

Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS.

DISTRICT POLICY

POLICY SERIES: Financial Planning & Operations

SUBJECT: Funds Management

BOARD APPROVED: November 2012

REVISION DATE:

FPO 140 Fund Balance

I. Purpose

The purpose of this policy is to ensure the financial stability of the District, to provide a sound basis to justify continuation of a strong financial rating, and to provide a reserve enabling the District to respond to unforeseen shortfalls or expenditures.

II. General Statement of Policy

To ensure the financial strength and stability of the District, the Board will endeavor to maintain an unassigned fund balance of at least 6% to 8% of the District's General Fund operating budget, excluding operating capital programs.

III. Definitions

- A. "Assigned" fund balance amounts are comprised of unrestricted funds constrained by the District's intent that they be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. In funds other than the general fund, the assigned fund balance represents the remaining amount that is not restricted or committed. The assigned fund balance category will cover the portion of a fund balance that reflects the District's intended use of those resources.
- B. "Committed" fund balance amounts are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action of the Board and that remain binding unless removed by the Board by subsequent formal action.
- C. "Fund balance" means the arithmetic difference between the assets and liabilities reported in the District fund.

- D. "Nonspendable" fund balance amounts are comprised of funds that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. They include items that are inherently unspendable, such as, but not limited to, inventories, prepaid items, long-term receivables, non-financial assets held for resale, or the permanent principal of endowment funds.
- E. "Restricted" fund balance amounts are comprised of funds that have legally enforceable constraints placed on their use that either are externally imposed by resource providers or creditors (such as through debt covenants), grantors, contributors, voters, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.
- F. "Unassigned" fund balance amounts are the residual amounts in the general fund not reported in any other classification. Unassigned amounts in the general fund are technically available for expenditure for any purpose.
- G. "Unrestricted" fund balance is the amount of fund balance left after determining both nonspendable and restricted net resources. This amount can be determined by adding the committed, assigned, and unassigned fund balances.

III. ASSIGNING FUND BALANCE

The board delegates the power to assign fund balances to the Director of Finance. Assignments so made shall be reported to the school board in its annual financial report.

IV. ORDER OF RESOURCE USE

If resources from more than one fund balance classification could be spent, the district will strive to spend resources from fund balance classifications in the following order (first to last): restricted, committed, assigned, and unassigned.