



SB & COMPANY, LLC
 KNOWLEDGE • QUALITY • CLIENT SERVICE

Harford County Public Schools

Fund Balance Discussion Aid

Exhibit A:

<u>Component of Balance</u>	<u>Examples of Components of Balance</u>	<u>Fund Balance Classification</u>
Non-liquid assets (Amount in non-cash assets you cannot spend)	-Prepaid expenses -Inventory -Long term receivables	Non-Spendable
Externally restricted (Contractual or other third party which will only let you spend for a specific purpose)	-Cash	Restricted
Internally restricted (Funds you have set aside to spend for a specific purpose from a prior budget or held for a future budget)	-Encumbrances -Held for subsequent year expenditures -Internal reserve policies (fuel reserve, rate stabilization, health insurance call)	Committed/Assigned
Remaining balance		Unassigned

Exhibit B:

	<u>Year 1</u>		<u>Year 2</u>	
	<u>GAAP</u>	<u>Budget</u>	<u>GAAP</u>	<u>Budget</u>
Revenue	\$10,000,000	\$ 10,000,000	\$ 11,000,000	\$ 11,000,000
Expenditures				
- Spent	9,000,000	9,000,000	12,000,000	11,000,000
- Encumbered	-	1,000,000	-	-
Net Change	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ (1,000,000)</u>	<u>\$ -</u>
Fund balance				
- Assigned (Encumbered)	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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Exhibit C:

	Year 1	Year 2	Year 3
Revenue – new cash	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Revenue – use of fund balance	250,000	750,000	-
Expenditures	10,250,000	10,750,000	11,250,000
Net change	\$ -	\$ -	\$ (1,250,000)
Net change in fund balance	\$ (250,000)	\$ (750,000)	\$ (1,250,000)
Beginning fund balance	1,000,000	750,000	-
Ending fund balance	\$ 750,000	\$ -	\$ (1,250,000)