

**RESOLUTION FY 20-21-03
FUND BALANCE REPORTING AND FUND TYPE DEFINITIONS**

GENERAL

The objective of GASB 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied in financial statements and to clarify the existing governmental fund type definitions.

The Uniform Chart of Accounts as well as the Uniform Chart of Accounts Supplement, as set for by Public Education Department (PED), serves to summarize the PED Terms for the GASB 54 categories and PED Fund numbers; which is uniform for all New Mexico Public School Districts and Charter Schools..

1. Classifications of Funds

A. Nonspendable: The initial distinction that is made in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as fund balances associated with inventories or are legally or contractually required to remain intact. The following categories of El Camino Real Academy Charter School (The Charter) funds are hereby declared "*nonspendable*:"

Inventory – These assets are associated with supplies line items 56113, 56116, 56117, 56118, and 57332.

B. Spendable: The second fund distinction is classified as "*spendable*" funds in the categories of restricted, committed, assigned, and unassigned based upon the relative strength of the constraints that control how specific amounts can be spent.

(1) Restricted: The *restricted* fund balance category of spendable funds include amounts that can be spent only for the specific purposes stipulated by statute, ordinance, or enabling legislation. Assigned fund balances (amounts carried forward) in this category represent the remaining amount that is restricted for future use in the specific assigned fund category.

These include:

- 13000, Transportation
- 14000, Instructional Materials
- 21000, Food Service
- 24000, Federal Flow-through Grants
- 25000, Federal Direct Grants
- 26000, Local Grants
- 27000, State Flow-through Grants
- 28000, State Direct Grants
- 29000, Combined Local/State Grants
- 30000, Capital Outlay

(2) Committed: The *committed* fund balance category of spendable funds includes amounts for specific purposes by formal action of the Governing Council of the Charter. The Charter currently has no "*committed*" fund categories.

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El Camino Real Academy

(3) Assigned: The *assigned* fund balance category of spendable funds includes amounts that are intended to be spent for specific purposes, but are not restricted or committed. Therefore, the Charter has assigned these balances to a specific purpose, but has latitude in spending the funds for general fund requirements when the Governing Council approves their budget. Budgeted cash balance is included in this category.

Additionally, assigned fund balance cannot be greater than the total fund balance less the sum of Nonspendable, restricted and committed.

Furthermore, the Governing Council has delegated the authority to assign fund balance to its Business Manager. Assignment procedures will consist of the maintenance of a GASB 54 spreadsheet, which will allow for the proper classification of fund balance in the financial statements, including assignments.

(4) Unassigned: The *unassigned* fund balance category of spendable funds include amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the Operational Fund, (11000 Fund). The Operational Fund (11000) is the only fund that reports a positive or negative unassigned fund balance. An unassigned fund can only occur in other funds if a negative fund balance has occurred because assigned, committed or restricted amounts are too high. If a negative unassigned amount occurs, the assigned, committed or restricted amounts will be reduced until the negative is cleared.

2. Fund Balance Disclosures:

A. The authority for the expenditure of all funds spendable is the current budget in force and approved by the Governing Council. The Governing Council may rescind or modify a balance limitation by taking a formal action to modify the budget and obtain PED approval, as needed, of the adjustment.

B. Regarding the Charter's spending policies, in all cases, restricted, then committed, and then assigned fund balances are to be expended in that order, prior to infusion and expenditure of any general (unassigned) funds designated for supplementing any given department. In this manner restricted, committed, and assigned balances, if any, must be spent first before any unassigned general funds are used for the intended purposes of the fund number. In this manner, only after restricted, committed, or assigned funds are expended will the Governing Council permit general unassigned funds be spent to meet a specific fund's objectives. These general funds are to be returned to the general unassigned pool at the close of each fiscal year for appropriation in the subsequent year.

Adopted this 18th day of October, 2021 at Albuquerque, New Mexico.