



GENERAL FUND BALANCE

Purpose

The Board of Education recognizes the need to maintain an operating reserve in the general fund for the following purposes:

1. Hold adequate working capital to meet cash flow needs during the fiscal year.
2. Reduce the need for short-term borrowing.
3. Serve as a safeguard for unanticipated expenditures of the district.
4. Show fiscal responsibility to maintain a high credit rating which will help reduce future borrowing costs.

Any excess of revenues and other financing sources over expenditures and other financing uses at the end of the fiscal year will be added to the District fund balance. The district will strive to maintain a general fund balance of not less than 15% of subsequent year's operational expenditures. If the District, as of June month-end of a given fiscal year, shows an operating fund balance below 15% of the subsequent year budget, the Board will take proactive actions to raise the District fund balance to 15%.

Long-Term Goals

The District's long-term goals for fund balance is to achieve and maintain a general fund balance that would alleviate the need to short-term borrow for operational cash flow needs. Fund balance in excess of this goal may be used for one-time expenditures or unforeseen costs (i.e. damages). The general fund balance shall not be used for recurring costs in the operating budget.

Financial Disclosures

Fund balance amounts will be reported in conformance with generally accepted accounting principles and shall be reclassified not less than the end of each fiscal year for general purpose financial statements. The District shall report inventories, long-term receivables and amounts legally or contractually required to be maintained intact

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as non-spendable. The fund balance for the spendable portion of permanent funds and balance, if any, in the special revenue trust fund, debt service funds, food service fund, and other funds established by regulatory authority shall be classified as restricted.

The School Board directs a commitment of general fund balance in an amount equal to the difference between expected health benefit costs and the aggregate stop-loss insurance attachment point, to the extent such commitment does not create a negative unassigned fund balance. The Board may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of a majority of the Board. Commitments of fund balance, once made, can be modified only by majority vote of the Board.

The School Board authorizes and directs the superintendent or designee to assign the fund balance to the extent such assignment does not create a negative unassigned fund balance as follows:

- * An amount sufficient to liquidate open encumbrances that are reasonably expected to result in an expenditure in the subsequent year and
- * An amount estimated to be sufficient to cover the cost of unsettled labor agreements, if any,
- * An amount estimated for labor costs incurred prior to recognition of revenue in the subsequent year.
- * Unrestricted community service fund balance shall be assigned for future community service.

Adopted: January 2007

Revised: June 2011