

P3414 FUND BALANCES

BOARD POLICY:

The Board recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the school district and is fiscally advantageous for both the district and the taxpayer.

Administrative Implemental Procedures:

1. Fund balance is a measurement of available financial resources. Fund balance is the difference between total assets and total liabilities in each fund. Governmental Accounting Standards Board (GASB) Statement 54 distinguishes fund balances classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

Nonspendable – amounts that cannot be spent because they are in a nonspendable form (e.g., inventory) or legally or contractually required to be maintained intact, e.g. principal of a permanent fund.

Restricted – amounts are limited by external parties, or legislation, e.g. grants or donations.

Committed – amounts are limited by board action, e.g. future anticipated costs.

Assigned – amounts that are intended for a particular purpose. Includes amounts intended to be used at some time in the future, e.g. encumbrances (may be designated by the district's Chief Financial Officer.)

Unassigned – amounts are available for consumption or not restricted in any manner.

2. The school district will strive to maintain an unassigned combined general fund balance/contingency reserve fund balance not more than ten percent of the General Fund budget or the statutory limit whichever is less.
3. If general fund expenditures incurred exceed the amounts that have been restricted, committed, and assigned to a specific purpose and results in a negative residual amount for that specific purpose, the deficit will be covered using funds in the following order:
 - a. Unassigned.
 - b. Assigned.
 - c. Committed.
4. The Superintendent or designee shall be responsible for the enforcement of this policy.
5. The district considers unrestricted amounts to be spent prior to restricted amounts when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used (committed, assigned or unassigned,) the district considers committed amounts to be spent first, followed by assigned and then unassigned amounts.

Administrative Responsibility: Chief Financial Officer

Latest Revision Date: December 2011

New Policy: June 2011