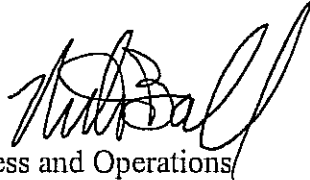




College Station Independent School District

Success....each life....each day....each hour

MEMORANDUM

To: Dr. Eddie Coulson, Superintendent 

From: Mike Ball, Deputy Superintendent for Business and Operations

Date: April 11, 2008

Subject: Consider designating a portion of the fund balance in the General Fund for expenditures associated with future new campuses

Agenda Item: K-2

Board Priority/
District Goal: Priority 3, Goal 4

BACKGROUND

The District's budget planning process for the past four to five years has included a goal of adding to the District's fund balance in anticipation of the opening of new campuses, particularly a potential second high school.

The recurring operating expenditures of any new campus create new pressures on the General Fund budget. While it would not be prudent to plan on spending fund balance or savings on recurring expenditures as a long term solution, our thinking has been that fund balance could be used to provide some time to adjust to new pressures on the general fund budget created by new campus operating costs. The availability of fund balance will allow the district some time to adjust in an orderly manner to new spending requirements associated with new campuses. That time will also allow projected costs to become known costs; thereby enabling the district to make budget adjustments based on actual financial data rather than projected data.

The official action by the Board to designate a portion of fund balance would officially recognize the thinking that has been employed in the District's budget planning for the last few years. The Texas Education Agency Financial Accountability System Resource Guide (FAR Guide) provides guidance on the designation of fund balance. The FAR Guide states "*The designated fund balance represents tentative plans for the future use of financial resources. Designations require Board action to earmark fund balance for bona fide purposes that will be fulfilled within a reasonable period of time.*" The category listed in the FAR Guide that appears most appropriate for the uses described above is Account 3590, Other Designated Fund Balance.

The determination of an amount to be recommended for designation by the Board for expenditures associated with future new campuses was made as follows:

One year operating budget for AMCHS	\$13.5 million
One year operating budget for typical elementary campus	<u>2.5 million</u>
Total recommend fund balance designation	<u>\$16.0 million</u>

RECOMMENDATION

It is recommended that the Board of Trustees of College Station Independent School District consider designating \$16.0 million of the fund balance in the General Fund for expenditures associated with the opening of future new campuses using the category provided in the FAR Guide of Account 3590, Other Designated Fund Balance.