

SERIES 600
FISCAL MANAGEMENT

662.3

DISTRICT FUND BALANCE

The Board of Education recognizes the need to maintain an operating reserve in the general fund for the following purposes:

1. Comply with applicable legal requirements and generally accepted accounting principles for governmental entities.
2. Hold adequate working capital to meet cash flow needs during the fiscal year
3. Reduce the need for short term borrowing
4. Serve as a safeguard for unanticipated expenditures of the District
5. Show fiscal responsibility to maintain a high credit rating which will aid in reducing future borrowing costs

The District's long-term goals for fund balance is to achieve and maintain a general fund balance that alleviates the need to short-term borrow for operational cash flow needs. Fund balance in excess of this goal may be used for one-time expenditures or unforeseen costs (i.e. damages). The general fund balance will not be used to support operating budget expenditures on a recurring basis.

Fund balance amounts will be reported in conformance with Generally Accepted Accounting Principles (GAAP) and classified according to Government Account Standards Board (GASB) 54. GASB 54 classifications are as follows:

- Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either not in spendable form (e.g., inventory) or are legally or contractually required to be maintained intact (e.g., principal balance of endowments and permanent funds).
- Restricted fund balance – This classification includes amounts limited by external parties (e.g., creditors, grantors or contributors), laws or regulations, constitutional provisions or enabling legislation.
- Committed fund balance – This classification includes amounts that are committed for specific purposes by formal action of the Board.
- Assigned fund balance – This classification includes amounts that are intended to be used for specific purposes but are neither restricted nor formally committed. Unassigned fund balance – This classification includes any remaining amounts that are not classified as nonspendable, restricted, committed or assigned. The Board discourages the maintenance of unassigned fund balances.

The Board of Education authorizes and directs the District Administrator or Business Manager to assign the fund balance to the extent such assignment does not create a negative unassigned fund balance.

Any excess revenues and other financing sources over expenditures and other financing uses at the end of the fiscal year will be added to the District fund balance. The District will strive to maintain a general fund balance of not less than 15% of subsequent year's operating expenditures.

Legal References:

Cross References:

Date of Adoption: March 21, 2012

Dates of Revision: January 10, 2018