

## **701.2 MANAGING FUND BALANCE RESERVES**

### **I. PURPOSE**

The purpose of this policy is to set forth guidelines for maintaining and managing fund balance reserves for the school district's budget.

### **II. GENERAL STATEMENT OF POLICY**

The Board of Education directs the administration to incorporate into budget planning assumptions the establishment of an unreserved general fund balance equal to **13 percent** of general fund expenditures. This policy should be reviewed at least every four years in consideration of the procedures and requirements.

### **III. PROCEDURES AND REQUIREMENTS**

- A. The school district will identify and maintain both designated and undesignated fund balance reserves. The designated fund balance reserves may only be used for the defined areas of designation.
- B. Fund balances reserves are required to meet and managing operating expenses and to provide adequate cash flow throughout the school year.
- C. Fund balance reserves are also important in providing additional revenue through the interest earned from the reserve.
- D. The use of fund balance reserves can be effective in both providing a fiscally responsibly developed budget and as an asset in providing the necessary financial resources to meet the educational services and programs of the district and the established district goals.
- E. The use of fund balance reserves must be approved by the school board and can successfully be used to fund:
  - Targeted expenditures
  - Unexpected/emergency expenditures
  - Technology hardware
  - Staff training
  - Research and development projects
  - Annual goal initiatives
  - One-time personnel expenditures
  - Cash Flow
  - Legislative Accounting Shifts
  - GASB 45 Implementation – Pre-Funding Post Employment Costs
- F. Fund balance reserves are not intended to be used for ongoing personnel or operational expenditures.