

RIVER ROAD INDEPENDENT SCHOOL DISTRICT
BOARD OF EDUCATION
AMARILLO, TEXAS

Subject: Fund Balance Clarification

Date: Monday, July 9, 2012

Presented By: Mike Hodgson,
Business Manager

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ACTION

BACKGROUND INFORMATION:

On June 11, 2012 the Board passed a resolution committing portions of the district's Fund Balance in accordance with the recently passed GASB 54.

In reviewing that resolution with our Auditor, he has requested that the Board provide clarification and additional specificity as to exactly what was being committed, what was being carried forward from previous years, and what the committed funds could be used for. The information in *italics* in the attached resolution provides that clarification and specificity.

PRESENTATION/PURPOSE:

This is the presentation a resolution clarifying the Fund Balance Resolution that the Board adopted at the June 11, 2012 meeting.

BOARD ACTION REQUESTED

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

**River Road Independent School District
Clarification of 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

WHEREAS, the River Road Independent School District passed a resolution committing portions of its fund balance at the June 11, 2012 school board meeting, but that resolution lacked sufficient clarity and specificity, requiring this resolution to provide the necessary clarification and specificity; 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 AND CLARIFIED (in italics) that RRISD Board of Trustees commits portions of its July 1, 2012, General Fund Balance, as follows:

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

This is a commitment of an additional \$140,000 beyond what is listed in the June 30, 2011 Balance Sheet. The Capital Equipment that these funds can be used for would be for the purchase of school buses and/or technology equipment.

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

The June 30, 2011 Balance Sheet amount of \$1,090,000 is to be used for the athletic field project. Whatever portion of that amount that is not used by June 30, 2012 should carry forward and be used for that purpose until the project is completed and the commitment is fully spent. The \$500,000 commitment mentioned here is an additional commitment of funds and is to be used for either HVAC upgrades at any of the district's four campuses or for renovation projects at Rolling Hills Elementary and/or Willow Vista Intermediate that would reconstruct the entrance of either or both schools so as to improve the safety of the buildings.

In the July 2011 Balance Sheet there is also an assigned amount of \$150,000 listed as "other assigned balances" which was originally set up to be used to pay for the costs of possible institutional placements of special education students. Discussions with the Special Education Director indicate that this amount is excessive and that only \$75,000 needs to be assigned for this purpose, allowing for the remaining \$75,000 to be unassigned.

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 9th day of July, 2012.

Board President

Board Secretary