CROSBY INDEPENDENT SCHOOL DISTRICT
June 22, 2020

AGENDA ITEM:

Consider approval of Budget Amendment 5 for 2019-2020.

EXPLANATION OR RATIONALE:

For the General Fund, Budget Amendment 5 reflects a net decrease in the local revenues budget of $100,000 due to tax revenues collected less than budget of $270,000 netted against other local revenue sources. The Foundation School Program (FSP) revenues increased in the amount of $790,000 for estimated additional state aid earned for estimated student growth in 2019-20. This estimated amount earned for student growth is targeted for fund balance growth. However, recent guidance from TEA directs districts to reduce their 2019-20 FSP revenues by 95% of the Elementary and Secondary Schools Emergency Relief (ESSER) funding provided by the CARES Act. This federal funding is being used to hold districts harmless for FSP revenues earned in 2019-20. Crosby ISD's ESSER entitlement is $759,688. Thus, TEA will reduce the district's 2019-20 FSP revenues earned by $721,704. ESSER funds can be used to reimburse allowable expenditures incurred from March 13, 2020 to present or for allowable expenditures going forward through September 30, 2022. Based on the District's projected excess of revenue over expenditures for 2019-20, the district plans to reduce FSP revenues in 2019-20 as directed and use the ESSER funds for allowable expenditures in 2020-21. Budget Amendment 5 amends budgeted expenditure funds between functions and reduces expenditure budgets by the $80,000 reduction in revenue budget. Expenditure budgets are moved between functions to reduce the possibility of expenditures exceeding budgets by function during the year-end process. Thus, there is no net effect to the general fund budget surplus.

For the Child Nutrition Fund, Budget Amendment 5 reduces revenues and expenditures to more closely reflect estimated revenues and expenditures due to the COVID-19 pandemic. Current projections, prior to year-end processing, reflect a deficiency of revenues under expenditures of $275,000-$350,000. The healthy Child Nutrition fund balance at June 30, 2019 of $911,575, excluding inventories, will cover this projected deficit.

For the Debt Service Fund, Budget Amendment 5 increases revenues to more closely reflect estimated revenues and budget surplus. Tax collections have exceeded projections and estimated state revenues are larger than budgeted resulting in a larger budget surplus.

FINANCIAL OR PERSONNEL IMPLICATION:

The amended 2019-2020 General Fund Budget reflects a budget surplus of $3,352,142 with a remaining surplus of $672,142 after the required QSCMTN sinking fund payment of $680,000 and the NexBank repayment of $2,000,000, with revenues at $61,131,115 and expenditures at $57,778,973. The amended 2019-2020 Child Nutrition Fund Budget reflects a budget deficit of $440,000, with revenues at $2,598,789 and expenditures at $3,038,789. The amended 2019-2020 Debt Service Fund Budget reflects a budget surplus of $1,021,224, with revenues at $10,218,371 and expenditures at $9,197,147.

RECOMMENDATION:

Administration recommends approval of the 2019-2020 Budget Amendment 5.

CONTACT PERSON:

Lesa Jones, CFO

___X___ ACTION REQUIRED   ________ NO ACTION REQUIRED