



CITY OF DANBURY

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MEMORANDUM

TO: Mayor Mark D. Boughton via the City Council

FROM: David W. St. Hilaire, Director of Finance *DW*

DATE: May 29, 2012

SUBJECT: Establishing BOE (Balance Sheet) Reserve Accounts

Pursuant to the FY 2012-2013 Budget process and discussions relating to the Board of Education, the following balance sheet accounts will need to be established to ensure the BOE has the necessary funding as intended and that a reserve in addition to providing a certain amount of budgetary flexibility in planning for future capital investments:

BOE Supplementary Budget Allocation

Please authorize the reclassification of funds pursuant to the FY 2012-2013 Budget discussions which recommended that the Board of Education funding be supplemented with \$300,000 from the accumulated Continuing Education funds (currently residing in assigned general fund balance) in addition to the Adopted FY 12-13 budgetary allocation of \$900,000. The new classification of the \$300,000 will be a balance sheet account and assigned as "BOE Supplementary Budget Allocation." Such funds will be made available to the BOE in a similar manner as BOE annual appropriation.

BOE Capital Reserve Account

As required by CGS Sec. 10-248, the BOE must return any unspent funds back to the City at the end of the fiscal year. Such unspent funds have been averaging about \$250,000 annually for the past several years. I would recommend that a separately designated reserve account (BOE Capital Reserve Account) within the General Fund be established to account for such surplus under the following conditions:

1. The Fiscal Year for the City's total (general fund including the BOE) annual operations results in a surplus
2. The Purposes of such funds shall be for a Technology Capital Improvement Program at the BOE and for cooperative projects between the BOE and the City such as inter-

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3. agency (BOE/City) operational efficiency projects which result in lower operational costs for both the City and the BOE.
4. The City shall retain and maintain the funds and the balance sheet account.
5. Expenditures from the reserve account would require prior City Council approval.

Please authorize the establishment of both of these Balance Sheet Reserve Accounts relating to the BOE. Thank you for your consideration in this matter. Please feel free to contact me should you have any questions.

/jgb