

**GLENBROOK HIGH SCHOOLS**  
**Assistant Superintendent for Business Affairs**  
**Regular Meeting – Monday, June 13, 2011**

**TO: Dr. Michael Riggle**

**FROM: Hillarie Siena**

**DATE: June 13, 2011**

**RE: Resolution Establishing Fund Balance Policies as Required by GASB 54**

It is recommended that the Board of Education

Approve the Resolution of Northfield Township High School District 225 establishing fund balance policies as required by Governmental Accounting Standards Board (GASB) Statement 54.

**Background**

The Governmental Accounting Standards Board (GASB) issued Statement 54, which is effective for periods beginning after June 15, 2010 (fiscal year end June 30, 2011). The GASB is the regulatory agency that issues accounting standards and/or guidelines applicable to governmental entities. GASB Statement 54 presents revised definitions for the classification of fund balances. Prior to GASB 54, fund balances were classified as reserved, designated or undesignated. GASB Statement 54 eliminates the use of “reserves” and “designations” and replaces these terms with “non-spendable”, “restricted”, “committed”, “assigned”, or “unassigned”. GASB Statement 54 further requires action by the Board of Education to grant authority to a specific individual to categorize funds.

This new classification system only affects the District’s Comprehensive Annual Financial Report. The Annual Financial Report and Annual Budget are not impacted by this change. The CAFR schedules will be notated to reflect this accounting change, with no adverse effect on the audit opinion. This is strictly a regulatory reporting change. It is therefore, recommended that the Board approve the attached resolution.

**RESOLUTION ESTABLISHING FUND BALANCE POLICIES  
AS REQUIRED BY GASB 54**

**WHEREAS**, the Governmental Accounting Standards Board (“GASB”) has adopted Statement 54 (“GASB 54”), a new standard for governmental fund balance reporting and governmental fund type definitions that became effective in governmental fiscal years starting after June 15, 2010; and

**WHEREAS**, Northfield Township High School District 225 wishes to comply with GASB 54 as required beginning with the July 1, 2010 – June 30, 2011 fiscal year;

**NOW THEREFORE BE IT RESOLVED** that the Board of Education of Northfield Township High School District 225 hereby adopts the following policy:

**FUND BALANCE POLICIES**

Fund balance is the difference between assets and liabilities reported in a governmental fund. Fund balance measures the net current financial resources available to finance expenditures of future periods. Fund balance reporting will be in accordance with the most recent authoritative pronouncements and may include the following categories:

**Nonspendable:** Includes amounts that are not in a spendable form. This would include, but is not limited to, inventory, prepayments and non-current receivables.

**Restricted:** Includes amounts that can only be spent for specific purposes stipulated by external resource providers, law, regulation or contractual agreement. This would include, but is not limited to, bonded capital project funds and debt service funds.

**Committed:** Includes amounts that are committed for a specific purpose by formal action of the Board of Education. Creation, amendment or modification to committed fund balance must also be approved by formal action of the Board by the end of the fiscal year. Committed fund balance does not lapse at year end.

**Assigned:** Includes amounts that are intended by the district to be used for specific purposes. Assigned fund balance represents amounts that are not restricted or committed. The Board of Education authorizes the Assistant Superintendent for Business Affairs to determine the assigned fund balance(s) on an annual basis. Assigned fund balance does not lapse at year end.

**Unassigned:** Includes any remaining fund balance. The Unassigned general fund balance may only be appropriated by resolution of the Board of Education.

For purposes of fund balance classification, expenditures are to be spent first from Restricted Fund Balance (when appropriate), followed in order by Committed Fund Balance, Assigned Fund Balance and lastly, Unassigned Fund Balance.

After a full and complete discussion thereof, Member \_\_\_\_\_ moved that the foregoing Resolution be adopted and Member \_\_\_\_\_ seconded the motion. The President directed the Secretary to call the roll for a vote upon the motion to adopt this Resolution. Upon a roll call vote being taken, the Board of Education voted as follows:

AYES: \_\_\_\_\_

NAYS: \_\_\_\_\_

ABSENT: \_\_\_\_\_

The President declared the motion carried and the Resolution duly adopted.

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
President, Board of Education

ATTEST: \_\_\_\_\_  
Secretary, Board of Education