



Book	Policy Manual
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#### 6235 - **FUND BALANCE**

The Board of Education places the responsibility of administering the budget, once adopted, with the Superintendent. The Superintendent shall monitor the Fund 10 fund balance and shall report the balance to the Board at the end of each budget year. The fund balance shall be maintained at a level sufficient to ~~minimize or avoid short term borrowing for cash flow purposes.~~

- A. minimize or avoid short-term borrowing for cash flow purposes;
- B. cover unforeseen expenditure needs or unrealized revenue sources; and
- C. demonstrate financial stability to preserve or enhance the District's bond rating, thereby lowering debt issuance costs.

The Board of Education recognizes that fund balance measures the net financial resources available to finance expenditures of future periods and that maintaining an adequate fund balance in the District's General Fund represents sound fiscal management and is essential to the long-term financial stability of the District. The use of Fund Balance reserves for recurring costs is discouraged.

The District shall strive to maintain an unassigned fund balance in the General Fund that is equivalent to at least twenty-two (22%) percent of the anticipated General Fund expenditure budget for the subsequent fiscal year or an amount sufficient to avoid cash flow borrowing whichever is greater.

The purpose of maintaining this fund balance is to reduce the need and costs associated with short-term borrowing, serve as a safeguard against unexpected expenses or unrealized revenues, and maintain a high credit rating for the District.

If, during the fiscal year, it appears to the Superintendent that the fund balance will be less than estimated, the Superintendent will bring forward for Board consideration recommendations that will protect the fund balances. Such recommendations shall be in accordance with the requirements of the law.

Should the unaudited year-end fund balance in the General Fund fall below the designated minimum, the Board shall develop a plan to restore the fund balance in the General Fund to the designated minimum level.

Should the unaudited year-end fund balance in the General Fund rise above the maximum designated amount, the Board may consider committing a portion of that fund balance for a specific purpose.

The Board of Education shall delegate to the Superintendent or designee the authority to assign fund balance resources to a specific intended purpose in accordance with provisions of this policy or as otherwise directed by the Board.

The Board of Education also recognizes its responsibility to ensure that the District's fund balance resources are used properly and reported in accordance with applicable legal requirements and generally accepted accounting principles.

With these recognitions in mind, the Board of Education sets forth the following policy guidelines for the use and maintenance of fund balance resources in the District:

Fund balances will be reported in the categories established by the Government Accounting Standards Board Statement 54 (GASB and in consultation with District auditors. The Board will impose constraints on any funds placed in the committed and assigned classifications through consultation with the District's auditor. Fund balances shall be reviewed annually as part of the budget planning process to determine the allocation between the following classifications:

- A. Non-spendable – amounts that cannot be spent because they are either (a) not in a spendable form (which includes items that are not expected to be converted to cash – e.g., inventories or prepaid amounts) or (b) legally or contractually required to be maintained intact (e.g., the corpus of an endowment fund).
- B. Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- C. Committed – amounts constrained to specific purposes by the Board; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraint.
- D. Assigned – amounts the Board *intends* to use for a specific purpose but are neither restricted nor committed; intent can be expressed by the Board or by an official or committee to which the Board delegates the authority.
- E. Unassigned – amounts that are available for any purpose; these amounts are reported only in the general fund.

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