

Title of Manual: Mid-South Substance Abuse Commission Policy and Procedures			Page 1 of 2	
			History	
Policy Number: <b>F010</b>	Subject/Title: GASB 54 Fund Balance Policy		<b>Replaces:</b>	
			<b>Last Reviewed:</b>	NEW
Issued By: Executive Director	Approved By: Board of Directors Date: 09/26/2011	Scope: Mid-South Administration	<b>Effective:</b>	11/01/2011

## 1. **POLICY**

Under best practice principles, Mid-South shall have a policy that addresses GASB 54 fund balance criteria.

## 2. **PURPOSE**

Mid-South shall classify fund balances as non-spendable, restricted, or unrestricted consistent with GASB 54 criteria. Fund balances will be categorized by Mid-South's Finance Manager under GASB 54 criteria for approval by the Commission for entry into the financial accounting system. The Board may also make resolutions or appropriate fund balances during the budget process to commit or assign amounts within the unrestricted classification.

## 3. **Definitions:**

3.1. **Non-spendable-** Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples include inventories, prepaid items, or corpus of endowment funds.

3.2. **Restricted-** When constraints are placed on the use of resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) when imposed by law through constitutional provisions or enabling legislation. Examples include restricted state statute, grants earned but not spent, revenues restricted by enabling legislation.

### 3.3. **Unrestricted-**

3.3.1. **Committed-** Used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Examples include amounts set aside by resolution and appropriated fund balance during the budget process.

3.3.2. **Assigned-** Amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted or committed. Example is governing body delegates the authority to assign fund balance to management.

3.3.3. **Unassigned-** Unassigned fund balance is the residual classification for the General Fund. This is fund balance that has not been reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other governmental funds would report deficit fund balances as unassigned.

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#### 4. **PROCEDURES**

Any unrestricted fund balance at fiscal year ending September 30 is to be identified by the Finance Manager and approved by the Commission for assignment.