

The Anaheim Union High School District (AUHSD) hereby establishes and will maintain reservations of Fund Balance, as defined herein, in accordance with Governmental Accounting and Financial Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This policy shall only apply to the district's governmental funds. Fund Balance shall be composed of nonspendable, restricted, committed, assigned, and unassigned amounts.

- **Nonspendable Fund Balance** consists of funds that cannot be spent due to their form (e.g. inventories and prepaids) or funds that legally or contractually must be maintained intact.
- **Restricted Fund Balance** consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.
- **Committed Fund Balance** consists of funds that are set aside for a specific purpose by the district's highest level of decision making authority (AUHSD governing board). Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.
- **Assigned Fund Balance** consists of funds that are set aside with the intent to be used for a specific purpose by the district's highest level of decision making authority or a body or official that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance.
- **Unassigned Fund Balance** consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

### **Minimum Fund Balance Policy**

The AUHSD governing board maintains a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than two percent of General Fund expenditures and other financing uses.

### **Authority to Commit Funds**

The AUHSD governing board is the highest level of decision-making authority for the district. Commitments may be established, modified, or rescinded only through budget adoption or resolutions as approved by the governing board.

The District has and may elect to continue the use of the Deferred Maintenance Fund 14. Any existing balance and future transfers into the fund are considered committed for Deferred Maintenance.

### **Authority to Assign Funds**

The AUHSD governing board or Assistant Superintendent, Business may assign amounts for specific purposes.

### **Spending Order Policy**

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. 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 AUHSD governing board has provided otherwise in its commitment or assignment actions.

### **Annual Review and Determination of Fund Balance Reserve Amounts**

Compliance with the provisions of this policy shall be reviewed, presented, and discussed as part of the Unaudited Actuals Financial Reporting process and presentation to the AUHSD governing board. The amounts of nonspendable, restricted, committed, assigned, and unassigned fund balances shall be reported in the Unaudited Actuals report.

Board of Trustees

Approved      June 23, 2011

Revised      November 3, 2011

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