



CITY OF FALLS CHURCH

INTEROFFICE MEMORANDUM

DATE: April 24, 2009
TO: F. Wyatt Shields, City Manager
FROM: John H. Tuohy, CFO
SUBJECT: School Fund Balance

At the Council worksession on April 23 a question came up as to the availability of School Fund Balance. The following table outlines the activity and projected ending FY2010 School fund balance:

Balance at 7/1/2008	2,027,338
Budgeted use, FY2009	(890,000)
FY2009 budget adjustment	(371,000)
Projected YE surplus	500,000
Projected @6/30/2009	<u>1,266,338</u>
Budgeted use, FY2010	<u>(1,100,000)</u>
Projected @ 6/30/2010	<u>166,338</u>

The School Board and School staff project that the elements that have historically contributed to the fund balance (employee turnover, unused contingency funds and higher than projected revenues) are likely to produce little, if any, surplus for FY2010. Given the current environment, their projections should be considered very reliable.

Therefore, additional School fund balance is not available for use in FY2009 or 2010. The projection for FY2011 is that approximately \$200,000 in fund balance will be available for use and resources equivalent to \$900,000 will have to be identified to replace use of fund balance in the School Division's base budget.