

FUND BALANCE POLICY IN ACCORDANCE WITH GASB STATEMENT NO. 54

The Governmental Accounting Standards Board (“GASB”) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). The objective of GASB Statement 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied.

Fund balance classifications, in accordance with accounting standards issued by the GASB, will be reported by the District according to the following classifications, beginning with the most binding restraints:

Non-spendable – consists of assets that are inherently non-spendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

Restricted – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. Because the State regulates the establishment, funding and use of school district reserves, generally reserves will be classified as restricted fund balance.

Committed – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government’s highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The New York State Office of the State Comptroller at the present time believes that in New York State school districts will not have any committed fund balance.

Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the Board or by its designated official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance generally includes encumbrances and appropriated fund balance.

Unassigned – represents the residual classification for the government’s general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Adequate Fund Balance Maintenance

Fund Balance measures the net financial resources available to the District to finance expenditures within current or future periods. The Board of Education recognizes the maintenance of an appropriate level of Fund Balance is essential to the preservation of the

financial integrity of the District. The District's Unassigned General Fund Balance will be maintained to provide the District with financial stability and a margin of safety to fund unanticipated contingent expenditures that may occur during the fiscal year.

Prioritization of Fund Balance Utilization

Circumstances may arise where expenditures are incurred for a purpose for which amounts are available in multiple fund balance classifications. The Board of Education shall delegate to the Superintendent of Schools the authority to assess the current financial condition of the District and recommend to the Board of Education the order of the expenditure of funds, on an annual basis.

Authority to Assign Fund Balance

The Board of Education shall delegate to the Superintendent of Schools the authority to recommend for approval assignments and/or transfers of any portion of Fund Balance for specific purposes. Such assignments and/or transfers shall not exceed the available Fund Balance in any particular fund.

The Board of Education shall delegate the authority to assign fund balance, for encumbrance purposes to the Purchasing Agent.

Effective Date: January 7, 2014