

**ANNUAL OPERATING BUDGET  
CE (REGULATION)**

**Budget Planning** A Budget Calendar Budget planning and evaluation are continuous processes and are a part of each month's activities.

**Budget Amendments** Approval from the budget manager and Financial Services is required on all requests for budget amendments before they may be presented to the Board. Board approval will be required in accordance with CE(LOCAL) and the budgeting module and other relevant provisions of the *Financial Accountability System Resource Guide*.

**Fund Balance** Fund balance shall mean the gross difference between governmental fund assets and liabilities reflected on the balance sheet.

The District shall maintain fund balances that:

1. Are adequate for sound fiscal management;
2. Provide for the stewardship of public funds; and
3. Are in keeping with state or federal legal requirements.

**Fund Balance of the General Fund** The fund balance of the general fund, one of the governmental fund types, is of primary significance because the general fund is the primary fund, which finances most functions in the District.

In compliance with Governmental Accounting Standards Board statement 54, fund balance will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. The five classifications of fund balance of the governmental types are as follows:

**Nonspendable Fund Balance** 1. "Nonspendable fund balance" shall mean the portion of the gross fund balance that is not in spendable form (such as inventories) or that is legally or contractually required to be maintained intact.

Examples of fund balance reserves for which fund balance shall not be available for financing general operating expenditures include:

- Inventories;
- Prepaid items;
- Deferred expenditures; and
- Long-term receivables.

**Restricted Fund Balance** 2. "Restricted fund balance" shall include amounts constrained to a specific purpose by the provider, such as a grantor.

Examples include:

- Child nutrition programs;

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- Retirement of long-term debt;
  - Construction programs; and
  - Other federal and state grants.
  - Cooperative partnership agreements
- Committed Fund Balance      3. “Committed fund balance” shall mean the portion of the fund balance that is constrained to a specific purpose by the Board.
- Examples could include items such as:
- Potential litigation, claims, and judgments;
  - Campus activity funds; and
  - Local special revenue funds.
- Assigned Fund Balance      4. “Assigned fund balance” shall mean the portion of the general fund balance that is spendable or available for appropriation but has been tentatively allocated for some specific purpose by the Board, the Superintendent, or the Chief Financial Officer.
- In practice, such plans or intent may change and never be budgeted or result in expenditures in future periods of time.
- Examples include:
- Insurance deductibles;
  - Encumbrances;
  - Program start-up costs;
  - Projected budget deficit for the subsequent year; and
  - Other legal uses.
- For all other governmental funds, any remaining positive amounts not previously classified as non-spendable, restricted, or committed.
- Unassigned Fund Balance      5. “Unassigned fund balance” shall include amounts available for any legal purpose. This portion of the total fund balance in the general fund shall be available to finance operating expenditures, provide the District with sufficient working capital, and a margin of safety to address local and regional emergencies without the need to borrow.
- The unassigned fund balance shall be the difference between the total fund balance and the total of the nonspendable fund

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balance, restricted fund balance, committed fund balance,  
and assigned fund balance.

**Order of Spending** The order of spending and availability shall be to reduce funds from the listed areas in the following order: restricted, committed, assigned, and unassigned.

**Fund Balance Target** The District shall attempt to maintain an unassigned fund balance in the general operating fund that is approximately **25 percent** of general operating expenditures, excluding any nonspendable fund balance and a fund balance in the interest and sinking fund that is approximately **20 percent** of the current annual debt service requirement.

APPROVED – December 1, 2020