

BOARD AGENDA ITEM

November 24, 2015

SUBJECT:

Proposed One-Time Uses of Fund Balance

BACKGROUND:

Board policy DA describes the District's fund balance policy. Per that policy, the District is to maintain a minimum fund balance of 8% of the annual operating budget, with a desired fund balance of 16% of the annual operating budget. Reserves totaling 16% of the annual operating budget would represent the equivalent of two months' operations. The Board and Administration are mindful that the District's fund balance represents non-recurring dollars. Fund balance has periodically been utilized to address one-time needs in recent years, while continuing to maintain fund balance at sufficient levels.

ADMINISTRATIVE CONSIDERATION:

The Superintendent's Path Forward Plan was presented by the Administration to the Board at the October 27, 2015 Board meeting. A number of recommendations were outlined in that plan will required funding, and those recommendations could be implemented through utilization of one-time funds from fund balance. The results for the financial audit for the 2014 – 2015 school year will be presented at the December 8, 2015 Board meeting. The audit will show that fund balance grew by approximately \$4.5 million during the year, which increased the District's unassigned fund balance as of June 30, 2015 to a healthy \$30.1 million. Unassigned fund balance at prior year end was the equivalent of 17% of the current year's \$177 million operating budget.

The Administration requests Board consideration for utilizing a portion last year's fund balance increase (approximately \$2.5 million) to finance one-time expenditures as included in the attachment. Even with that reduction, fund balance would remain at 15.6% of the budget, nearly matching the desired level of fund balance.

RECOMMENDATION:

Approve utilization of up to \$2,500,000 from fund balance to for one-time expenditures.

ATTACHMENT:

Proposed One-Time Uses of Fund Balance

PREPARED BY:

M.O. Traxler III

PROPOSED ONE-TIME USES OF FUND BALANCE

Literacy Intervention

With our focus on literacy and ensuring that all students are able to read and write at or above grade level, comprehensive and consistent interventions are needed in all schools. These funds will be used to provide interventions as determined by teachers and school administrators to ensure that access to literacy intervention is equitable throughout the school district.

Computer Labs

The Superintendent's plan cited a deficiency of computer labs at many of our schools. With a goal of having two viable computer labs for schools with 300-plus students and three viable computer labs for schools with 900-plus students, there is a need for funding for 23 labs. One-time funds could be used to address these needs.

Phone Systems

The age of the current phone system (District-wide) proves problematic with repair, replacement, and/or expansion of the system. Replacement parts are difficult to find because the system is obsolete. The Administration deals with phone system issues frequently and proposes replacement of the system throughout the District to improve efficiency and reliability. Annual costs for a voice-over-the-internet phone system will be less than the current landline phone system, thus allowing the District to recoup costs over a number of years.

Human Resources Software

Two recommendations from the Superintendent's plan relate to procuring software for the Human Resources (HR) Department. One-time funds could be utilized to purchase an applicant tracking system which would aid in the onboarding process and improve efficiency in hiring and other HR processes. One-time funds could also be utilized to purchase time & attendance software. This would aid in the tracking of Affordable Care Act (ACA) requirements, provide additional assurance related to ACA compliance and improve efficiency.

Furniture/Equipment Replacement

Schools currently have no budget for the replacement of furniture and equipment items. Many schools' furnishings are in poor condition and/or are no longer conducive to a desired learning environment. Schools continually request additional funding for furniture as part of the budget process. No funds have been approved for many years. [Not including new furnishings purchased in conjunction with construction projects.]

Band Equipment/Uniforms

The School Board approved \$100,000 in one-time band funds for the 2015-16 school year. Funds are not sufficient to meet all needs of band programs. Additional one-time funds are requested for continued band program improvements.

Athletics Equipment

The School Board approved \$250,000 in one-time athletics funds for the 2014-15 school year. Funds were not sufficient to meet all needs of athletics programs. Schools requested additional one-time monies for athletics in 2015-16; however additional funds were not approved as part of this year's budget.

Rebranding

The District will likely incur some one-time costs as it works to rebrand its image. No budget has been established for rebranding.