No. 620

## A.W. BEATTIE CAREER CENTER

SECTION: FINANCES

TITLE: FUND BALANCE POLICY

ADOPTED: June 15, 2000

FIRST READING: March 23, 2023

SECOND READING: April 20, 2023

APPROVED: May 25, 2023

## 620. FUND BALANCE

## 1. Purpose

The Joint Operating Committee (JOC) recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the Career Center and is fiscally advantageous for both the Career Center and the taxpayer. This policy establishes goals and provides guidance for the ongoing maintenance of the fund balance maintained by the Career Center.

## 2. Definition

**Fund balance** is a measurement of financial resources available. Fund balance is the difference between total assets and total liabilities in each fund.

GASB Statement 54 classifies fund balance based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts shall be reported in the following classifications:

**Nonspendable** - amounts that cannot be spent because they are in a nonspenable form (e.g., inventory) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund). The nonspendable portion of fund balance must be identified before any of the other categories are determined.

**Restricted** - amounts limited by external parties, or legislation (e.g., grants or donations).

**Committed** - amounts limited by formal JOC action (e.g., future anticipated costs). Once the item is committed, it cannot be used for any other purpose unless changed by formal JOC action.

**Assigned** - amounts that are intended for a particular purpose, such as a rate stabilization fund or segregation of an amount intended to be used at some time in the future.

3. Guidelines

**Unassigned** - amounts available for consumption or not restricted in any manner. The general fund is the only fund permitted to have a positive unassigned fund balance.

The Career Center will maintain an unassigned general fund balance of not less than five percent (5%) of budgeted expenditures.

If the unassigned portion of the fund balance falls below the threshold of five percent (5%) of budgeted expenditures, the Joint Operating Committee will pursue options for increasing revenues and decreasing expenditures, or a combination of both until five percent (5%) is attained.

4. Delegation of Responsibility

The responsibility for designating funds to specific classifications shall be as follows:

- 1. Non-spendable may be assigned by the Business Manager with the approval of the JOC.
- 2. Restricted may be assigned by the Business Manager with the approval of the JOC.
- 3. Assigned shall be assigned by the JOC.
- 4. Committed shall be assigned by the JOC.

The Executive Director or designee will be responsible for the enforcement of this policy.