



ALEDO ISD BOARD MEETING TEMPLATE

MEETING DATE: August 15th, 2011

AGENDA ITEM: *Consideration of Resolution Approving Adoption of GASB 54 Standards and Applications*

PRESENTER: Earl Husfeld

ALIGNS TO BOARD GOAL(S):

6. *Provide resources and facilities consistent with the growth of the District.*

BACKGROUND INFORMATION:

- The Governmental Accounting Standards Board (GASB) released Statement 54 - "Fund Balance Reporting and Governmental Fund Type Definitions" on March 11, 2009, which is effective for fiscal year ending August 31, 2011.
- This Statement is intended to improve the usefulness of the amount reported in fund balance by providing more structured classification.
- This Statement applies to fund balance reported in the General Fund, Special Revenue Fund, Debt Service Fund, and Capital Projects Fund. This Statement does not apply to Enterprise Funds, Internal Service Funds, and externally restricted reserves.
- Currently, fund balance is classified as "reserved" or "unreserved." Unreserved fund balance may be further allocated into designated and undesignated.
- GASB 54 will change how fund balance is reported. The hierarchy of five possible classifications is as follows:
 - **Nonspendable Fund Balance** includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually.
 - **Restricted Fund Balance** includes amounts constrained for a specific purpose by external parties (e.g. Debt Service, Capital Projects, and 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.
- Government entities will be required to disclose more information in the notes to financial statements about amounts reported in fund balance.

ADMINISTRATIVE CONSIDERATIONS:

- In order for the District to be compliant with GASB 54 standards and applications, the Board of Trustees must adopt a resolution outlining the District's Fund Balance Policy.
- The Resolution Approving Adoption of GASB 54 Standards and Applications is attached for your review and consideration.

FISCAL NOTE:

None

ADMINISTRATIVE RECOMMENDATION:

The Administration recommends the Board of Trustees approve the Resolution Approving Adoption of GASB 54 Standards and Applications, effective August 15th, 2011.

RESOLUTION APPROVING ADOPTION OF GASB 54 STANDARDS AND APPLICATIONS

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 Board of Trustees elects to implement GASB 54 requirements, and to apply such requirements to its financial statements beginning with the current September 1, 2010 – August 31, 2011 fiscal year;

NOW, THEREFORE, BE IT RESOLVED THE BOARD OF TRUSTEES OF THE ALEDO INDEPENDENT SCHOOL DISTRICT ADOPTS THE FOLLOWING POLICY:

FUND BALANCE POLICY

Fund balance shall mean the gross difference between governmental fund assets and liabilities reflected on the balance sheet.

The District shall report governmental fund balances per GASB 54 definitions in the balance sheet as follows:

- Nonspendable
- Restricted
- Committed
- Assigned
- Unassigned

The District’s Unassigned General Fund Balance is an important measure of economic stability. It is the Board’s intent to maintain adequate levels of Unassigned General Fund Balance to provide cash flow liquidity for the District’s general operations and mitigate financial risk that may occur from revenue fluctuations, unanticipated expenditures, and similar circumstances.

The Board shall approve all commitments by formal action. The action to commit funds must occur prior to fiscal year-end to report such commitments in the balance sheet of the respective period, even though the amount may be determined subsequent to fiscal year-end. A commitment can only be modified or removed by the same formal action.

When it is appropriate for fund balance to be assigned, the Board delegates the responsibility to assign funds to the Superintendent and Chief Financial Officer. Assignments of fund balance may occur subsequent to fiscal year-end.

The Board resolves that all Special Revenue Funds which receive funds from a grantor agency at the federal, state, or local level, and hence are constrained to spend those funds on a specific purpose as dictated by the grantor agency, will report restricted fund

balance for those Special Revenue Funds based on the definition described within this policy.

The District commits the fund balance of the following Special Revenue Funds:

- Campus Activity Funds – Funds generated at the campuses and accounted for in the campus activity special revenue funds are committed to the respective campus.
- Child Nutrition Funds – Funds generated by the child nutrition department and accounted for in the child nutrition special revenue fund is committed to child nutrition.

When multiple categories of fund balance are available for expenditure, the District will utilize funds in the following spending order:

- Restricted
- Committed
- Assigned
- Unassigned

Section 1. Open Meeting. It is hereby officially found and determined the meeting at which this Policy was adopted was open to the public, and public notice of the time, place, and purpose of the meeting was given, all as required by the Texas Open Meetings Act.

Section 2. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

ADOPTED AND APPROVED BY THE BOARD OF TRUSTEES OF THE ALEDO INDEPENDENT SCHOOL DISTRICT, THIS THE 15TH DAY OF AUGUST 2011.

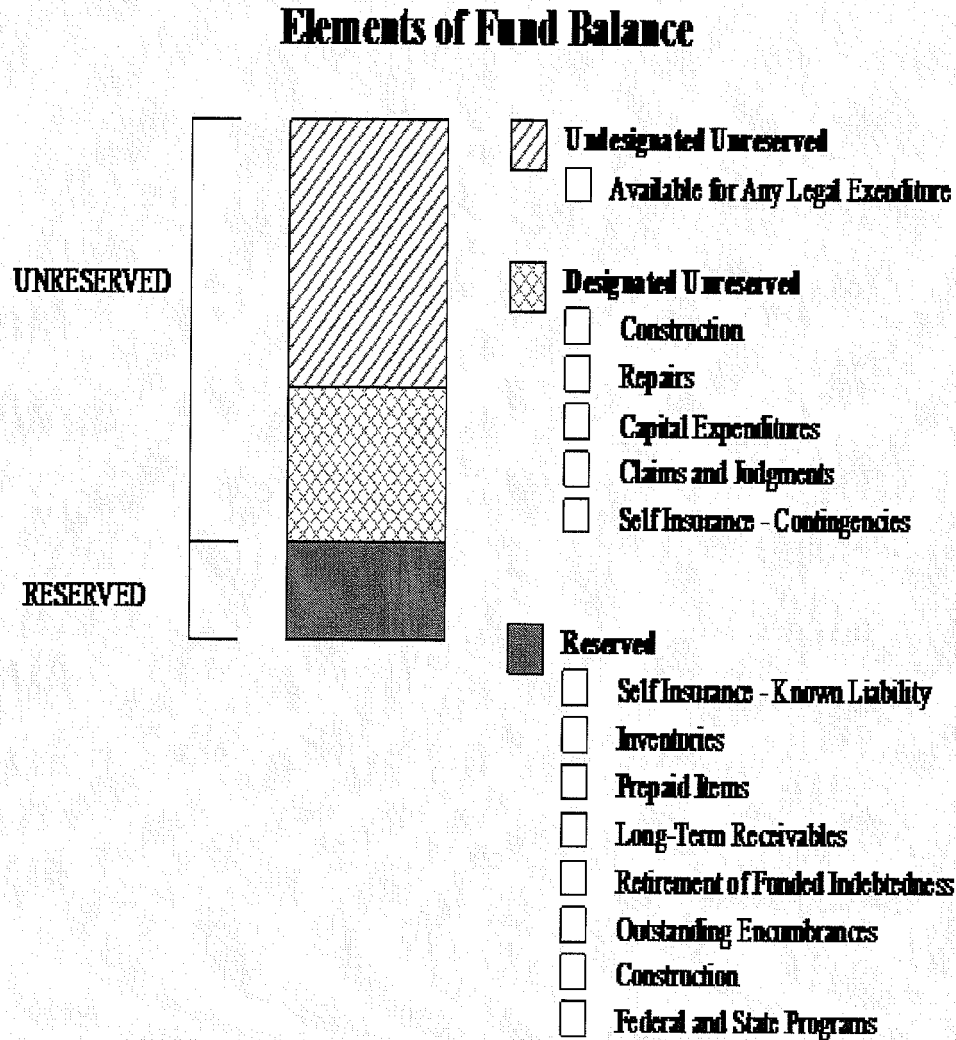
President, Board of Trustees
Aledo Independent School District

ATTEST:

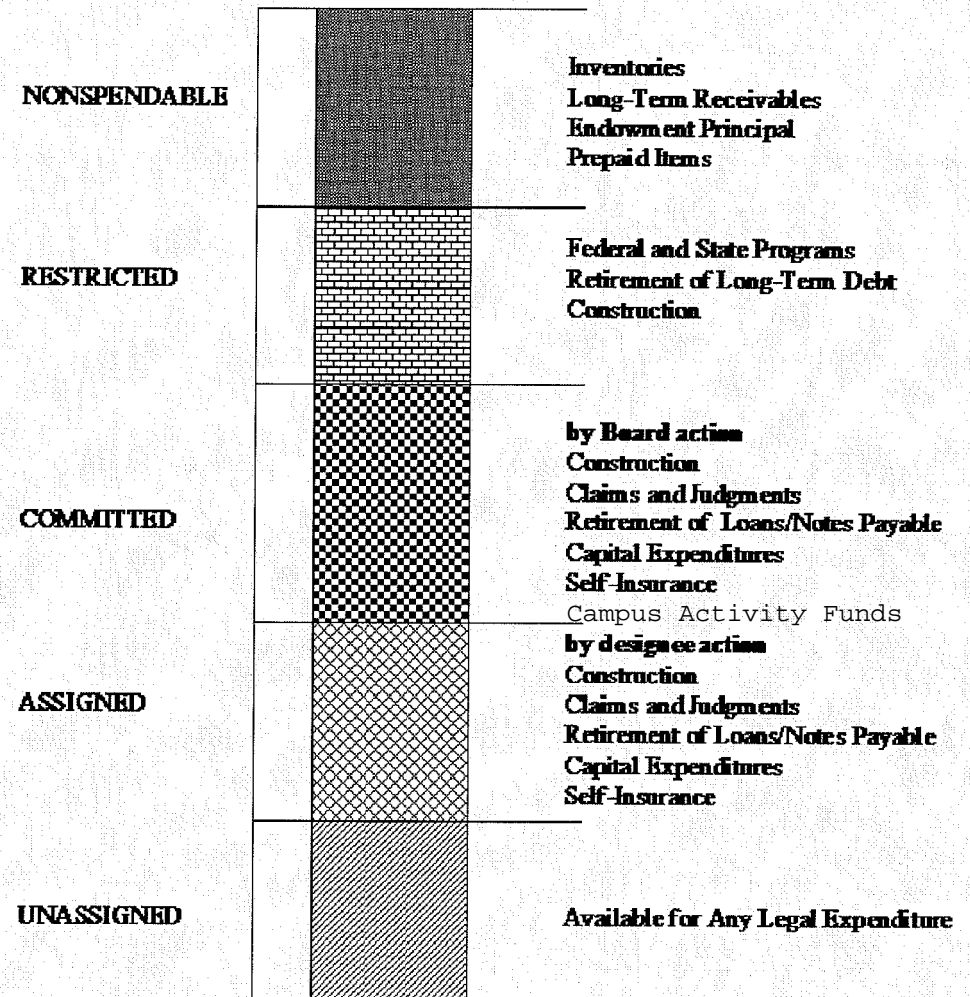
Secretary, Board of Trustees
Aledo Independent School District

GASB 54 Fund Balance

Pre GASB 54



Post GASB 54



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

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