

RESOLUTION NO. 17-11

RESOLUTION OF THE BOARD OF DIRECTORS OF THE RUNNING SPRINGS  
WATER DISTRICT APPROVING ADOPTION OF GASB 54 STANDARDS AND  
APPLICATIONS

WHEREAS, the Governmental Accounting Standards Board (GASB) has issued its Statement No. 54, *Fund Balance and Governmental Fund Type Definitions* with the intent of improving financial reporting by providing fund balance categories that will be more easily understood and to improve the comparability of governmental fund financial statements; and

WHEREAS, the Board of Directors has considered Policy No. 01-2011 entitled "Fund Balance Policy" which outlines the policy and procedures enacted to accurately categorize and report fund balances; and

WHEREAS, Policy No. 01-2011 entitled "Fund Balance Policy" provides that the Board of Directors may commit fund balances for specific purposes by taking formal action, and these committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specific use through the same formal action taken to establish the commitment; and

WHEREAS, Policy No. 01-2011 entitled "Fund Balance Policy" designates the General Manager (in addition to the Board of Directors) as the District's official to determine and define the amounts of those components of fund balance that are classified as "Assigned Fund Balance"; and

WHEREAS, Policy No. 01-2011 entitled "Fund Balance Policy" sets the order in which classified fund balance is spent when amounts in more than one classification are available for a particular purpose; and

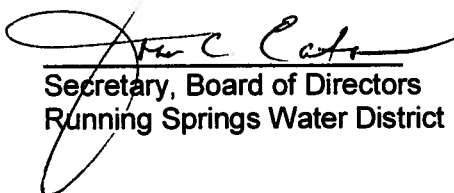
WHEREAS, the classification and reporting of fund balance components, as required by Governmental Accounting Standards Board Statement No. 54, became effective starting with the fiscal year ending June 30, 2011,

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of Running Springs Water District that Policy No. 01-2011 entitled "Fund Balance Policy" for the Running Springs Water District is approved.

ADOPTED this 21st of September 2011.

  
President, Board of Directors  
Running Springs Water District

ATTEST

  
Secretary, Board of Directors  
Running Springs Water District

**RUNNING SPRINGS WATER DISTRICT  
FUND BALANCE POLICY  
Policy No.: 01-2011**

**PURPOSE:**

To comply with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* with the intent of improving financial reporting by providing fund balance categories that will be more easily understood. The categories are more clearly defined to make the nature and extent of the constraints placed on a government's fund balance more transparent.

**POLICY:**

This Fund Balance Policy establishes the procedures for reporting unrestricted fund balance in the financial statements. Fund balance is an element on governmental fund statements. Running Springs Water District's governmental fund consists of **the Fire Department**.

Certain commitments and assignments of fund balance will help ensure that there will be adequate financial resources to protect the District against unforeseen circumstances and events such as revenue shortfalls and unanticipated expenditures. The policy also authorizes the General Manager/Administration Supervisor to prepare financial reports which accurately categorize fund balance as per Governmental Accounting Standards Board (GASB) Statement No. 54.

**PROCEDURES:**

Fund balance is essentially the difference between the assets and liabilities reported in a governmental fund. There are five separate components of fund balance, each of which identifies the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent.

- *Nonspendable Fund Balance (inherently nonspendable)*
- *Restricted Fund Balance (externally enforceable limitations on use)*
- *Committed Fund Balance (self-imposed limitations on use)*
- *Assigned Fund Balance (limitation resulting from intended use)*
- *Unassigned Fund Balance (residual net resources)*

The five separate components are defined below.

*Nonspendable Fund Balance (inherently nonspendable)*

This category includes amounts that literally cannot be spent because of their physical form or because legal/contractual requirements prevent them from being spent. Examples include prepaid expenses, inventories, long-term receivables and land held for resale.

*Restricted Fund Balance (externally enforceable limitations on use)*

This category includes amounts that are spendable, but must be used as directed by an external party such as a donor, other government body or by enabling legislation or constitution provision.

**RUNNING SPRINGS WATER DISTRICT  
FUND BALANCE POLICY  
Policy No.: 01-2011**

**PROCEDURES (continued):**

*Committed Fund Balance (self-imposed limitations on use)*

This category includes amounts that can only be used as specified by the “formal action of the government’s highest level of decision-making authority”. These committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use through the same type of formal action taken to establish the commitment. Board action to commit fund balance needs to occur within the fiscal reporting period; however the amount can be determined subsequently.

*Assigned Fund Balance (limitation resulting from intended use)*

Amounts that are constrained by the Board of Directors’ intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. This category does not require a formal action by the highest level of decision-making authority. For all governmental funds, except the general fund, this category includes all amounts (except for deficits) not accounted for as nonspendable, restricted or committed.

Amounts can be assigned by the governing body or by a person given such authority by the governing body. This policy hereby delegates the authority to assign amounts to be used for specific purposes to the General Manager for the purpose of reporting these amounts in the annual financial statements.

*Unassigned Fund Balance (residual net resources)*

This category reports amounts that are available for any purposes and are reported in the general fund. If the other governmental funds, however, spend more on a specific purpose than the resources available for that purpose in the fund, then the negative amount would be reported as unassigned fund balance. Basically, unassigned fund balance is the remaining fund balance (positive or negative) after all categories above have been determined.

**FUND BALANCE CLASSIFICATION:**

In circumstances where expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.