

8-28-18

CECIL COUNTY PUBLIC SCHOOLS



Rationale and Use of Fund Balance

August 28, 2018

A Presentation to the Cecil County Council

Board Policy DFAA – Adopted July 2011

Why?

- As a result of Governmental Accounting Standards Board Statement 54 (June 2010)
- Fund Balance provides cash flow liquidity for general operations of which 85% is payroll
- Fund Balance = Assets – Liabilities
- Board Policy requires **not less than** five percent of the operating budget
- Payroll every other Friday of \$6 Million
- Staggered incoming revenue

Examples of How Fund Balance Has Been Used

In 2014 & 2015, our Fund Balance dipped below the five percent threshold.

Reasons for unforeseen expenditures, included:

- Revenue shortfalls
- Snow removal
- Utility costs
- School building emergencies (equipment failures)
- Annual healthcare variations

2018 Fund Balance (Excess of 5 Percent)

Fiscal 2018 Fund Balance Projection

8/20/2018

Fund Balance above 5% (FYE 6/30/18 unaudited)	\$7,421,672	
Operating Budget Commitment	(\$1,488,168)	To meet revenue shortfall FY19 operating Budget
Re appropriate FY18 project completion	<u>(\$1,398,865)</u>	FY18 projects carryover: 4 entrances, cameras, phones, bus loop
Remaining	\$4,534,639	
Total 14 entrances remaining	(\$1,876,875)	
Elementary school cameras (est)	<u>(\$1,000,000)</u>	
Remaining FY19	\$1,657,764	
Operating Budget Commitment (2x FY2019)	(\$2,976,336)	FY19 revenue shortfall recurring in 2020)
Below 5%	(\$1,318,572)	
Less: County additional Small Cap	<u>\$1,000,000</u>	
Below 5% w/County contribution	(\$318,572)	