

Geauga County Public Library
Operating Policy Manual

Section: Fund Balance
Number: 303
Effective Date: April 17, 2012
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The following policy has been adopted by Geauga County Public Library in order to address the implications of Governmental Accounting Standards Board ("GASB") Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions.

Definitions

Fund Equity – A fund's equity is generally the difference between its assets and its liabilities.

Fund Balance – An accounting distinction is made between the portions of fund equity that are spendable and non-spendable. These are broken up into five categories:

- 1) **Nonspendable fund balance** – includes amounts that are not in spendable form or are required to be maintained intact.
- 2) **Restricted fund balance** – includes amounts that can be spent only for the specific purposes stipulated externally imposed by creditors, grantors, contributors, or imposed by laws through constitutional provisions or enabling legislation.
- 3) **Committed fund balance** – includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- 4) **Assigned fund balance** – comprises amounts *intended* to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- 5) **Unassigned fund balance** – is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

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Policy

Committed Fund Balance

The Geauga County Public Library's Board of Trustees is the Library's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board of Trustees at the Library's Board meeting. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

Assigned Fund Balance

The Board of Trustees has authorized the Fiscal Officer, Deputy Fiscal Officer and/or the Director, Assistant Director as the officials authorized to assign fund balances to a specific purpose as approved by this fund balance policy.

Order of Expenditure of Funds

When multiple categories of fund balance are available for expenditure (for example, a construction project is being funded partly by a grant, funds set aside by the Board of Trustees, and unassigned fund balance), the Library will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

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