

# Action Sheet

**MEETING DATE:** November 18, 2020

**AGENDA ITEM:** Discuss and consider approval of resolution to commit fund balance.

The Governmental Accounting Standards Board (GASB) Statement No. 54 defines committed fund balances as amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Current estimates of the districts unassigned (or unrestricted) fund balance in the General Fund at August 31, 2020 are approximately \$33,102,827, an increase of \$4M which represents 149 days or 5 months in reserve. In light of the active storm season this year and severe economic challenges facing the State in the next biennium due to the coronavirus, the Administration recommends committing a portion of the District's unassigned fund balance at August 31, 2020 for the following purposes:

Disaster recovery	\$5,000,000
Decrease in State formula funding	<u>\$6,000,000</u>
Total Committed Fund Balance	\$11,000,000

The Government Finance Officers Association (GFOA) recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or expenditures. In addition, GASB states *“the adequacy of unrestricted fund balance in the general fund should take into account each government's own unique circumstances. For example, governments that may be vulnerable to natural disasters, more dependent on a volatile revenue source, or potentially subject to cuts in state aid and/or federal grants may need to maintain a higher level in the unrestricted fund balance”*.

Committing \$11M of fund balance as shown above would leave approximately \$22,102,827 in unassigned fund balance which represents 97 days or 3.2 months. Based on the GFOA and GASB recommendations, this would be an adequate amount.

**RECOMMENDATION:**

**I move that the board approve the resolution to commit \$5,000,000 and \$6,000,000 of fund balance for disaster recovery and a decrease in State formula funding, respectively, as presented above.**

*Connie Morgenroth*

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Kelli Moulton  
Superintendent

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Connie Morgenroth  
Assistant Superintendent of Business & Operations