

Fund Balance Expenditure Policy

1. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first.
2. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions
3. The District's financial statements for governmental funds may report up to five components of fund balance.
 - a. **Non-spendable fund balance** includes assets that will never convert to cash (e.g., prepaid items, inventories), assets that will not convert to cash soon enough to affect the current period and resources that must be maintained intact pursuant to legal or contractual requirements.
 - b. **Restricted fund balance** is used to describe the portion of fund balance that reflects resources that are subject to externally enforceable legal restrictions. Such restrictions typically are imposed by parties altogether outside the District.
 - c. **Committed fund balance** describes the portion of fund balance that represents resources whose use is constrained by limitations that the District imposes upon itself at the Board of Education level and that remain binding unless removed in the same.
 - d. **Assigned fund balance** is the portion of the fund balance that reflects the District's intended use of resources as determined by the Board of Education, Superintendent or District Finance Director. Amounts in excess of non-spendable, restricted, and committed fund balance in funds other than the General Fund are reported as assigned.
 - e. **Unassigned fund balance** - The General Fund, as the principal operating fund of the District, has net resources in excess of what can properly be classified in one of the four categories already described. This surplus is presented as **unassigned fund balance**.

Legal Ref: GASB Statement 54
Adopted: July 15, 2011