

BP 3101
Reserve

Definitions

1. Nonspendable. The 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. The Restricted fund balance includes amounts constrained to specific purposes by their providers or by law.
3. Committed. The 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. The 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 authority to assign funds to the assigned fund balance rests with the Superintendent and the Superintendent may further delegate the authority to assign funds at his/her discretion. The assignment of such funds is to be made any time prior to the issuance of the financial statements.
5. Unassigned. The Unassigned fund balance includes amounts that are available for any purpose.

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 annually commit an additional reserve for economic uncertainty of 1 percent of the District's combined general fund expenditures separate and above the State required reserve of 3 percent and the fund containing any parcel tax share of the 3 percent reserve for economic uncertainty. The additional 1 percent reserve for economic uncertainty, which shall be referred to as the "committed reserve," shall be committed within the unrestricted general fund. The District's budget shall include a specific line item that states the amount of the committed reserve.

In any year in which the (i) the committed reserve is less than 1 percent of the District's combined general fund expenditures, (ii) the adopted budget received a positive certification, and (iii) the unaudited actuals show that there are unassigned funds (excluding funds in the 3% reserve for economic uncertainty and any funds in the committed reserve) above 2% of combined general fund expenditures, then the Board shall increase the committed reserve by one-half of any increase in Fund 01 (General Fund) from the estimated actuals to the unaudited

actuals or less but only if a smaller amount is needed to raise the committed reserve to 1 percent of the District's combined general fund expenditures.

The Board may uncommit the funds in the committed reserve only if **one or more** of the following conditions are met:

- It is projected that the District's 3-year multiyear budget will be deemed to be qualified or negative by the County Office of Education
- It is projected that the District's combined state and federal revenue is reduced in the middle of a fiscal year
- **The Superintendent's Budget Advisory Committee recommends doing so**