

[Note from Josh: This policy is based on a portion of the CSBA sample policy 3100. I've retitled it 3101 and focused the text on the fund balance and the reserve.]

BP 3101

Fund Balance Classifications and Reserve

Fund Balance

The district shall classify fund balances in compliance with Governmental Accounting Standards Board (GASB) Statement 54, as follows:

1. Nonspendable fund balance includes amounts that are not expected to be converted to cash, such as resources that are not in a spendable form (e.g., inventories and prepaids) or that are legally or contractually required to be maintained intact.
2. Restricted fund balance includes amounts constrained to specific purposes by their providers or by law.
3. Committed fund balance includes amounts constrained to specific purposes by the Board.

For this purpose, all commitments of funds shall be approved by a majority vote of the Board. The constraints shall be imposed no later than the end of the reporting period (June 30), although the actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements.

4. Assigned fund balance includes amounts which are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed.

The Board delegates authority to assign funds to the assigned fund balance to the Superintendent and authorizes the assignment of such funds to be made any time prior to the issuance of the financial statements. The Superintendent may further delegate the authority to assign funds at his/her discretion.

5. Unassigned fund balance includes amounts that are available for any purpose.

When multiple types of funds are available for an expenditure, the district shall first utilize funds from the restricted fund balance as appropriate, then from the committed fund balance, then from the assigned fund balance, and lastly from the unassigned fund balance.

Reserve

The Board shall establish and maintain a special fund for a reserve for economic uncertainty of 3 percent of the District's general fund expenditures as required by state law

The Board shall establish and maintain a special fund for a secondary reserve for economic uncertainty of 1 percent of the District's general fund expenditures separate and above the State

Commented [JRD 1]: ceiling

required reserve of 3 percent. The special fund for the secondary reserve for economic uncertainty shall be separate from the special fund containing the State required reserve of 3 percent and separate from the fund containing any parcel tax share of the 3 percent reserve for economic uncertainty.

Commented [JRD 2]: separate fund

In any year in which the district (i) adopts a budget in which the secondary reserve for economic uncertainty is less than 1 percent, (ii) the adopted budget receives a positive certification, and (iii) the estimated available unassigned funds (excluding funds in the 3% reserve for economic uncertainty and any funds in the secondary reserve for economic uncertainty) for the year prior to the budget year is above 2% of general fund expenditures, then at least half of any unspent but budgeted funding from the prior year that is unassigned shall be automatically placed in the secondary reserve for economic uncertainty.

Commented [JRD 3]: unassigned (see definition from previous page)

Commented [JRD 4]: Smaller transfer if there is small ending fund balance

In any year in which the district (i) adopts a budget in which the secondary reserve for economic uncertainty is less than 1 percent, (ii) the adopted budget receives a positive certification, and (iii) the estimated available unassigned funds (excluding funds in the 3% reserve for economic uncertainty and any funds in the secondary reserve for economic uncertainty) for the year prior to the budget year is above 4% of general fund expenditures, then at least three-fourths of any unspent but budgeted funding from the prior year that is unassigned shall be automatically placed in the secondary reserve for economic uncertainty.

Commented [JRD 5]: Larger transfer if there is larger ending fund balance

The funds in the secondary reserve for economic uncertainty may only be transfers to the general fund under the following conditions:

Commented [JRD 6]: When can the funds be used – something to think about and brainstorm