



## **KENAI PENINSULA BOROUGH**

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**DAVID R. CAREY**  
**BOROUGH MAYOR**

### MEMORANDUM

**TO:** Gary Knopp, Assembly President  
Members, Kenai Peninsula Borough Assembly

**THRU:** David R. Carey, Mayor *W. Carey*

**FROM:** Craig C. Chapman, Finance Director *c Chapman*

**DATE:** June 9, 2011

**SUBJECT:** Resolution 2011-067, establishment of fund balance classification and spending prioritization policy

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Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which will be effective for fiscal years beginning July 1, 2010. This statement sets out new standards of accounting and financial reporting intended to improve the clarity and consistency of the fund balance information provided to financial report users.

Part of the borough's implementation of this statement is the formal adoption of a fund balance classification and spending prioritization policy. Attached is the Fund Balance Classification and Spending Prioritization Policy that explains the five components of fund balance and formally delegates to the borough Finance Director the assignment of fund balance and the order in which the funds are to be spent for specific purposes for inclusion in the annual financial reports.

Attachments: Exhibit A