

## Board Policy

Code No. 701.4R1

### GOVERNMENTAL ACCOUNTING PRACTICES AND REGULATIONS

The Board of Directors shall identify the order of spending unrestricted resources applying the highest level of classification of fund balance – restricted, committed, assigned, and unassigned.

The definitions of the fund balances are:

- **Nonspendable Fund Balance** - The nonspendable fund balance classification includes amounts that cannot be spent because they are either:
  - Not in spendable form. The “not in spendable form” includes items that are not expected to be converted to cash. Examples include inventories and prepaid items.
  - Legally or contractually required to be maintained intact.
- **Restricted Fund Balance** – Fund balance should be reported as restricted when constraints placed on the use or resources are either: Example: State grant carryovers , special revenue, PPEL, Debt Service and Capital Projects fund balances.
  - Externally imposed by laws or others.
  - Imposed by law through constitutional provisions or enabling legislation.
- **Committed Fund Balance** - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority should be reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specific use by taking the same type of action it used to commit those amounts. Example: Most Districts will not have committed balances.
- **Assigned Fund Balance** – Amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance except in certain arrangements.
- Example: in the general fund – book fairs, field trip funds carryover.
- **Unassigned Fund Balance** – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

The administration shall plan and manage annual revenue and expenditure budgets that provide an (unreserved) unassigned general fund balance of at least five percent (5%) of annual general fund expenditures.

If the general fund balance should fall below five percent of annual general fund expenditures

within a given year or the next succeeding year, the Superintendent shall alert the board to the circumstances and recommend appropriate short-term actions to maintain the desired balance.

*Approved: June 20, 2011*

*Reapproved: February 19, 2013  
November 19, 2018*