

## Management of Fund Balances and Capital Reserves

The Board of Trustees for Platte County School District # 2 recognizes the District uses and maintains diverse funds with assorted requirements on balances of cash, investments and other asset and liability accounts. Additionally Governmental Accounting Standards Board (GASB) # 54 has increased the reporting requirement on fund balances for financial statement purposes. Since fund balance reporting has a direct influence on State funding; it is the intention of the Board of Trustees to clarify how fund balances will be reported. Platte County School District # 2 will use the fund balances definitions in GASB 54 for financial reporting for all governmental fund types. The classifications are intended to depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund could include any combination of these classifications.

### Non-spendable Fund Balances:

These fund balances are the net balance of assets and liabilities that are held legally, contractually or in a "not in spendable form." This includes all legally or contractually restricted balances as well as prepaid, inventory and other items considered "not in spendable form,"

### Restricted Fund Balances:

These fund balances are the net balance of assets and liabilities that have provisions that are externally imposed. These are grants or other funds that are restricted by the debt covenants, grantor, contributor, or by laws or regulations of external governments. In general these include a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the grant, debt covenant or by law.

### Committed Fund Balance:

Committed Fund Balances are those imposed by a formal action taken by the Board of Trustees. Once the Board of Trustees has taken formal action the assets cannot be used for other purposes unless the Board of Trustees removes or changes the specified use by taking the same action it employed previously commit those balances.

### Assigned Fund Balance:

Assigned Fund Balances are the net amounts of assets and liabilities constrained by the intent of the Board of Trustees. The intent will not be done by formal action of the Board of Trustees but will be part of items such as the adopted budget or in a statement by the Board of Trustees or by the Director of Business and Finance.

### Unassigned Fund Balance:

Typically unassigned fund balances will be limited to the general fund and by definition they are the residual balance for fund balance.

### Priority of Use:

It will be the policy of the School District to use restricted resources first where applicable, then committed funds, then assigned funds, and last, unassigned resources, for all expenditures from governmental funds.

Adopted: 6/15/11