

## **FUND BALANCE AND GOVERNMENTAL FUND TYPE DEFINITIONS**

In as much as GASB 54 establishes accounting and financial reporting standards for all governments that report governmental funds requires the district to disclose certain requirements, the District identifies the following as District operating policy.

The fund balance identified as “committed fund balance” will be determined by the Board of Directors and will require formal board action. An identified committed fund balance should be for a specific purpose pursuant to constraints imposed by the formal action of the Board of Directors. The Board of Directors will take an action to “commit” a fund balance prior to year-end (June 30<sup>th</sup>) of the year the original committed amount is determined. The exact amount of the committed balance may be determined after the year-end; however, in compliance with GASB 54 the intended committed purpose must be identified, prior to year-end (June30).

In the event that a committed fund balance is identified subsequent to year-end (June 30), the amount will be reflected on the balance sheet as assigned for that year.

The committed amounts cannot be used for any other purpose unless the Board of Education at a public meeting by formal action makes changes or rescind the committed balance.

The Board of Directors authorizes the Business Manager/Board Secretary to assign amounts to a specific purpose in compliance with GASB 54. An assigned Fund Balance should be reported for constraints by the District’s intent to be used for specific purpose, but are not restricted or committed.

In accordance with the GASB 54 the District identifies that when an expenditure is incurred, it is applied to the highest level of classification of the fund balance and the subsequently applied to honor constraints on the specific purposes for which amounts in those fund balances can be spent.

LEGAL REFERENCE: Governmental Accounting Standards Board Statement 54

DATE OF ADOPTION: October 15, 2012