



Meeting Date: December 5, 2016

Report No. SUA-16-57

Agenda Item No. 5-a

Status: General Orders

Purpose: To inform the Trustees of surplus funds that may be transferred to the General Fund and recommend a transfer amount for fiscal year 2017 (FY17).

Background Summary: Due to changes in the City's financial situation, mid-year amendments to the City and SUA approved budgets are being proposed. The proposed amendments include a transfer from the SUA to the General Fund.

The SUA Trust Indenture permits the transfer of surplus funds to the beneficiary (City) as the Trustees in their sole discretion may determine. Resolution Number SUA-2016-5, also known as the General Fund Transfer Policy, stipulates that surplus funds shall not be transferred without the affirmative vote of a majority of the Trustees.

Surplus Funds Determination: Surplus funds as defined by the General Fund Transfer Policy are non-restricted, non-designated and non-appropriated budgetary fund balance of the SUA plus any projected operating margin in the non-restricted and non-designated SUA funds for the coming year.

Not including designated or restricted funds, the actual FY16 SUA year-end fund balance was \$18,857,903. In FY16, the full budgeted general fund transfer was actually transferred from the SUA to the general fund. However, the full budgeted amount was more than what was needed to make the general fund whole at the end of FY16. Therefore, the proposed budget amendment includes a reimbursement from the General Fund to the SUA in the amount of \$2,155,468, which should have happened prior to the close out of FY16. After the proposed reimbursement, the SUA fund balance will be \$21,013,371, not including designated or restricted funds.

Not including designated or restricted funds, the projected SUA operating margin for FY17 based on the proposed revised budget is \$6,023,387. Combining the fund balance and the projected margin, the SUA surplus funds for FY17 totals \$27,036,758.

Proposed Transfer: The proposed revised general fund budget requires a transfer from the SUA to the general fund in the amount of \$13,065,479. The revised transfer from the SUA to the general fund is \$5,852,931 less than the original budgeted amount for FY17.

The actual transfer amounts from the past 5 years are:

FY16	\$12,392,149 (after the proposed reimbursement)
FY15	\$14,688,194
FY14	\$13,595,975
FY13	\$12,848,933
FY12	\$12,393,813

Alternatives: The Trustees may transfer any portion of the surplus funds at their sole discretion.

Recommendation: It is recommended that for FY17 the Trustees approve a transfer of SUA surplus funds to the City's general fund in an amount not to exceed \$13,065,479.

In accordance with the General Fund Transfer Policy, only those surplus funds (up to the established cap) that are necessary to balance the City's general fund at year end will be transferred.

Prepared by: Dan Blankenship, Deputy City Manager and SUA Director

Reviewed by: Melissa Reames, CFO

Submitted by: Norman McNickle, City Manager

Attachments: None