

To: Superintendent Matt Nelson, Sanford School Committee, and
Member of the Public

From: Cheryl Fournier, Business Administrator

Date: June 4, 2021

Regarding: Reserve Funds

On June 13, 2017, the citizens voted to create four (4) reserve funds:

- Fuel Cost Stabilization Fund
- Capital Reserve Fund
- Unexpected Special Education Costs Reserve Fund
- Health Insurance Reserve Fund

We would like to request moving money into these reserve funds to be utilized for future use. Once money is in a reserve fund, it may be expended only when authorized to do so by a vote of the School Committee after a public hearing prior to the vote.

Fuel Cost Stabilization Fund: The fuel (oil and gas) expense was budgeted in the FY2020 Budget as \$363,004, and the actual expenses were \$281,745. Leaving a balance of \$81,429 as unexpended. We would like to move to the \$81,429 to the reserve fund. Moving this money will reduce the Unassigned Fund Balance by \$81,429.

Capital Reserve Fund: CIP expense was budgeted in the FY2020 Budget as \$322,025, and the actual expenses were \$233,329. Leaving a balance of \$88,696 as unexpended to move to the reserve fund. City Policy (See below) notes that all balances at the end of any fiscal year are to be retained in a Capital Reserve Account. Moving this money will reduce the Unassigned Fund Balance by \$88,696.

City Charter Notes:

610.3 [Amended by referendum 11-5-2013] The City shall annually create reserves for the Capital Improvement Program by raising and appropriating or appropriating a percentage of the previous year's combined City and School operating budgets, less the previous year's budgeted CIP for School and City, in amounts that are at least, but not limited to, 2.5% in the first fiscal year following adoption of this Charter, 3% in the second fiscal year following adoption of this Charter, 3.5% in the third fiscal year following adoption of this Charter, and 4% in each subsequent fiscal year following adoption of this Charter. All amounts to be placed in a Capital Reserve Account with any and all balances at the end of any fiscal year are to be retained in said account. Carryover reserves will be added to the annual appropriation for future Capital Improvement Projects. Fifty percent of the amount raised for the Capital Improvement Program shall be allocated to the costs associated with non-rolling stock transportation infrastructure.

Attachment J.5.
Health Insurance Reserve Fund: In FY2021, the school department received a check in the amount of \$239,236 from Harvard for premiums paid. A portion of that check will be shared with the employees that also paid a portion of the premiums \$21,372, which will leave \$187,864 to move to the reserve fund.

The total amount being moved to the reserve funds is \$357,989.