

FAIRBANKS NORTH STAR BOROUGH BOARD OF EDUCATION

RESOLUTION 2017-05:

SUPPORT OF ORDINANCE NO. 2016-52 TO AMEND FNSBC 7.04.120 REGARDING THE ANNUAL LAPSE TO THE SCHOOL DISTRICT FACILITIES MAINTENANCE RESERVE

WHEREAS, our Alaska Constitution mandates the state provide an education system that offers all our children the opportunity to succeed in life; and

WHEREAS, education has always been a high priority of the Fairbanks North Star Borough community; and

WHEREAS, for every child in the Fairbanks North Star Borough to have the best possible opportunity to learn and to be competitive in the workplace, schools facilities must be maintained and repaired to provide safe, inviting learning environments; and

WHEREAS, the Fairbanks North Star Borough operates under Borough Code 7.04.120, Lapsing of Funds, whereby up to \$800,000 of FNSBSD unassigned year-end fund balance lapses to the Borough's School Facilities Maintenance Reserve fund annually; and

WHEREAS, the School District and Borough Assembly would like to work together to establish a mutually agreed upon method to revert part of the school district's annual lapse to its unassigned fund balance to be used to help fund the borough's established School District Facilities Maintenance Reserve; and

WHEREAS, the existing complicated calculation of what "budgetary basis is" can be interpreted, and therefore calculated, in different ways; and

WHEREAS, calculating the lapse based on the Generally Accepted Accounting Principles that are used in the school district's annual financial statements will simplify the calculation and the methodology can be replicated by both finance departments;

NOW, THEREFORE, BE IT RESOLVED, the Fairbanks North Star Borough Board of Education supports Ordinance No. 2016-52 by the Borough Assembly amending FNSBC 7.04.120 regarding the annual lapse to the school district facilities maintenance reserve.

Passed and Approved: September 20, 2016



Heidi Haas, President
Board of Education

ATTEST:



Sharon Tuttle
Executive Assistant to the Board of Education



By: Diane Hutchison
Kathryn Dodge
Introduced: September 8, 2016

FAIRBANKS NORTH STAR BOROUGH

ORDINANCE NO. 2016 - 52

AN ORDINANCE AMENDING FNSBC 7.04.120 REGARDING THE ANNUAL LAPSE
TO THE SCHOOL DISTRICT FACILITIES MAINTENANCE RESERVE

WHEREAS, The School District and the Assembly would like to work together to establish a mutually agreed upon method to revert part of the School District's annual lapse to its unassigned fund balance to be used to help fund the Borough's established School District Facilities Maintenance Reserve; and

WHEREAS, The existing complicated calculation of what "budgetary basis is" can be interpreted, and therefore calculated, in different ways; and

WHEREAS, Calculating the lapse based on the Generally Accepted Accounting Principles that are used in the School District's annual financial statements will simplify the calculation and the methodology can be replicated by both finance departments; and

WHEREAS, The School Board and the Assembly recognize the need to contribute to the School District Facilities Maintenance Reserve; and

WHEREAS, Contributing previously appropriated local contribution that lapses back to the School District unassigned fund balance helps save the taxpayer money rather than adding to the mill rate to contribute to the fund.

AMENDMENTS ARE SHOWN IN LEGISLATIVE FORMAT
Text to be *added* is underlined
Text to be *deleted* is [BRACKETED AND CAPITALIZED]

33 NOW, THEREFORE, BE IT ORDAINED by the Assembly of the Fairbanks
34 North Star Borough:

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36 Section 1. This ordinance is of a general and permanent nature and
37 shall be codified.

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39 Section 2. FNSBC 7.04.120(E) regarding lapsing of funds is hereby
40 amended as follows:

41
42 E. Notwithstanding other provisions of this section, the school district [MAY CARRY
43 OVER FROM ONE YEAR TO THE NEXT UNASSIGNED LOCAL APPROPRIATION
44 FUND BALANCES, NOT EXCEEDING SEVEN PERCENT OF THE LOCAL
45 CONTRIBUTION TO EDUCATION FOR THAT FISCAL YEAR. THE FIRST 28.5
46 PERCENT OF THE TOTAL ANNUAL LAPSE SHALL, TO THE EXTENT PERMITTED
47 BY LAW, LAPSE TO THE BOROUGH'S SCHOOL DISTRICT FACILITIES RESERVE
48 FUND FOR THE PURPOSE OF MAJOR MAINTENANCE, REPAIRS AND UPGRADES
49 OF BOROUGH SCHOOL DISTRICT FACILITIES. "ANNUAL LAPSE" IS DEFINED AS
50 THE NET CHANGE IN TOTAL GENERAL FUND FUND BALANCE, ON A
51 BUDGETARY BASIS; AFTER INCLUDING, AS REVENUE, THE CARRYOVER
52 AMOUNT ASSIGNED IN THE PRIOR YEAR TO BE USED FOR EXPENDITURES IN
53 THE CURRENT YEAR AND THE AMOUNT OF THE LAPSE TO THE RESERVE FUND
54 SHALL BE CAPPED, IF NECESSARY, SO THAT THE ANNUAL LAPSE TO THE
55 RESERVE FUND DOES NOT EXCEED \$800,000. THE SUPERINTENDENT OF
56 SCHOOLS SHALL ACCOUNT SEPARATELY FOR THE LOCAL FUNDS ON A PRO
57 RATA BASIS, BY APPLYING, TO THE JUNE 30TH UNASSIGNED FUND BALANCE,
58 THE PERCENTAGE OF THE LOCAL APPROPRIATION TO THE TOTAL ACTUAL
59 REVENUES IN THE SCHOOL DISTRICT'S GENERAL OPERATING FUND FOR THE
60 SAME FISCAL YEAR ENDING JUNE 30TH. TO THE EXTENT PERMITTED BY LAW,
61 THE CALCULATED LOCAL PORTION IN EXCESS OF THE SEVEN PERCENT

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Text to be *deleted* is [BRACKETED AND CAPITALIZED]

62 SHALL LAPSE TO THE BOROUGH'S SCHOOL DISTRICT FACILITIES
63 MAINTENANCE RESERVE FUND, EXCEPT FOR ANY OF THIS PORTION
64 FORMALLY DESIGNATED BY THE SCHOOL BOARD TO BE USED FOR
65 EXPENDITURES IN THE IMMEDIATELY SUBSEQUENT FISCAL YEAR. THE
66 CARRYOVER AMOUNT FORMALLY DESIGNATED BY THE SCHOOL BOARD TO BE
67 USED FOR EXPENDITURES IN THE IMMEDIATELY SUBSEQUENT FISCAL YEAR
68 SHALL BE SHOWN AS LOCAL REVENUES FROM THE BOROUGH IN THAT
69 FOLLOWING YEAR'S BUDGET. ANY LAPSE TO THE BOROUGH SHALL BE
70 ACCOUNTED FOR SEPARATELY BY THE SCHOOL DISTRICT AND SHALL NOT BE
71 NETTED WITH THE LOCAL AMOUNT APPROPRIATED BY THE ASSEMBLY] shall
72 revert to the Borough's School District Facilities Maintenance Reserve Fund the first 25
73 percent of the total increase in unassigned general fund fund balance as calculated on a
74 fund-level GAAP Basis (Generally Accepted Accounting Principles) not to exceed
75 \$800,000. The calculation of the amount to revert shall be based upon the final
76 unassigned general fund fund balance amount as of June 30th of each fiscal year
77 subject to audit.

78

79 Section 3. Effective Date. This ordinance shall be effective at 5:00 p.m.
80 of the first Borough business day following its adoption.

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82 PASSED AND APPROVED THIS _____ DAY OF _____, 2016.

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John Davies
Presiding Officer

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89 ATTEST:

APPROVED:

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93 _____
Nanci Ashford-Bingham, MMC
94 Borough Clerk



Jill S. Dolan
Borough Attorney

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