



## Executive Summary Finance Committee Meeting

DATE: July 22, 2021

TOPIC: Resolution to Abate \$6,000,000 from Working Cash to Capital Projects

PREPARED BY: Courtney Whited

### **Recommended for:**

- Action
- Discussion
- Information

### **Purpose/Background:**

District Legal Counsel prepared a resolution to transfer the remaining \$6,000,000 from the FY21 bond proceeds out of Fund 70/Working Cash to Fund 60/Capital Projects. As presented in the text of the resolution, whenever a district abates a portion of the Working Cash fund, it must maintain an amount to the credit of the Working Cash fund greater than or equal to 0.05% of the then-current Equalized Assessed Value (EAV) of the District. Based on the District's 2019 EAV, that remainder amount would be \$345,121. From the current fund balance, SD74 has a total of \$6,118,756 available for abatement. If the District's EAV increases by \$123,128,000, that remaining amount credit minimum will increase far enough that it might infringe on the District's ability to abate the remaining bond proceeds. Thus, SD74 would then need to increase its Work Cash fund levy enough to cover it which might require exceeding the Truth-in-Taxation threshold. At this point, counsel recommends a round \$6,000,000 abatement because it is sufficient to move all of the bond proceeds, but does not encroach on the statutory limit.

### **Fiscal Impact:**

\$6,000,000 from the FY21 bond proceeds will be transferred out of Fund 70/Working Cash to Fund 60 in order to fund upcoming District capital projects.

### **Recommendation:**

It is the Administrative recommendation that the Finance Committee concurs to recommend to the Board of Education to approve the resolution to abate \$6,000,000 from Fund 70/Working Cash to Fund 60/Capital Projects.