



Board Action Required

No Action Required

Date: August 18, 2011

To: CISD Board of Trustees

From: Kelly Penny

CC: Dr. Jeff Turner, Sid Grant

RE: Consideration of Committing Fund Balance under Governmental Accounting Standards Board (GASB) Statement No. 54

To ensure responsible fiscal management and financial integrity, the Board of Trustees adopted a Fund Balance Resolution in October 2010 Designating \$3M of the General Fund fund balance for potential litigation, land development, and equipment replacement. To adhere to the new Governmental Accounting Standards Board Statement No. 54 (GASB 54) the Board of Trustees must now take action to Commit Fund Balance for these and any other defined purposes for the 2010-2011 financial statements.

Based upon the new reporting guidelines, board action will be required to constrain resources for potential litigation, land development, equipment replacement and residential set-aside. However, the specific amount will be determined in the subsequent period, as allowed by GASB 54.

Background: The Governmental Accounting Standards Board (GASB) issued Statement No. 54 to improve the reporting of fund balance, a hierarchy of fund balance classifications has been created based primarily on the extent to which governments are bound by constraints on resources reported in the funds. This approach is intended to provide users more consistent and understandable information about a fund's net resources. The Board of Trustees adopted policies in August 2010 to adhere to GASB 54 guidelines.

Classification of Committed Fund Balance as Defined by GASB

- Amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources.
- Action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period.