

TITLE: MCS Governance Board Policy D-003: Fund Balance Reporting

LEGAL REFERENCE:

GASB 54	Fund Balance Reporting
---------	------------------------

PURPOSE:

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, to address issues related to how fund balance was being reported. The GASB's original intention was to clear up confusion regarding the relationship between reserved fund balance and restricted net assets. The MCS Governance Board recognizes the need for clarity and consistency in fund balance reporting, and therefore chooses to adopt GASB 54 in its financial management.

POSITION:

Fund balance classification at McCurdy Charter School shall be recorded in accordance with governmental accounting standards as promulgated by the Governmental Accounting Standards Board. The order of spending and availability of the fund balance shall be to reduce funds from the listed areas in the following order: restricted, committed, assigned, and unassigned. Negative amounts shall not be reported for restricted, committed, or assigned funds.

Fund Balance shall mean the gross difference between governmental fund assets and liabilities reflected on the balance sheet. Governmental fund assets are those of the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds.

The fund balance of the general fund, one of the governmental fund types, is of primary significance because the general fund is the primary fund, which finances most MCS functions. The fund balance of the general fund shall mean the gross difference between general fund assets and liabilities reflected on the balance sheet.

The five classifications of fund balance of the governmental types are as follows:

Non-spendable fund balance shall mean the portion of the gross fund balance that is not expendable (such as inventories) or is legally earmarked for a specific use (such as the self-funded reserves program). Examples of non-spendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include:

- Inventories;
- Prepaid items;
- Deferred expenditures;
- Long-term receivables; and
- Outstanding encumbrances.

Restricted fund balance shall include amounts constrained to a specific purpose by the provider, such as a grantor.

Examples of restricted fund balances include:

- Child nutrition programs;
- Technology programs;
- Construction programs; and
- Resources from other granting agencies.

Committed fund balance shall mean that portion of the fund balance that is constrained to a specific purpose by the Board.

Examples include:

- Potential litigation, claims, and judgments; and

Campus activity funds.

Assigned fund balance shall mean that portion of the fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the MCS Director.

In current practice, such plans or intent may change and may never be budgeted, or may result in expenditures in future periods of time.

Examples include:

- Insurance deductibles;
- Program start-up costs; and
- Other legal uses.

Unassigned fund balance shall include amounts available for any legal purpose. This portion of the total fund balance in the general fund is available to finance operating expenditures.

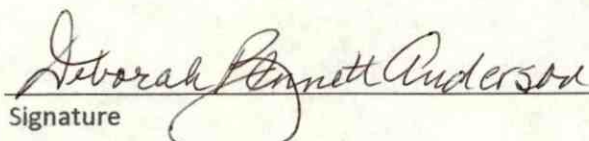
The unassigned fund balance shall be the difference between the total fund balance and the total of the non-spendable fund balance, restricted fund balance, committed fund balance, and assigned fund balance.

REVIEW:

This policy shall be reviewed in accordance with the MCS Governance Board Policy Review Process.

RESPONSIBLE OFFICE: MCS Business Manager

DATE ADOPTED: 121912



Signature

12/19/12
Date Signed

MCS Governance Board Chairperson

RELATED DOCUMENTS:

MCS Procedure D-001: Fiscal Management

REVISIONS:

Date	Modification and why
------	----------------------

MCS KEY WORDS OR RELATIONSHIP: fund balance