

RIVER ROAD INDEPENDENT SCHOOL DISTRICT
BOARD OF EDUCATION
AMARILLO, TEXAS

Subject: Fund Balance Authorizations

Date: Monday, November 10, 2014

Presented By: Mike Hodgson
Business Manager

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ACTION

BACKGROUND INFORMATION:

At the May 2014 meeting, the Board reviewed and approved the use of the school district's fund balance to pay for seventeen (17) projects that were recommended by a Board/community committee. The estimated cost of these seventeen projects was \$580,450. As you saw in a previous agenda item, as of June 30, 2014 there was \$570,064 that needs to be reauthorized in the current fiscal year.

Additionally, the Board has authorized projects and approved bids for a major HVAC project at Rolling Hills, Willow Vista, and the Middle School in the amount of \$663,455, a Roof Replacement project for the Middle School Auditorium in the amount of \$100,000, and the associated Architectural and Engineering Fees associated with these two projects in the amount of \$58,375. The majority of the funds for these projects was budgeted in the 2013-14 budget, having been received from either our successful TRE or from Insurance proceeds. When the fiscal year ended, these unused funds reverted to the fund balance, so that money needs to be reauthorized for their intended uses.

Finally, after the budget was approved in June, we have become aware of three additional needs that we would like the Board to authorize using the Fund Balance to pay for. These include using \$128,000 to purchase equipment to upgrade the technology infrastructure of the school district, using \$7,500 to purchase graphing calculators that TEA requires for Middle School Math tests, and using \$36,000 for various roofing and gutter repairs. We are still hoping for an additional insurance recovery that would be used for more substantial and long-lasting roof replacements.

If the above allocations and reallocations from the Fund Balance are authorized, the Fund Balance would have a balance of \$3,286,063. It is recommended that schools maintain a minimum of a three month reserve in their fund balance which would amount to \$2,825,709. If we do this, there would remain a \$460,354 balance in the Fund Balance that could be allocated in the future should our enrollment numbers not significantly decrease.

PRESENTATION/PURPOSE:

To provide the Board with an update of the district's Fund Balance and to make a recommendation as to reauthorizations that need to be made and suggest additional allocations of a portion of that Fund Balance money.

BOARD ACTION REQUESTED:

To review the attached report concerning the district's Fund Balance and to approve and sign the attached resolution as presented.

Fund Balance Reported in Audit:	\$ 4,940,907
Less Prepaid Items	\$ (16,450)
Less Other Assigned Fund Balance (Sp. Ed. Placements)	\$ (75,000)
Net Fund Balance	<u>\$ 4,849,457</u>
Less Commitments Previously Made:	
May 2014 Fund Balance Allocation not spent by 6/30/2014	\$ (570,064)
Architect Fees for Roofing/HVAC	\$ (58,375)
HVAC Contract with Scottco (Includes \$30,000 Contingency)	\$ (663,455)
MS Roofing Project by Parsley's Roofing	\$ (100,000)
Fund Balance available after commitments	<u>\$ 3,457,563</u>
Less New Recommended Commitments:	
Technology (Router, Switches, Access Points, Servers, APC's)	\$ (128,000)
Graphing Calculators required by TEA for MS Math Tests	\$ (7,500)
Rolling Hills/MS Roof/Gutter Repairs	\$ (36,000)
Fund Balance After ALL Commitments	<u>\$ 3,286,063</u>
Minimum Recommended Fund Balance Amount (25%)	\$ 2,825,709
Fund Balance Funds Available for Future Allocation by Board	\$ 460,354

**River Road Independent School District
Resolution of the River Road Independent School District Board of Trustees
Using a Portion of the Fund Balance**

WHEREAS, the Governmental Accounting Standards Board ("GASB") has adopted Statement 54 ("GASB 54"), a new standard for governmental fund balance reporting and governmental fund type definitions that became effective in governmental fiscal years starting after June 15, 2010, and

WHEREAS, the River Road Independent School District ("RRISD") elected to implement GASB 54 requirements, and to apply such requirements to its financial statements beginning with the July 1, 2011 - June 30, 2012 fiscal year; and

WHEREAS, at their May 2014 meeting, the Board gave approval to use \$580,450 from the fund balance to pay for the seventeen (17) different projects that had been recommended to them by a Board/Community committee, however the majority of that money was not spent by June 30, 2014; and

WHEREAS, the Board has approved building improvement projects for HVAC improvements at Rolling Hills, Willow Vista, and the Middle School and for a Roof Replacement at the Middle School Auditorium in the amount of \$821,830 (including architectural and engineering services) with the majority of that money coming from funds received in 2013-14 from the TRE and from Insurance; and

WHEREAS, there are additional needs to spend \$128,000 to purchase equipment to improve the technology infrastructure, to spend \$7,500 to purchase graphing calculators for the Middle School for state required Math tests, and to spend \$36,000 for various roof and gutter repairs.

NOW THEREFORE BE IT RESOLVED THAT the Board of School Trustees of the River Road Independent School District hereby wishes to designate that \$167,795 from the Fund Balance, Code 3510 (Construction), \$500,000 from Fund Balance Code 3530 (Equipment), and \$895,599 from Fund Balance Code 3600 (Unassigned) be utilized as follows:

\$570,064 to complete the remaining projects originally authorized in May 2014.

\$821,830 to pay for the HVAC projects, the MS Auditorium Roof replacement, and the necessary architectural and engineering fees.

\$171,500 for Technology Infrastructure, Graphing Calculators, and roof repairs.

This would leave \$3,286,063 in the Unassigned Fund Balance, Code 3600.

The above Resolution is adopted this 10th day of November, 2014.

Board President

Board Secretary