

**Alpena Public Schools**  
**Resolution of the Board of Education Establishing Fund Balance Policies as required by**  
**GASB 54**

At a regular meeting of the Alpena Public Schools Board of Education held on \_\_\_\_\_ on a motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_, the Board adopts the following resolution:

**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**, Alpena Public Schools wishes to comply with GASB 54 as required beginning with the current July 1, 2010 – June 30, 2011 fiscal year;

**NOW THEREFORE BE IT RESOLVED** that Alpena Public Schools hereby adopts the following policy:

**FUND BALANCE POLICIES**

Fund balance measures the net financial resources available to finance expenditures of future periods. Fund balance is the difference between assets and liabilities reported in a governmental fund. The District’s **Unassigned General Fund Balance** will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without unnecessary borrowing. The **Unassigned General Fund Balance** may only be appropriated by resolution of the Board of Education. It is recognized that it will not always be possible to avoid borrowing to provide cash flow.

Fund Balance of the District may be *committed* for a specific source by formal action of the Board of Education. Amendments or modification to the **Committed Fund Balance** must also be approved by formal action of the Board. **Committed Fund Balance** does not lapse at year end.

The Board of Education delegates authority to *assign* fund balance for a specific purpose to the Assistant Superintendent for Operations. **Assigned Fund Balance** does not lapse at year end.

**Restricted Fund Balances** are those amounts that can only be spent for the specific purposes stipulated by external resource providers.

**Nonspendable Fund Balances** include amounts that are not in a spendable form. Examples include inventory.

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

The Board recognizes that good fiscal management comprises the foundational support of the entire District. It is generally recommended that governments, regardless of size, maintain an unrestricted fund balance equal to two months of either general fund operating revenues or expenditures. As those two amounts can be significantly different, it is the District's policy to measure fund balance on the basis of operating expenditures.

To make the foundational support of the District as effective as possible, the Board desires to maintain, in stable economic times, a fund balance of at least 10% of the District general fund annual operating expenditures. However, the Board is cognizant of the fact that as of initial adoption of this policy, the fund balance percentage is already below this benchmark. Further, the Board is aware that significant funding challenges have been addressed in the past fiscal year and that further additional and more severe fiscal challenges are looming.

At this time the Board intends to maintain a fund balance sufficient to avoid a determination by the state superintendent that 'probable financial stress' within the meaning of Public Act 4 of 2011 (the Local Government and School District Fiscal Responsibility Act) exists. In addition, it is the Board's intent to continue to make every effort to reduce structural inadequacies between operating revenues and expenditures as both operationally and programmatically practical to allow future fund balance growth. The Board shall annually review this provision in when budgeted operating expenditures exceed budgeted operating revenues.

An annual reporting of fund balances as classified in accordance with GASB 54 shall be as reported in the annual Audited Financial Statements of the District.

The above Resolution is adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Ayes:

Nays:

**MOTION DECLARED** \_\_\_\_\_.

---

**Secretary  
Board of Education**

**I HEREBY CERTIFY** that the foregoing is a true and complete copy of the Resolution adopted by the Board of Education at its meeting held \_\_\_\_\_, the original of which is a part of the minutes of said meeting, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act.

---

**Secretary  
Board of Education**