

WILLOWS UNIFIED SCHOOL DISTRICT
Office of the Superintendent

Date: 03/30/11

Request For Placement on Board Agenda:

AGENDA TOPIC: Implementation of GASB 54 (Fund Balance Reporting & Governmental Fund Type Definitions)

PRESENTER: Betty Skala, Director of Business Services

Background Information:

The objective of GASB 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classification that can be more consistently applied and by clarifying the existing governmental fund type definitions.

Included in this agenda packet is the letter from our CPA, Christy White outlining the steps we need to take to be in compliance by the end of this fiscal year. Those steps include the closing of Fund 17 (Special Reserve) and Fund 20 (Post Retirement), both rolled into Fund 01 (General Fund), along with a resolution to commit funds for specific purpose if the Board should so desire and can only be uncommitted by Board resolution, and establish fund balance policy adopted by the board.

This resolution defines GASB 54 fund balance components, delegate's authority to Superintendent and/or their designee regarding designating uses of assigned funds, and the Board's fund balance policy with no committed funds for specific purpose.

Recommendations:

Board review the draft resolution and provide direction as to its content for approval at the next board meeting May 12, 2011.

Secondly, approve the closure of special reserve funds 17 and 20 to be rolled into general fund before June 30, 2011.

WILLOWS UNIFIED SCHOOL DISTRICT

RESOLUTION NO. 2010-11 - __

**RESOLUTION FOR THE CLASSIFICATION OF
FUND BALANCES IN GOVERNEMENTAL FUNDS**

ON MOTION of Member _____, seconded by Member _____, the following resolution is hereby adopted:

WHEREAS, the governing board of Willows Unified School District will adhere to the reporting requirements as set forth by Governmental Accounting Standards Board (GASB) Statement 54 Fund Reporting and Governmental Fund Type Definitions; and

WHEREAS, the District will categorize according to the following components: Nonspendable (including but not limited to, inventory, prepaid), Restricted (external restrictions), Committed (imposed by resolution), Assigned (general intent for specific use) and Unassigned (residual); and

WHEREAS, the governing board further delegates authorization to the Superintendent and/or their designate to identify intended uses of assigned funds; and

WHEREAS, the governing board further establishes the order in which fund balances will be spent when multiple fund balance types are available for a specific purpose, committed, assigned, and lastly unassigned; and

WHEREAS, the governing board is committed to maintain a prudent level of financial resources to protect against the need to reduce services levels because of temporary revenue shortfalls or unpredicted expenditures. The District's minimum fund balance policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than two months of general fund operating expenditure, or three (3) percent of General Fund expenditures and other financing uses;

NOW THEREFORE, BE IT RESOLVED that the Governing Board of the Willows Unified School District, in accordance with the provisions of GASB 54 adopts the following authorization for fiscal year 2010-2011 to comply with the categorization of fund balance as prescribed by GASB Statement 54 as approved by the Superintendent or their designee:

PASSED AND ADOPTED by the Governing Board on _____ 20 __, by the following vote:

AYES:

NOES:

ABSENT:

STATE OF CALIFORNIA

COUNTY OF GLENN

I, _____, Clerk of the Governing Board, do hereby certify that the foregoing is a full, true, and correct copy of a resolution passed and adopted by the Board at a regularly called and conducted meeting held on said date.

WITNESSED my hand this _____ day of _____,
20_____.

Clerk of the Governing Board

Betty Skala

From: Christy White [cwhite@cwacpa.com]
Sent: Wednesday, February 16, 2011 9:04 AM
To: Robert Coghlan; 'Randy Cooper'; Kathy Worthley; Michelle Moore; cpruett@glenncoe.org; 'Cindy Nunes'; Debby Beymer; Sandy Benamati; Betty Skala; Teresa Sidrian
Cc: Diane Bennett
Subject: GASB 54 Implementation Advice
Attachments: GASB 54 Practical Implementation.docx

Importance: High

Dear CWA Client, effective this year school districts will need to implement GASB 54, which provides new fund balance and special revenue fund definitions. The CDE published an informative advisory dated January 7, 2011 which I encourage you to read. In addition, attached is an article we are publishing on the topic which provides some practical implementation advice. Of particular importance are the ten action items listed below. I strongly encourage you to consider these steps prior to June 30th in order to avoid potential audit adjustments and ensure your board, unions and public understand the change. I also encourage you to please give me a call to discuss how GASB 54 will impact your district specifically and to brainstorm ideas to meet the requirements of GASB 54 while preserving fiscal stability policies of the district. You can reach me at 619-270-8222 or email to setup a conference call or meeting. Thank you! Christy

CWA's Suggested Ten GASB 54 Action Items To Take Now!

1. Pass board resolution(s), as desired, to *commit* portions of fund balance by June 30th. Note: specific amounts are not needed for the resolution but the nature of the commitment must be identified. Also to "un-commit" the funds a formal resolution is also needed by June 30th.
2. Pass board resolution(s) to *commit* fund balances in Fund 11, Adult Education Fund, and Fund 14, Deferred Maintenance Fund, if in use. Commitment is needed since the current flexibility provisions make the funds *unassigned* by nature.
3. Make decisions (which may include board action) to *assign* portions of fund balance prior to submittal of the unaudited actuals.
4. Take action to close Fund 17, Special Reserve for Other Than Capital Outlay Fund, and Fund 20, Special Reserve for Other Post-employment Benefits (OPEB) Fund, and/or be prepared to combine with the General Fund for financial statement purposes. Note: other options for funds set-aside in Fund 20 might include: (1) assigning fund balance in the General Fund for OPEB; (2) moving funds into a self-insurance fund; and, (3) creating a retiree trust fund.
5. Develop a minimum fund balance policy and have it adopted by the board.
6. Prepare footnote disclosures (or work with auditors) on: (1) the district's policy for the authority and actions needed to commit and assign fund balance; (2) the order in which restricted, committed, assigned and unassigned fund balances are to be spent; (3) the minimum fund balance policy; and, (4) if applicable, the stabilization agreement.
7. Consider creating a stabilization arrangement but realize that these funds must be committed by formal board action and expenditures can only be made for specific and non-routine purposes.
8. Use the new SACS object codes and refer to the crosswalk in CDE's advisory dated January 7, 2011.
9. Communicate with the board, management, labor unions and other interested parties the new definitions of fund balance and uses of special revenue funds.
10. Avoid audit adjustments or findings by working through the steps listed above and communicating with your auditor (us ☺).

christywhite

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