

Fund Balance Reporting Under GASB 54

The implementation of GASB Statement No. 54 and the related Auditor General guidance will result in a number of changes to the District's financial statements in fiscal year 2011. These changes will not result in changes to the Districts general ledger or any other financial reporting at this time. The following are some of the key changes:

1. The account balances, financial activity, and fund balances of the School Plant Fund, Medicaid Reimbursement Fund and Indirect Costs Fund will be reported in the General Fund of the financial statements in most all cases. See examples #1a and #1b.
2. The account balance and fund balance only of the Unemployment Insurance Fund will be reported in the General Fund in the financial statements. The revenues and expenses of the Unemployment Insurance Fund will be eliminated for financial reporting purposes.
3. Budgetary comparison schedules of the Districts funds will still be presented as adopted by the District with only the revenue and expense of that particular fund being reported in the schedule. Therefore, although the revenue and expense statement of the General Fund will include additional financial activity, the budgetary comparison of the General Fund will only include that fund's revenue and expenses. See example #2.
4. Similarly, although a revenue and expense statement of the School Plant, Medicaid Reimbursement Fund and Indirect Cost will not be reported in the financial statements, the budgetary comparison schedules of these funds will be reported. See examples #3 and #4.
5. The inclusion of the Indirect Costs Fund activity in the General Fund will result in the transfers out from the grant funds being reported as transfers in to the General Fund.
6. The notes to the financial statements will be significantly enhanced to present additional information required by GASB Statement 54. Please see attached example. See example #5.
7. Other funds may be reported in the General Fund in certain circumstances, including Auxiliary Operations, Gifts and Donations, Litigation Recovery and Soft Capital Allocation.
8. Auditor General guidance provided at #6.

AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10
 BALANCE SHEET - GOVERNMENTAL FUNDS
 JUNE 30, 2010

Will include indirect costs, Medicaid, and school plant in FY 2011

	General	Debt Service	Bond Building
ASSETS			
Cash and investments	\$ 10,000	\$ 19,605,762	\$ 31,265,789
Property taxes receivable	1,964,877	735,183	
Accounts receivable			
Due from governmental entities	13,171,757	39,218	
Due from other funds			
Inventory, at cost	89,090		
Total assets	<u>\$ 15,235,724</u>	<u>\$ 20,380,163</u>	<u>\$ 31,265,789</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Overdraft of cash on deposit	\$ 6,737,841	\$	\$
Accounts payable	1,480,219		
Construction contracts payable			927,409
Due to other funds			4,985,025
Accrued payroll and employee benefits	357,781		
Deferred revenues	1,605,890	458,356	
Bonds payable		15,835,000	
Bond interest payable		1,690,375	
Total liabilities	<u>10,181,731</u>	<u>17,983,731</u>	<u>5,912,434</u>
Fund balances:			
Reserved for inventory	89,090		
Unreserved:			
Undesignated	4,964,903	2,396,432	25,353,355
Unreserved reported in:			
Special revenue funds			
Capital projects funds			
Total fund balances	<u>5,053,993</u>	<u>2,396,432</u>	<u>25,353,355</u>
Total liabilities and fund balances	<u>\$ 15,235,724</u>	<u>\$ 20,380,163</u>	<u>\$ 31,265,789</u>

1

a.

The notes to the financial statements are an integral part of this statement.

AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	General	Debt Service	Bond Building
Revenues:			
Other local	\$ 3,994,087	\$ 74,362	\$ 199,829
Property taxes	48,064,120	18,183,619	
State aid and grants	35,438,873		
Federal aid, grants and reimbursements	5,638,267		
Total revenues	93,135,347	18,257,981	199,829
Expenditures:			
Current -			
Instruction	48,285,090		
Support services - students and staff	11,283,169		
Support services - administration	9,001,075		
Operation and maintenance of plant services	15,246,712		
Student transportation services	5,841,738		
Operation of non-instructional services	422,889		
Capital outlay			9,051,008
Debt service -			
Interest and fiscal charges		3,248,150	
Principal retirement		15,835,000	
Bond issuance costs			455,880
Total expenditures	90,080,673	19,083,150	9,506,888
Excess (deficiency) of revenues over expenditures	3,054,674	(825,169)	(9,307,059)
Other financing sources (uses):			
Transfer in		319,523	
Transfer out	(131)		(319,523)
Issuance of school improvement bonds			29,000,000
Premium on sale of bonds			575,574
Total other financing sources (uses)	(131)	319,523	29,256,051
Changes in fund balances	3,054,543	(505,646)	19,948,992
Fund balances, beginning of year	1,961,176	2,902,078	5,404,363
Increase in reserve for inventory	38,274		
Fund balances, end of year	\$ 5,053,993	\$ 2,396,432	\$ 25,353,355

Some

↙

#1

b.

The notes to the financial statements are an integral part of this statement.

**AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2010**

*No change -
will only include
General Fund
activity*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Non-GAAP Actual	
Revenues:				
Other local	\$ 1,404,500	\$ 1,404,500	\$ 3,994,087	\$ 2,589,587
Property taxes	48,983,427	48,983,427	48,064,120	(919,307)
State aid and grants	42,467,771	42,467,771	35,438,873	(7,028,898)
Federal aid, grants and reimbursements			5,638,267	5,638,267
Total revenues	<u>92,855,698</u>	<u>92,855,698</u>	<u>93,135,347</u>	<u>279,649</u>
Expenditures:				
Regular education				
Instruction	39,177,457	40,088,739	38,641,935	1,446,804
Support services - students and staff	6,728,000	6,330,000	6,302,022	27,978
Support services - administration	8,356,800	8,799,923	8,882,614	(82,691)
Operation and maintenance of plant services	14,307,500	15,505,000	15,154,926	350,074
Operation of non-instructional services	409,700	410,000	422,889	(12,889)
Total regular education	<u>68,979,457</u>	<u>71,133,662</u>	<u>69,404,386</u>	<u>1,729,276</u>
Special education				
Instruction	9,067,000	8,114,544	6,787,068	1,327,476
Support services - students and staff	3,427,500	4,440,000	4,212,239	227,761
Support services - administration	30,500	17,500	32,068	(14,568)
Operation and maintenance of plant services		32,500	31,369	1,131
Total special education	<u>12,525,000</u>	<u>12,604,544</u>	<u>11,062,744</u>	<u>1,541,800</u>
Pupil transportation				
Student transportation services	6,100,000	5,925,000	5,841,738	83,262
Total pupil transportation	<u>6,100,000</u>	<u>5,925,000</u>	<u>5,841,738</u>	<u>83,262</u>
Desegregation				
Instruction	3,421,000	3,421,000	3,181,190	239,810
Support services - students and staff	604,000	604,000	757,429	(153,429)
Support services - administration			86,393	(86,393)
Total desegregation	<u>4,025,000</u>	<u>4,025,000</u>	<u>4,025,012</u>	<u>(12)</u>
Dropout prevention programs				
Instruction	117,934	117,934	117,934	
Support services - students and staff	11,479	11,479	11,479	
Total dropout prevention programs	<u>129,413</u>	<u>129,413</u>	<u>129,413</u>	
Total expenditures	<u>91,758,870</u>	<u>93,817,619</u>	<u>90,463,293</u>	<u>3,354,326</u>
Excess (deficiency) of revenues over expenditures	<u>1,096,828</u>	<u>(961,921)</u>	<u>2,672,054</u>	<u>3,633,975</u>
Other financing sources (uses):				
Transfer in	1,911,563	1,911,563		(1,911,563)
Transfer out			(131)	(131)
Total other financing sources (uses)	<u>1,911,563</u>	<u>1,911,563</u>	<u>(131)</u>	<u>(1,911,694)</u>
Change in fund balances	<u>3,008,391</u>	<u>949,642</u>	<u>2,671,923</u>	<u>1,722,281</u>
Fund balances (deficits), July 1, 2009	<u>(499,195)</u>	<u>(499,195)</u>	<u>987,616</u>	<u>1,486,811</u>
Increase in reserve for inventory			38,274	38,274
Increase in reserve for prepaid items			1,356,180	1,356,180
Fund balances, June 30, 2010	<u>\$ 2,509,196</u>	<u>\$ 450,447</u>	<u>\$ 5,053,993</u>	<u>\$ 4,603,546</u>

#2

See accompanying notes to this schedule.

Will not be present -
 included in General Fund.
 Same for Medicaid and
 School Plant

Litigation Recovery	Indirect Costs	Unemployment Insurance	Insurance Refund	Grants and Gifts to Teachers	Joint Technical Education
\$ 39,886	\$ 8,993	\$ 500,507	\$ 1,257	\$ 12,800	\$ 1,203,497
<u>39,886</u>	<u>8,993</u>	<u>500,507</u>	<u>1,257</u>	<u>12,800</u>	<u>1,203,497</u>
				11,482	127,304
					91,644
	390,170				37,522
35,704				923	947,027
<u>35,704</u>	<u>390,170</u>			<u>12,405</u>	<u>1,203,497</u>
<u>4,182</u>	<u>(381,177)</u>	<u>500,507</u>	<u>1,257</u>	<u>395</u>	
	292,591				
	<u>292,591</u>				
<u>4,182</u>	<u>(88,586)</u>	<u>500,507</u>	<u>1,257</u>	<u>395</u>	
174,970	464,489	28,808	21,092	3,299	
<u>\$ 179,152</u>	<u>\$ 375,903</u>	<u>\$ 529,315</u>	<u>\$ 22,349</u>	<u>\$ 3,694</u>	<u>\$</u>

3

(Continued)

No change from prior year
for budgetary schedule
presentation. Funds presented
based on adopted budget.



Litigation Recovery			Indirect Costs		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 25,030	\$ 39,886	\$ 14,856	\$ 8,993	\$ 8,993	\$ 8,993
<u>25,030</u>	<u>39,886</u>	<u>14,856</u>	<u>8,993</u>	<u>8,993</u>	<u>8,993</u>
			450,000	390,170	59,830
200,000	35,704	164,296	<u>450,000</u>	<u>390,170</u>	<u>59,830</u>
<u>200,000</u>	<u>35,704</u>	<u>164,296</u>			
(174,970)	4,182	179,152	<u>(450,000)</u>	<u>(381,177)</u>	<u>68,823</u>
				292,591	292,591
				<u>292,591</u>	<u>292,591</u>
(174,970)	4,182	179,152	<u>(450,000)</u>	<u>(88,586)</u>	<u>361,414</u>
174,970	174,970		464,489	464,489	
<u>\$</u>	<u>\$ 179,152</u>	<u>\$ 179,152</u>	<u>\$ 14,489</u>	<u>\$ 375,903</u>	<u>\$ 361,414</u>

4

(Continued)

**STANDARD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

5

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action it employed to previously commit those accounts.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or a management official delegated that authority by the formal Governing Board action.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had be restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**STANDARD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)

The table below provides detail of the major components of the District's fund balance classifications at year end.

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Bond Building Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:				
Nonspendable:				
Inventory	\$ 89,090	\$ -	\$ -	\$ 64,210
Prepaid items	65,000			
Restricted:				
Debt service		2,396,432		
Capital projects				11,885,416
Bond building projects			25,353,355	
Voter approved initiatives				5,435,396
Federal and State projects				177,405
Auxiliary operations				763,318
Food service				87,698
Other purposes				5,500,369
Committed:				
Example				
Assigned:				
Example				
Unassigned				
	<u>7,457,832</u>			
Total fund balances	<u>\$ 7,611,922</u>	<u>\$ 2,396,432</u>	<u>\$ 25,353,355</u>	<u>\$ 23,913,812</u>

The July 1, 2010 fund balances of the General Fund and Non-Major Governmental Funds do not agree to the prior year financial statements for the reclassification of certain funds due to the new fund type definitions specified in GASB Statement No. 54.

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>
Fund balance, June 30, 2010, as previously reported	\$	\$
Reclassification of funds	_____	_____
Fund balance, July 1, 2010, as restated	<u>\$</u>	<u>\$</u>

6

INTRODUCTION

Governmental funds are those funds through which most governmental functions are typically financed. Districts should account for governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting.

Governmental funds are classified by fund type based primarily on the extent to which the government is constrained by the specific purposes for which amounts in those funds can be spent. Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides guidance on classifying and reporting fund types for the governmental funds. Governmental funds consist of five fund types: general, special revenue, capital projects, debt service, and permanent funds. Some funds prescribed by Arizona Revised Statutes (A.R.S.) may be classified in multiple fund types under GASB Statement No. 54 depending on the specific restrictions, commitments, and assignments related to the funds resources.

Determining the appropriate fund type depends on constraints on the fund’s revenues and, for special revenue funds, the portion of the fund’s inflows so constrained. Districts need to consider whether revenues are restricted, committed, or assigned. These terms refer to governmental fund balance reporting classifications that are described in §III, **Chart of Accounts**. Also, for special revenue funds, the restricted or committed revenue must be a substantial portion of the fund’s inflows. Inflows include revenues and other financing sources. GASB has not formally defined “substantial portion,” however, indications are that a substantial portion would be more than a material amount, but does not necessarily mean at least a majority of the total inflows of all financial resources for the fund.

Changes to the statutory restrictions applicable to a fund may also occur that could change the fund’s type (e.g., temporarily allowing the Extracurricular Activities Fees Tax Credit Fund to be used for capital purposes). As such, these funds should be evaluated each year to determine the appropriate fund type for that year.

FUND TYPES

General Fund

The general fund accounts for and reports all financial resources of a district except those required to be accounted for and reported in another fund. A district’s general fund for accounting and budgeting purposes may be different from the general fund for financial statement reporting purposes.

For accounting and budgeting purposes, the general fund is described as the Maintenance and Operation (M&O) Fund by A.R.S. and may be separated into eight programs titled regular education, special education, pupil transportation, desegregation, special K-3 program override, special education disability ESEA Title VIII, joint career and technical education and vocational education center, and dropout prevention.

When districts prepare audited financial statements, the general fund includes the M&O Fund and any other fund used for accounting or budgeting purposes that does not meet the definition of another

FUND ACCOUNTING

GOVERNMENTAL FUNDS

governmental fund type. The following funds **should** be included in the general fund for financial statement reporting purposes:

Maintenance and Operation	School Opening
Indirect Costs	

In addition, districts need to analyze the following funds to determine if they should be included in the general fund for financial statement reporting purposes:

Advertisement	Litigation Recovery
Auxiliary Operations	School Plant
Condemnation	Soft Capital Allocation
Energy and Water Savings	State Projects
Federal Projects	Teacherage
Gifts and Donations	Unrestricted Capital Outlay
Insurance Proceeds	

Specific information on what districts should consider in analyzing the above funds is included under the other fund types discussed below.

The **Unemployment Insurance Fund** should not be reported as a separate fund for financial statement reporting purposes. Instead, interfund revenues and expenditures should be eliminated and any remaining revenues and balance sheet amounts **should** be allocated to the funds that contributed revenues to the fund. Alternatively, if it would not materially misstate the financial statements, the remaining revenues and balance sheet amounts **may** be included in the general fund. These adjustments for financial statement reporting purposes should not be recorded in the accounting records.

If the general fund is different for budgeting than for financial reporting purposes, the budget to actual statement/schedule included with a district's audited financial statements should include only the M&O Fund in the general fund. Districts will need to include a reconciliation of the general fund activity as reported in the budget comparison statement/schedule to the general fund activity reported in the statement of revenues, expenditures, and changes in fund balance.

Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. Examples of funds that **should** be classified and reported as a special revenue fund for financial statement reporting purposes include the following:

Career & Technical Education & Vocational Education Projects	Fingerprint
Civic Center	Food Service
Classroom Site	Grants and Gifts to Teachers
Community School	Instructional Improvement
Compensatory Instruction	Insurance Refund
County, City, and Town Grants	Joint Technical Education
Extracurricular Activities Fees Tax Credit	Structured English Immersion
	Textbooks

In addition, the following funds **could** also be classified and reported as a special revenue fund for financial statement reporting purposes.

Advertisement—If the governing board commits specific revenues of the fund for purposes other than capital purposes or debt service and those revenues are a substantial portion of the fund’s inflows, the fund **may** be reported as a special revenue fund. If the fund’s resources are committed or assigned for capital purposes or debt service, the fund should not be reported as a special revenue fund, but **may** be reported as a capital projects or debt service fund, as applicable. Otherwise the fund **should** be included in the general fund.

Auxiliary Operations and Gifts and Donations—Some revenues of these funds may be restricted while other revenues may be committed by the governing board. If committed revenues are not for capital purposes or debt service and restricted and committed revenues are a substantial portion of the fund’s inflows, the fund **may** be reported as a special revenue fund. Otherwise the fund **should** be included in the general fund.

Litigation Recovery—If none of the revenues of the fund are restricted to replacing or repairing school buildings or other school property, the fund **may** be reported as a special revenue fund. If all revenues are restricted to replacing or repairing school buildings or other school property, districts **should** determine the primary use of the fund (capital purposes or debt service) and report the fund as a capital projects or debt service fund, as applicable. If the fund includes some revenues that are restricted to replacing and repairing school buildings or other school property and some revenues that are not, the fund **should** be included in the general fund. Revenues that are not restricted for replacing or repairing school buildings or other school property may be used only to procure legal services or for the cost of litigation.

Federal and State Projects—Each federal and state project fund should be evaluated to determine whether the federal or state revenues are restricted, committed, or assigned. For most of the federal and state project funds specifically listed in §III, **Chart of Accounts**, the revenues are restricted by the grantor. However, some of the funds such as **Medicaid Reimbursement, National Forest Fees, Taylor Grazing Fees, and Impact Aid** include unrestricted revenues. Similarly, revenues of other federal and state projects not listed in the Chart of Accounts may also be unrestricted. Unrestricted revenues may be committed or assigned by a district. Federal and state projects funds should be reported as follows:

- If the revenues are restricted or committed to expenditures for specific purposes other than capital projects or debt service, and restricted and committed revenues are a substantial portion of the fund’s inflows, the fund **should** be reported as a special revenue fund.
- If the revenues are restricted, committed, or assigned to capital projects or debt service, the fund should not be reported as a special revenue fund, but **may** be reported as a capital projects or debt service fund, as applicable.
- All other funds **should** be included in the general fund.

Teacherage—Revenues of the fund are restricted to providing employee housing. If the governing board has not specifically committed these revenues for capital purposes or debt service, the fund **may** be reported as a special revenue fund. However, if all revenues are committed for capital purposes or debt service, districts **may** report the fund as a capital projects or debt service fund, as applicable. If the fund

includes some revenues that are committed to capital purposes or debt service and some that are not, the fund **should** be included in the general fund.

Capital Projects Funds

Capital projects funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Examples of funds that **should** be classified and reported as a capital projects fund for financial statement reporting purposes include the following:

- | | |
|-----------------------------------|-----------------------------------|
| Adjacent Ways | Federal Impact Aid (Construction) |
| Bond Building | Gifts and Donations—Capital |
| Building Renewal | Impact Aid Revenue Bond Building |
| Building Renewal Grant | New School Facilities |
| Emergency Deficiencies Correction | School Plant—Special Construction |

In addition, the following funds **could** also be classified and reported as capital project funds for financial statement reporting purposes.

Condemnation—If the fund includes only proceeds from right-of-way settlements, which may be used only for capital purposes, the fund **should** be reported as a capital projects fund. However, if the fund also includes proceeds from sales by condemnation or threat of condemnation, which are restricted for capital purposes and debt service, districts should determine whether the fund is primarily used for capital purposes or debt service and report it as a capital projects or debt service fund, as applicable. Alternatively, districts **may** include the fund in the general fund.

Energy and Water Savings, Insurance Proceeds, and Unrestricted Capital Outlay—Revenues of these funds are restricted for capital purposes and debt service. Districts **should** determine whether each fund is primarily used for capital purposes or debt service and report it as a capital projects or debt service fund, as applicable. Alternatively, districts **may** include these funds in the general fund.

Soft Capital Allocation—If all the fund’s resources are committed or assigned for capital purposes, the fund **should** be reported as a capital projects fund. Otherwise the fund **should** be included in the general fund. However, if the governing board commits specific revenues of the fund, those revenues are a substantial portion of the fund’s inflows, and no revenues are committed for capital purposes or debt service, the fund **may** be reported as a special revenue fund.

Debt Service Funds

Debt service funds account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest. Examples of funds that **should** be classified and reported as a debt service fund for financial statement reporting purposes include the following:

- | | |
|--------------|--------------------------------------|
| Debt Service | Impact Aid Revenue Bond Debt Service |
|--------------|--------------------------------------|

The Condemnation, Insurance Proceeds, and Unrestricted Capital Outlay Funds could also be reported as Debt Service Funds as discussed above.

School Plant Funds (Funds 500, 505, and 506)—These funds are generally limited to debt service; however, statute allows certain amounts to be used for maintenance and operation or capital purposes. If resources of a school plant fund are committed or assigned for maintenance and operation, the fund **should** be included in the general fund. If resources of a school plant fund are committed or assigned for capital projects and debt service, districts **should** determine whether the fund will be used primarily for capital purposes or debt service based on existing commitments and assignments of the fund's resources and report the fund as a capital projects or debt service fund, as applicable. Alternatively, districts **may** include any of the school plant funds in the general fund.

Permanent Funds

Permanent funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the district's programs.

REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES)

Governmental fund revenues include tuition, interest on investments, property taxes, intergovernmental grants and aid, food service sales, auxiliary operations sales, gifts and donations, and other miscellaneous revenues. Other financing sources include proceeds from the issuance of long-term debt and fund transfers-in.

Governmental fund expenditures include salaries and benefits, supplies, purchased professional and technical services, purchased property services, other purchased services, other miscellaneous charges, and principal and interest payments on long-term debt. Expenditures may also include acquisition or construction costs for land, buildings, vehicles, furniture and equipment, land and building improvements, and capital lease payments. Other financing uses include fund transfers-out.

ASSETS, LIABILITIES, AND FUND BALANCES

Governmental fund assets include cash, investments, receivables, supplies inventory, prepaid items, and amounts due from other funds and other governmental entities. Receivables may include property taxes receivable, accounts receivable, and interest receivable.

Governmental fund liabilities include accounts payable, accrued payroll, employee benefits, contracts payable, interest payable, tax anticipation notes payable, claims and judgments, and amounts due to other funds and other governmental entities. Other liabilities include deferred revenues, the current portion of capital leases payable, current portion of compensated absences, and current portion of long-term debt.

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned. See **§III, Chart of Accounts** for a description of these classifications.