





College Station Independent School District

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MEMORANDUM

To: Mike Martindale, Superintendent 

From: Amy Drozd, Chief Financial Officer 

Date: August 12, 2020

Subject: Committed Fund Balances for the General Fund

Agenda Item: J-4 .

BACKGROUND

Fund Balance is reported on the balance sheet and is the gross difference between governmental fund assets and liabilities. Because the General fund is the primary operating fund for the district, it is of primary significance. There are five classifications of fund balance: nonspendable, restricted, committed, assigned and unassigned.

Committed fund balance is constrained to a specific purpose by the Board of Trustees. To establish, modify or rescind a fund balance commitment, approval of the Board is required by the same type of action it took to commit the fund balance previously. This action must be taken prior to the last day of the fiscal year for which the commitment is made.

Currently, CSISD has a total of \$15 million in committed fund balance: \$11 million for future construction and \$4 million for land. These amounts were last committed for the August 31, 2011 fiscal year end.

Unassigned fund balance is all fund balances that have not been classified in any of the other four categories and is available to cover normal operating expenses of the district. The Financial Integrity Rating System (FIRST) recommends this fund balance be at least equal to 75 days of operating expenses.

Due to the current pandemic and the effect it is having on the delivery of instruction, the 2020-2021 fiscal year is very uncertain regarding enrollment and average daily attendance. These are the main factors in generating revenue, therefore, CSISD administration is recommending uncommitting some of the fund balance from Construction to allow for an increase in unassigned fund balance. Further it is recommended the construction commitment be expanded to include



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construction related items. This will allow for emergency replacement of things like HVAC systems and roofs.

RECOMMENDATION

It is recommended the attached resolution be approved that will change the committed fund balance for construction from its current \$11 million to \$8 million and be committed for Construction and Related Items. The prior commitment of \$4 million for future land purchases is recommended to remain the same.