



ALEDO ISD BOARD MEETING TEMPLATE

MEETING DATE: December 15, 2014

AGENDA ITEM: Consider Approval of Fund Balance Policy CE(LOCAL)

PRESENTER: Earl Husfeld

ALIGNS TO BOARD GOAL(S): Financial/Facilities – The District shall exhibit excellence in financial and facility planning, management, and stewardship.

BACKGROUND INFORMATION:

- During the budget development process the past three years, 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.

ADMINISTRATIVE CONSIDERATIONS:

- For many years, the Aledo ISD has been committed to sound financial management through prudent stewardship, integrity, 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, FAST rating, and consistent tax rate for seven years.
- With the on-going school finance litigation, legislative "philosophy" against higher wealth school districts, and significant projected enrollment growth, increasing pressures will be placed on the District's financial practices.
- For your consideration, the following pages contain proposed revisions to Policy CE(LOCAL) to include a fund balance section. TASB Legal and Policy Service have reviewed these revisions and formatted them into their policy style.
- The content of this fund balance section is the same as that presented to you during the November 17th board meeting, with two changes that are highlighted. These changes were suggested by BOSC, Inc. based upon their on-going discussions with the credit rating agencies.

FISCAL NOTE:

None

ADMINISTRATIVE RECOMMENDATION:

The Administration recommends the Board of Trustees approve board policy CE(LOCAL) as written and presented.

PROPOSED REVISIONS: 12-12-2014

FISCAL YEAR	The District shall operate on a fiscal year beginning September 1 and ending August 31.
BUDGET PLANNING	Budget planning shall be an integral part of overall program planning so that the budget effectively reflects the District's programs and activities and provides the resources to implement them. In the budget planning process, general educational goals, specific program goals, and alternatives for achieving program goals shall be considered, as well as input from the District- and campus-level planning and decision-making committees. Budget planning and evaluation are continuous processes and shall be a part of each month's activities.
BUDGET MEETING	<p>The annual public meeting to discuss the proposed budget and tax rate shall be conducted as follows:</p> <ol style="list-style-type: none">1. The Board President shall request at the beginning of the meeting that all persons who desire to speak on the proposed budget and/or tax rate sign up on the sheet provided.2. Prior to the beginning of the meeting, the Board may establish time limits for speakers.3. Speakers shall confine their remarks to the appropriation of funds as contained in the proposed budget and/or the tax rate.4. No officer or employee of the District shall be required to respond to questions from speakers at the meeting.
AUTHORIZED EXPENDITURES	The adopted budget provides authority to expend funds for the purposes indicated and in accordance with state law, Board policy, and the District's approved purchasing procedures. The expenditure of funds shall be under the direction of the Superintendent or designee who shall ensure that funds are expended in accordance with the adopted budget.
BUDGET AMENDMENTS	The Board shall amend the budget when a change is made increasing any one of the functional spending categories or increasing revenue object accounts and other resources.
FUND BALANCE	A financial goal shall be to have sufficient fund balance in the general operating fund to be able to maintain fiscal independence of the District in case of a financial need or crisis. It is essential the District maintain an adequate level of fund balance to mitigate financial risk that can occur from revenue fluctuations, unforeseen expenditures, student growth, and provides cash flow liquidity for the District's general opera-

tions. The District shall maintain a total general operating fund balance of **at least 35 percent** of the total annual general operating fund expenditures.

The total general operating fund balance shall encompass the nonspendable fund balance, the restricted fund balance, the committed fund balance, the assigned fund balance, and the unassigned fund balance. **The District shall maintain an unassigned general operating fund balance of at least 20 percent of the total annual general operating fund expenditures.**

Projected policy compliance shall be considered annually during the budget adoption process.

The chief financial officer shall annually prepare a report of the general operating fund balance not later than 90 calendar days following Board acceptance of the annual independent financial audit to address compliance with the minimum requirements of this policy.