

FUND BALANCE PROCEDURE

1. In accordance with the governmental accounting standard, GASB Statement No. 54, the School Board recognizes the following five categories of fund balance for financial reporting purposes:
 - a. Non-spendable Fund Balance - non-cash assets such as inventories or prepaid items.
 - b. Restricted Fund Balance - funds legally restricted for specific purposes, such as grant, food service and expendable trust funds.
 - c. Committed Fund Balance- amounts that can only be used for specific purposes pursuant to a formal vote of the School Board.
 - d. Assigned Fund Balance - amounts intended by the Board for specific purposes. The Board can choose to delegate this authority to the Superintendent or Business Administrator, depending on the situation. Items that would fall under this type of fund balance could be encumbrances.
 - e. Unassigned Fund Balance - residual spendable fund balance after subtracting all of the above amounts.
2. Committed Fund Balance. The School Board, as the government's highest level of decision-making authority, may commit fund balance by a formal vote prior to the government's fiscal year-end for that fiscal year. Future modification or rescission of committed funds must likewise be accomplished by a formal vote of the School Board prior to fiscal year-end.
3. Assigned Fund Balance. The School Board expressly delegates to the Superintendent, through the Business Administrator, the authority under this policy to assign funds for particular purposes.
4. Spending Prioritizations:
 - a. When an expenditure is incurred that would qualify for payment with either restricted or unrestricted funds, it will be paid from restricted funds.
 - b. When an expenditure is incurred that qualifies for payment from either of the three unrestricted fund balance categories, it will be applied in the following order: 1) Committed, 2) Assigned, 3) Unassigned, and 4) Retained Fund Balance.
5. Deficit Fund Balance. At year end if any of the special revenue funds (ie. food service, vocational education funds, etc.) has a deficit unassigned fund balance the Superintendent is authorized to transfer funds from the general fund to cover the deficit, providing the general fund has money to do so.
6. The Board will maintain a minimum unassigned general fund balance less encumbrances equal to one month's budgeted expenditures unless this is unfeasible due to circumstances beyond its control such as:
 - a. A substantial decrease in State funding,
 - b. An unanticipated fiscal necessity.
7. In recognition of the advisability of an unassigned general fund balance greater than the above described minimum, any accumulation of unassigned general fund balance above the Minimum balance shall not be spent without the formal authorization of the School Board.
8. Annual Review. Compliance with the provisions of this policy shall be reviewed as a part of the annual budget adoption process.

First Reading: August 23, 2011
 Second Reading: September 13, 2011
 Adopted: September 13, 2011

First Reading: July 23, 2025
 Second Reading: August 20, 2025
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