

BOARD BRIEF

Date: March 4, 2022

BOARD INFORMATION: X

MEETING PREPARATION:

FROM: Dominic B. Turner, Chief Financial Officer

THROUGH: Gregory C. Hutchings, Jr., Ed.D., Superintendent of Schools

TO: The Honorable Meagan L. Alderton, Chair, and
Members of the Alexandria City School Board

TOPIC: ACPS General Fund Balance

ACPS 2025 STRATEGIC PLAN GOAL:

Goal 4: Strategic Resource Allocation

SY 2021-2022 FOCUS AREA:

N/A

FY 2023 BUDGET PRIORITY:

All

SUMMARY:

The Alexandria City School Board shall maintain a minimum unrestricted Operating Fund balance of 3 percent of the current fiscal year’s original Operating Fund expenditure budget, with a maximum of 5 percent, exclusive of the amount reserved for encumbrances, calculated as of June 30 each fiscal year upon completion of the annual financial audit. Unrestricted fund balance consists of committed, assigned, and unassigned fund balances.

The Alexandria City School Board may utilize fund balance to support the Operating Budget each year. The amount used for this purpose may not exceed 2 percent of the Operating Fund expenditure budget. The Alexandria City School Board shall reserve available Operating Fund Balance for circumstances including, but not limited to, natural disasters and other unforeseen emergencies, significant unanticipated expenditures of a nonrecurring nature, and unforeseen governmental revenue shortfalls.

The commitment or assignment for School Board Reserves should be made during the annual budget process based on the availability of funds and may not exceed ½ percent of the upcoming Final Operating Budget.

BOARD BRIEF

As of June 30, 2021 ACPS General Fund Balance is as follows:

	June 30, 2021 Fund Balance
Assigned	\$ 1,995,995
*Non-Spendable	\$ 2,032,975
Committed (Appropriated Use in FY 2022)	\$ 5,114,452
Un-assigned	\$ 12,473,143
Total	\$ 21,616,565

(Annual Comprehensive Financial Report, Pg 46)

*Non-cash assets

ACPS has planned use of Fund Balance per policy DAB in both FY 2022 and FY 2023. The below chart illustrates the "Spendable" Fund Balance and its planned use.

Total Spendable Fund Balance	\$ 19,583,590
Committed (Appropriated Use in FY 2022)	\$ 5,114,452
Committed (Appropriated Use in FY 2023)	\$ 5,545,337
Assigned	\$ 1,995,995
Projected Remaining Fund Balance	\$ 6,927,806

BACKGROUND:

At the March 2, 2022 Joint Work Session of the ACPS School Board and the City of Alexandria City Council, the question was asked, how does ACPS utilize its General Fund Balance, and what would be described as a "rainy day"? Per School Board policy DAB, ACPS "Spendable" General Fund Balance is utilized to fund up to 2% of the Operating Budget annually as well as any carry-over encumbrances (Assigned Fund Balance). Remaining Fund Balance is reserved for, natural disasters and other unforeseen emergencies, significant unanticipated expenditures of a nonrecurring nature, and unforeseen governmental revenue shortfalls.

RECOMMENDATION: The Superintendent recommends that the School Board review the information on Fund Balance.

IMPACT:

N/A

ATTACHMENTS:

None

CONTACT: Dominic B. Turner, Dominic.Turner@acps.k12.va.us