after the transfer is expected to exceed \$1,800,000.

IV. BID RESULTS

This item is not subject to competitive bidding within the meaning of Nevada Revised Statute (NRS) 332. It is an internal transaction.

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V. FINANCIAL IMPACT AND BUDGET

Staff is recommending the transfer be completed exactly as budgeted. There is no specified use, except to provide additional resources to the Community Services Special Revenue Fund.

VI. ALTERNATIVES

The Board of Trustees could conclude that this is not appropriate or necessary at this time. If that is the conclusion, staff would request direction for the “Committed” balance going forward.

If the Trustees do not approve the transfer, it will affect the 2017-18 FINAL Budget being presented for adoption at the same meeting. It will change the fund balance in the General Fund and the Community Services Special Revenue Fund.

VII. COMMENTS

This item has remained open enough to establish that the General Fund has no current purpose or need to this level of fund balance. The majority of the amount came from payments made by Community Services in 2012 under the law change for the Central Services Cost Allocation. Providing these resources to that fund allows for it to be put to other use for the community.

VIII. BUSINESS IMPACT

This item is not a “rule” within the meaning of NRS, Chapter 237, and does not require a Business Impact Statement.