POLICY

No. 619

Board of Trustees
Douglas County School District **FINANCES**

FUND BALANCE ACCOUNTING AND REPORTING

This policy establishes the frameworks for classifying and reporting fund balances of the District's Governmental funds in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54) and other applicable accounting standards. The policy supports realistic long-term financial planning, development of annual budgets, and clear communication with the public, staff, and administration regarding the District's financial position and reserves, and is intended to help maintain sufficient fund balance to absorb unanticipated expenditures or revenue shortfalls while preserving flexibility to adjust Board-approved programs as circumstances change. This policy applies to the District's Governmental Funds, including but not limited to the General Fund, Special Education Fund, Class Size Reduction, Federal and State Grants Fund, Food Services Fund, Building and Sites Fund, Capital Projects Fund, Bond Fund, and Debt Services Fund, as well as applicable Proprietary funds such as self-funded insurance activities.

The purpose of this Fund Balance Policy is three-fold: to enable realistic long-term planning, to assist with effective development of annual budgets, and to promote clear communications with the general public, staff and administration. This policy is intended to provide guidelines during the preparation and execution of the annual budget to ensure that sufficient reserves are maintained for unanticipated expenditure or revenue shortfalls. It also is intended to preserve flexibility throughout the fiscal year to make adjustments in funding for programs approved in connection with the annual budget. This policy is established based upon a long-term perspective, recognizing that stated thresholds are considered minimum balances. The main objective of establishing and maintaining a Fund Balance Policy is for the District to be in a strong fiscal position that will allow for a better position to weather negative economic trends.

The five classifications established by GASB 54 are listed below.

1. Non-Spendable Fund Balance **(NFB):**
Amounts that cannot be spend as they are not in spendable form (for example inventories or prepared items) or are legally or contractually required to remain intact (for example the principal of certain endowments).

2. Restricted Fund Balance **(RFB):**
Amounts constrained to specific purposes by external parties or by law, such as grantors, bondholders, other governments, constitutional provisions, or enabling legislation; these constraints are externally enforceable and cannot be changed unilaterally by the Board.

3. Committed Fund Balance **(CFB):**
Amounts constrained to specific purposes by formal action of the Board of Trustees, using its highest level of decision-making authority, typically through Board resolution; adopted prior to June 30th of the applicable fiscal year; the same type of formal Board action is required to change or remove a commitment.

4. Assigned Fund Balance **(AFB):**
Amounts the District intends to use for specific purposes, with the intent expressed by the Board of or by an official or body to which the Board has delegated authority; assignments may not result in a deficit in unassigned fund balance or exceed total fund balance or exceed total fund balance net of non-spendable, restricted, and committed amounts.

5. Unassigned Fund Balance **(UFB):**
The residual classification for the General Fund, consisting of amounts not reported in the other categories; unassigned fund balance provides resources to meet unexpected expenditures and revenue shortfalls and is reported only in the General Fund.

The District's policy for minimum levels of unassigned fund balance in the General Fund is addressed in Administrative Regulation 603 and is subject to the limitations and safe-harbor provisions of NRS 354.6241.

Because circumstances differ among funds and over time, not every fund will report all classifications, and the presence and size of each classification may change. Typically, the Food Services and General Funds may report **NFB**. The Bond, Building and Sites Fund, Capital Projects Fund, Debt Services Fund, Class Size Reduction, State and Federal Grants, Workers' Compensation, and Self Insurance Health Funds are expected to report primarily **RFB**. The Food Services, Special Education and General Funds may have reported **RFB**, **CFB**, and **AFB**. Only the General Fund shall have **UFB**, consistent with GASB 54.

The Superintendent and Chief Financial Officer (CFO) are authorized to evaluate and classify fund balances in accordance with this policy and applicable accounting standards, and to recommend to the Board the establishment, modification, or removal of committed and assigned fund balances. Restricted funds shall be spent according to the purpose for which they were received and in accordance with applicable law, regulations, grant agreements, bond covenants, and other externally imposed requirements.

Unless the Board specifies otherwise in a manner consistent with law and external restrictions, the District will ordinarily apply resources in the following order when expenditures are incurred for purposes for which more than one classification could be used:

(1) Restricted Fund Balance; (2) Committed Fund Balance; (3) Assigned Fund Balance"; and lastly (4) "Unassigned Fund Balance".

The Board of Trustees may, by formal resolution, designate a different order of spending for particular circumstances, provided that such action remains consistent with external restrictions, statutory requirements, and sound financial management.

Reference: GASB 34, GASB 54, NRS 354.6241 (Ending fund balance and negotiations; excess reserves); NRS 387.205 (Required and authorized uses of money in county school district fund); AR603

Date Adopted: July 10, 2012
Date Revised: March 26, 2026