

**School Board Meeting/Workshop Date:**

**May 8, 2017**

**Subject:**

**Committed Fund Balance  
for Severance Resolution**

**Presenters:**

**Gary Kawlewski, Director  
Finance and Operations**

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**SUGGESTED SCHOOL BOARD ACTION:**

Discussion

**DESCRIPTION:**

Proposed resolution:

"The board commits a portion of fund balance for employee severance amounts annually. The commitment consists of two parts. The first part is a percentage of the following five years of projected retiree claims and administrative costs net of any employee paid premiums as well as any health care savings plan contributions determined under GASB 45. The second part is a percentage of the following five years of projected severance payments as determined under GASB 16. All amounts shall be determined through actuarial valuation. The percentage schedule shall be as follows:

For all fiscal years ending after June 30, 2017 - 60%

These severance amounts will be used in conjunction with funds contained in the District's Other Post-Employment Benefits Trust on an annual basis to fund retiree obligations. The final calculations will be performed as a part of the year-end closing procedures. Administration will replenish this fund balance using this calculation on a roll forward basis."

For a number of years now we have had a committed fund balance for severance in addition to the funds that are set aside in the OPEB Trust. These funds are to be used to cover the costs of allowable retiree insurance benefits and severance payments. The auditors are requiring us to determine a formula for determining the commitment and have the board adopt a resolution establishing that formula. We will calculate the balance at the time of the audit. The board would have the authority to change the calculation for the commitment and could do so by another resolution down the road. This commitment is established to act as a safety net for retiree insurance and severance obligations. The OPEB trust that has been established by the district will continue to be the primary source for funding these obligations.

The attachment shows the projected severance commitments. The intent would be to adopt the resolution at the May 22, 2017 meeting

**ATTACHMENTS:**

**FB Severance 6.30.17**