



Board of School Trustees
Era Independent School District

**Resolution Designating Capital Projects Fund
In Accordance with GASB 54**

DATE: July 23, 2024

ACTION

BACKGROUND:

The Governmental Accounting Standards Board (GASB) released Statement 54 – “Fund Balance Reporting and Governmental Fund Type Definitions” on March 11, 2009 which became effective for the fiscal year ending August 31, 2011. This Statement was intended to improve the usefulness of the amount reported in fund balance by providing more structured classification. GASB 54 applies to fund balances reported in the General Fund, Special Revenue Fund, Debt Service Fund, Capital Projects Fund and Permanent Fund. This Statement does not apply to Enterprise Funds, Internal Service Funds, and extremely restricted reserves.

The hierarchy of the GASB 54 classifications is as follows:

- Non-Spendable Fund balance includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually (principal endowment) (e.g. inventory, pre-paid items, permanent scholarships).
- Restricted Fund Balance includes amounts constrained for a specific purpose by external parties (e.g. Debt Service, Capital Projects, State and Federal Grant Funds).
- Committed Fund Balance includes amounts constrained for a specific purpose by a government using its highest level of decision making authority (e.g. Major Maintenance, Capital Replacement Reserve, Land, Hail Reserve, and Campus Activity Funds).
- Assigned Fund Balance includes general fund amounts constrained for a specific purpose by a governing board or by an official that has been delegated authority to assign amounts.
- Unassigned Fund Balance is the residual classification for the general fund.

Previously, the Board designated certain commitments to the General Fund fund balance. That resolution is being amended by this current Resolution to modify the amounts committed. The new commitments being recommended are as follows:

Purpose	Capital Projects Fund July 1, 2023	Capital Projects Fund Bal July 2024
Ag shop, HS restrooms, Elem awnings	\$600,000	\$241,420
Misc Construction Projects, Furniture, Fixtures, Vehicles, and Equipment	-0-	\$241,420

The amount committed for Ag Shop, HS restrooms, and Elementary awnings was placed last year. The amount designated last year in the amount of \$600,000 was used for the purposes intended and the remaining balance of \$241,420 is being transferred to Miscellaneous Construction projects, Furniture, Fixtures, Vehicles, and Equipment in the capital projects fund.

GASB 54 requires that the purpose for commitments be approved by the Board. Once the commitment is expended, it is removed. The amounts may be adjusted as necessary provided the Board has approved the purpose.

CONSIDERATIONS:

Adopt this Resolution modifying the commitments to General Fund fund balance in compliance with GASB 54

RECOMMENDATION:

The Superintendent recommends approval of this Resolution amending the balance in the Capital Projects Account in accordance with GASB 54.

The above Resolution is adopted this 23rd day of July, 2024.

Board President

Board Secretary