

662.3 FUND BALANCE/ RESERVE FUNDS

The Board recognizes that adequate financial reserves and designations are necessary for the sound fiscal management of a school system. The Board recognizes the need to maintain an adequate fund balance to meet cash flow needs during the school year. In addition, a healthy fund balance may be used to limit short term borrowing, function as a safeguard to pay for unanticipated expenses, and help maintain a favorable credit rating to reduce borrowing costs for future referendum or other borrowing purposes.

Financial Disclosures:

The District shall report its fund balance in accordance with generally accepted accounting principles. The District shall classify fund balance into the following categories:

- Non-spendable
- Restricted
- Committed
- Assigned
- Unassigned

Categories such as inventories (e.g. food service), prepaid expenses, long- term receivables, scholarship dollars and any amounts that are contractually committed may be classified as non-spendable.

The fund balance for the spendable portions (restricted, committed, assigned and unassigned) of the special revenue trust fund, debt service fund, capital projects fund, food service fund and the community service fund shall be considered restricted.

In the event that the Board may want to commit funds from the fund balance to a specific purpose, they may do so by a majority vote during a posted and open meeting. Committed funds shall be used exclusively for the specific purpose unless the Board decides to change the commitment.

The assigned nature of the fund balance represents an amount that is for a specific purpose. However, the intent or decision can be made by the governing body or by an official that acts as the body's designated authority. For example, if an emergency repair is needed the fund balance may be assigned for the purpose of remedying that repair.

The Finance Director is authorized to assign fund balances. The Board directs the Finance Director to assign fund balance, to the extent that it is used to maintain cash flow needs and an amount necessary to cover the cost of unsettled labor negotiations. The Finance Director may also assign fund balance for other reasons as needed.

The adequacy of the general fund shall be reviewed annually as part of the District's budget development process.

Adopted: February 15, 2012

Revised: May 17, 2017