

# POLICY

Churchville-Chili Central School District

2023

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Non-Instructional/Business Operations

## **SUBJECT: MAINTENANCE OF FUND BALANCE**

### **General Provisions**

The Board of Education recognizes that the maintenance of a fund balance is essential to the financial integrity of the District insofar as it helps mitigate current and future risks and assists in ensuring stable tax rates. Consistent with this understanding, the Board adopts the following standards and practices.

### **Classification of Funds**

The District will ensure that funds are classified consistent with Governmental Accounting Standards Board (GASB) Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Consequently, fund balance amounts will be categorized as non-spendable, restricted, committed, assigned, or unassigned.

Unassigned represents the residual classification for the government's general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

### **Unassigned Fund Balance**

#### *Minimum Unassigned Fund Balance*

In order to maintain financial stability and protect against cash flow shortfalls, the Board of Education will strive to maintain an unassigned fund balance of at least 2% of the current year's budgeted expenses. In the event such balance falls below the 2% floor, the District will seek to replenish deficiencies through reducing expenses and/or increasing revenue.

#### *Maximum Unassigned Fund Balance*

In order to support normal operating costs and provide fiscal stability for the District, the Board of Education will also strive to ensure that the unassigned fund balance does not exceed 4% of the current year's budgeted expenditures. If it is anticipated that such balance will exceed the 4% ceiling, the Board of Education will evaluate current commitments and assignments in order to determine the final distribution of fund balance in any fiscal year. The District will ensure unexpended surplus funds are used to reduce taxpayer liability in conformance with Real Property Tax Law Section 1318.

### **Fund Balance and Budget Development**

The District's ability to maintain its unassigned fund balance within the limits articulated above is contingent upon the development of a reasonable budget. Consequently, the District will develop and adopt budgets that, to the extent possible, reflect the anticipated revenues and expenditures.

Likewise, the District will ensure that appropriate reserve funds are established and utilized, consistent with applicable law and District policy, to ensure the fund balance is sufficient to meet District needs.

(Continued)

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## **SUBJECT: MAINTENANCE OF FUND BALANCE (CONT'D.)**

### **Compliance**

The District will adhere to the reporting requirements of Article 3 of the General Municipal Law of the State of New York, and the practices set forth in GASB Statement Number 54.

NOTE: Refer also to Policies #5110 -- *Budget Planning and Development*  
#5512 -- *Reserve Funds*

Adopted: 7/12/2011

Revised & Renumbered from 5512 on 11/12/2019

Reviewed by Superintendent & Assistant Superintendent for Business Services with no recommended changes on 6/26/2023. BOE agreed & approved at their 8/22/2023 meeting