



ALEDO ISD BOARD MEETING TEMPLATE

MEETING DATE: July 31, 2023

AGENDA ITEM: Aledo ISD Fund Balance Policy

PRESENTER: Earl Husfeld, Chief Financial Officer; Josh McLaughlin, BOK Financial Advisors

BACKGROUND INFORMATION:

- In December 2014, the Board of Trustees approved a revision to Board Policy CE (LOCAL) to include a fund balance section. Prior to this time, the District had no fund balance policy. Many of the discussion points at that time regarding the amount of fund balance to maintain are still valid today. Following are some examples:
 - During the budget development process, much discussion has been held regarding the use of General Operating Fund Balance and the appropriate amount of General Operating Fund Balance the District should strive to maintain.
 - For many years, the Aledo ISD has been committed to sound financial management through prudent stewardship, planning, accountability, and open communication.
 - The purpose of these guiding principles is to enable the District to achieve and maintain a stable long-term financial condition and provide guidelines for the day-to-day planning and operations of the District's financial affairs.
 - These principles/guidelines are exemplified by the District's bond rating, School FIRST rating, and consistent tax rate.
 - With the legislative "philosophy" against higher wealth school districts, targeting of fund balances, and significant projected enrollment growth, increasing pressures will be placed on the District's financial practices.
- The District's current fund balance policy adopted in December 2014 states "The District shall maintain a total general operating fund balance of at least 35 percent of the total annual general operating fund expenditures." The 35 percent level was adopted based on the recommendation of BOSC, Inc (predecessor of BOK Financial Securities, Inc.).
- The Administration and Board will discuss the District's fund balance policy and hear guidance provided by the District's financial advisor.

FISCAL INFORMATION:

None.

ATTACHMENTS:

None.

ADMINISTRATIVE RECOMMENDATION:

None – Information Report