



College Station Independent School District

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MEMORANDUM

To: Mike Martindale, Superintendent *mm*

From: Amy Drozd, Chief Financial Officer *ADrozd*

Date: August 11, 2021

Subject: Committed Fund Balances for the General Fund

Agenda Item: J-3.

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: non-spendable, 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 \$12 million in committed fund balance: \$8 million for future construction and construction related items and \$4 million for land. These amounts were originally committed for the August 31, 2011 fiscal year end and adjusted by board action in August of 2020.

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.

The legislative session that recently ended had very little changes to K-12 public school funding. As a result, with the required property tax rate compression, additional revenue is very dependent upon enrollment growth. With the uncertainty of enrollment for 2021-22 and the need to remain competitive with salaries and benefits, the budget recommended for adoption has expenses exceeding revenue by approximately \$2.9 million. Therefore, CSISD administration is recommending uncommitting some of the fund balance from Construction and Construction Related Items to allow for an increase in unassigned fund balance. This will allow for emergency replacement of things like HVAC systems and roofs.



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RECOMMENDATION

It is recommended the attached resolution be approved that will change the committed fund balance for construction and construction related items from its current \$8 million to \$5 million. The prior commitment of \$4 million for future land purchases is recommended to remain the same.