

## Fund Balance Reporting

### I. Background

The Governmental Accounting Standards Board adopted Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, that became effective for governmental fiscal years starting after June 15, 2010. GASB 54 establishes a new hierarchy of fund balance classification and clarifies the definitions of existing governmental fund types.

### II. Purpose

This policy is established to address the implications of GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

### III. Components of Fund Balance

Fund balance is the difference between the assets and liabilities reported in a governmental fund. The following five fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

- j Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- j Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- j Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- j Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; for all funds except the general fund, assigned fund balance is the residual fund balance classification;
- j Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

### IV. Committed Fund Balance

The School Board is the School Division's highest level of decision-making authority and formal action is required by the School Board to establish, modify, or rescind a fund balance commitment. This action must be taken prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

V. Assigned Fund Balance

The School Board has designated the School Division's Director of Budget and Finance as the official authorized to assign fund balance to a specific purpose as approved by this fund balance policy and School Board Policy DAA, Use of Year End Balance in the School Operating Fund.

VI. Resource Flow

When fund balance resources are available for a specific purpose in more than one classification, it is the School Division's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Approved: September 19, 2011