

Date: June 10, 2019

Division: Finance

Subject: Consider Adoption of Two Resolutions Related to Minimum Fund Balance

Background Information:

- The state’s financial accountability rating system, known as the School Financial Integrity Rating System of Texas (FIRST), is scheduled to be changed for the year 2020-2021 and will be based on data for the fiscal year ending August 31, 2020.
- The new criteria for Indicator Number 6 related to changes in Fund Balance will be based on only the categories of “assigned” and “unassigned.”
- The District currently has placed its Minimum Fund Balance goal in the General Fund in the “committed” category.
- It appears that if changes are not made to the categorization of fund balance in the General Fund, the maximum points for Indicator Number 6 will not be earned in the 2020-2021 FIRST Rating.

Administrative Consideration:

- Since the Committed category will no longer be considered in the FIRST Rating, there is now a need to “un-commit” the amounts currently categorized in the committed category in the Comprehensive Annual Financial Report.
- There is also a need to delegate to the Superintendent or his designee the authority to “assign” an amount equivalent to three months operating expenditures in the General Fund as the District’s minimum fund balance in the General Fund each year.
- This recommended action would not change the previously approved minimum Fund Balance targets set by the Board. It simply changes the category from the Committed to the Assigned category and delegates that authority to make that assignment to the Superintendent or his designee.
- This proposed change has been recommended by the District’s auditors. They have a representative who serves on the Committee working with Texas Education Agency to review the requirements for the FIRST Rating.

Recommendations:

- That the Board of Trustees approve Two Resolutions Related to Minimum Fund Balance.

Timeline/Report:

- Effective Upon Approval.

RESOLUTION
Un-Commit Minimum Fund Balance

The Board of Trustees of the Lewisville Independent School District being convened in a duly advertised public meeting at its regular meeting place within the boundaries of the District, with a quorum present:

IT IS HEREBY RESOLVED, ordered, and directed that the Lewisville Independent School District **un-commit** an amount equivalent to three months operating expenditures in the General Fund as its minimum fund balance in the General Fund each year.

BE IT FURTHER RESOLVED, ordered and directed that the Lewisville Independent School District **un-commit** an amount equivalent to ten percent of the annual debt service required on bonds approved by the voters of the District as its minimum fund balance in the Debt Service Fund each year.

BE IT FURTHER RESOLVED, ordered and directed that the Lewisville Independent School District **un-commit** one hundred percent of the ending fund balance in the Campus Activity Funds for use by the respective campuses each year.

Adopted this 10th day of June, 2019, by the Board of Trustees.

Katherine Sells, President

Allison Lassahn, Secretary

RESOLUTION
Delegate Authority to Assign Minimum Fund Balance

The Board of Trustees of the Lewisville Independent School District being convened in a duly advertised public meeting at its regular meeting place within the boundaries of the District, with a quorum present:

IT IS HEREBY RESOLVED, ordered, and directed that the Lewisville Independent School District delegate to the Superintendent or his designee the authority to **assign** an amount equivalent to three months operating expenditures in the General Fund as its minimum fund balance in the General Fund each year.

BE IT FURTHER RESOLVED, ordered and directed that the Lewisville Independent School District establishes as its target optimum fund balance an amount equivalent to ten percent of the annual debt service required on bonds approved by the voters of the District as its minimum fund balance in the Debt Service Fund each year.

Adopted this **10th** day of **June, 2019**, by the Board of Trustees.

Katherine Sells, President

Allison Lassahn, Secretary