

The School Board recognizes that maintaining an adequate fund balance in the District's General Fund is essential to the financial stability of the district and sound fiscal management. The Board 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 (GAAP).

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

1. It is the goal of the Board to achieve and maintain, at fiscal year-end (June 30), an unassigned fund balance in the General Fund equal to 17% -19% of current fiscal year expenditures. The Board considers a balance of less than 15% to be cause for concern, barring unusual or deliberate circumstances. If the unassigned fund balance falls below 15%, or has a deficiency, the Superintendent shall develop, no later than the regularly scheduled September board meeting, a written plan to increase the unassigned fund balance back to the targeted amount of 17%-19%.

The purpose of maintaining this fund balance is to provide the District with adequate working capital sufficient to meet cash flow requirements, serve as a safeguard against unexpected expenses or unrealized revenues, and maintain a high credit rating for the District thus reducing District borrowing costs.

2. A two-thirds vote of the membership of the Board shall be required to commit or assign the use of the District's General Fund balance for a specific purpose, or to remove or change a previous fund balance commitment or assignment made by the Board. Board action to commit or assign fund balances shall occur prior to the end of the fiscal year for which the commitment or assignment is made (June 30), however, the actual amounts to be committed or assigned can be determined in the subsequent fiscal period.
3. The District's fund balance resources shall be reviewed annually to determine allocation between non-spendable, restricted, committed, assigned and unassigned fund balance account classifications.
  - Non-spendable 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 or 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 in the General Fund that are not classified as non-spendable, restricted, committed or assigned.

When multiple categories of fund balance are available for expenditure, the District will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

First Reading: May 23, 2011

Policy Adopted: June 20, 2011