

RIVER ROAD INDEPENDENT SCHOOL DISTRICT
BOARD OF EDUCATION
AMARILLO, TEXAS

Subject: Fund Balance Commitment

Date: Monday, June 11, 2012

Presented By: Mike Hodgson,
Business Manager

Related Page(s): This page +3

ACTION

BACKGROUND INFORMATION:

On June 13, 2011 the Board passed a resolution committing portions of the district's Fund Balance in accordance with the recently passed GASB 54. A summary of the various elements of the District's Fund Balance "pre" and "post" GASB 54 is attached.

It is recommended that the board make the same commitment of the district's Fund Balance that we did last year and the attached resolution does so, Committing \$500,000 for Future Capital Replacement expenditures and \$500,000 for Major Maintenance expenditures.

PRESENTATION/PURPOSE:

This is the presentation a resolution continuing the Fund Balance Policies required by GASB 54 that the Board adopted last year.

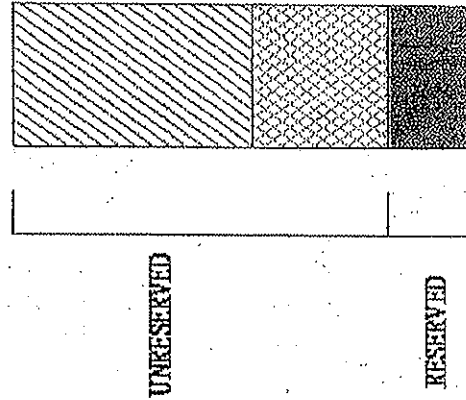
BOARD ACTION REQUESTED

To approve the attached resolution committing fund balances in accordance with GASB 54.

GASB 54 Fund Balance

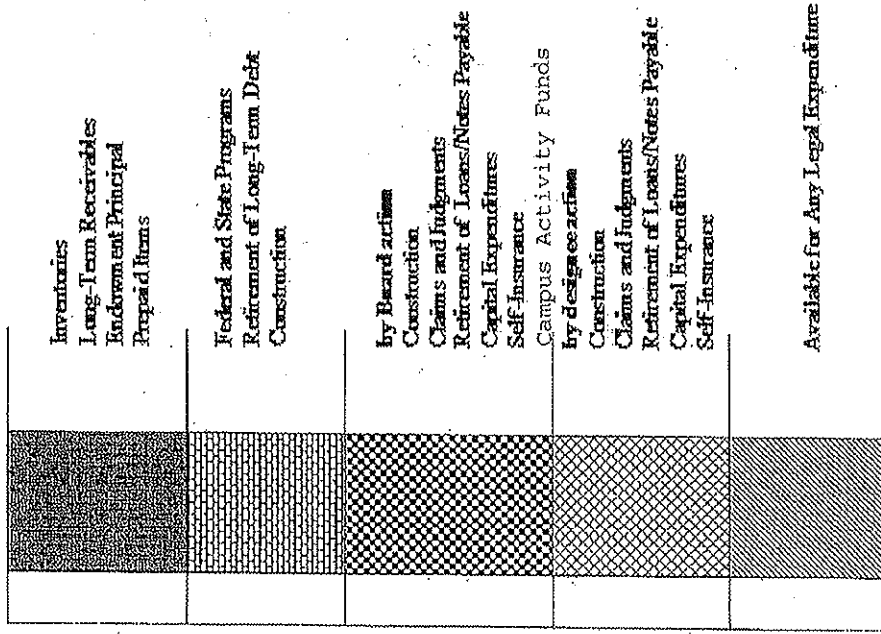
Pre GASB 54

Elements of Fund Balance



- Undesignated Unreserved
- Available for Any Legal Expenditure
- Designated Unreserved
- Construction
- Repairs
- Capital Expenditures
- Claims and Judgments
- Self Insurance - Contingencies
- Reserved
- Self Insurance - Known Liability
- Inventories
- Prepaid Items
- Long-Term Receivables
- Retirement of Funded Indebtedness
- Outstanding Encumbrances
- Construction
- Federal and State Programs

Post GASB 54



- NONSPENDABLE**
- RESTRICTED**
- COMMITTED**
- ASSIGNED**
- UNASSIGNED**

- Inventories
- Long-Term Receivables
- Encumbrance Principal
- Prepaid Items
- Federal and State Programs
- Retirement of Long-Term Debt
- Construction
- by Board action
- Construction
- Claims and Judgments
- Retirement of Loans/Notes Payable
- Capital Expenditures
- Self Insurance
- Campus Activity Funds
- by designee action
- Construction
- Claims and Judgments
- Retirement of Loans/Notes Payable
- Capital Expenditures
- Self Insurance
- Available for Any Legal Expenditure

Note: The specific categories of designations and reservations indicated above are not all-inclusive.

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River Road Independent School District
Resolution of the River Road Independent School District Board of Trustees
Continuation of Fund Balance Policies as required by GASB 54

WHEREAS, the Governmental Accounting Standards Board ("GASB") has adopted Statement 54 ("GASB 54"), a new standard for governmental fund balance reporting and governmental fund type definitions that became effective in governmental fiscal years starting after June 15, 2010, and

WHEREAS, the River Road Independent School District ("RRISD") elects to implement GASB 54 requirements, and to apply such requirements to its financial statements beginning with the July 1, 2011 - June 30, 2012 fiscal year; and

NOW THEREFORE BE IT RESOLVED THAT the River Road Independent School District hereby wished to continue the following policy which it adopted last year:

FUND BALANCE POLICY

Fund balance measures the net financial resources available to finance expenditures of future periods.

The District's Unassigned General Fund Balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Unassigned General Fund Balance may only be appropriated by resolution of the Board of Trustees.

Fund Balance of the District may be committed for a specific source by formal action of the RRISD Board of Trustees. Amendments or modifications of the committed fund balance must also be approved by formal action of the RRISD Board of Trustees.

When it is appropriate for fund balance to be assigned, the Board delegates such authority to the Superintendent or the Business Manager.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

NOW THEREFORE BE IT RESOLVED that RRISD Board of Trustees commits the following portions of its July 1, 2012, General Fund Balance, as follows:

\$500,000 is committed for future Capital Replacement expenditures.

\$500,000 is committed for Major Maintenance expenditures.

BE IT RESOLVED that the River Road ISD Board of Trustees commits the total fund balance of Campus Activity Funds reported in the Special Revenue Fund.

AND BE IT RESOLVED that the River Road ISD's financial goal is to have a sufficient balance in the operating fund with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The District shall strive to maintain a yearly fund balance in the general operating fund in which the total fund balance is 33 percent of the total operating expenditures and the Unassigned fund balance is 20 percent of the total operating expenditures.

The above Resolution is adopted this 11th day of June, 2012.

Board President

Board Secretary