

POLICY

BOARD OF EDUCATION OF ANNE ARUNDEL COUNTY

Related Entries: DB, DBK-RA

Responsible Office: FINANCIAL OPERATIONS

CLASSIFICATION OF FUND BALANCES

A. PURPOSE

This fund balance policy provides authority, guidance, and limitations for determining classification and limitations on the use of the Board's Fund Balances.

B. ISSUE

Accounting promulgations (GASB 54) issued by the Governmental Accounting Standards Board require that a government's fund balances, as reported in the annual financial reports, be categorized according to the constraints placed on the use of the resources that created the fund balance.

C. POSITION

1. Fund balances are designated into two general categories; non-spendable and spendable.
2. A non-spendable fund balance is not available for the payment of obligations.
3. Spendable amounts are those available for use but are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent, restricted, committed, assigned, and unassigned.
4. Restricted Fund balances – These balances can only be restricted by limitations on resources established from outside parties, including grantors, contributors, creditors, or other governments.
5. Committed fund balances – The Board retains the authority to take action to commit for specific purposes resources which comprise unused fund balances and to change or rescind such commitments. The Board's approval of the establishment of a separate fund for the accumulation of certain resources constitutes a commitment of such resources. Alternatively, funds may be committed to satisfy obligations of the Board to external entities.
6. Assigned fund balances – The Board delegates authority to the Superintendent, or his/her designee, for establishment of separate funds and determination of the

appropriate assignments of resources comprising the fund balances and to change or rescind such assignments.

7. Unassigned fund balances – The balances represent any residual amounts not subject to the constraints discussed above, as of the date of the financial statements.

D. IMPLEMENTATION

The Superintendent is authorized to develop regulations to implement this policy.

Policy History: adopted 06/03/15

Note previous policy history: None.