

FUND BALANCE

The Board recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the school district. The Board will maintain a fund balance in accordance with law. Pursuant to GASB 54, fund balances in the General Fund will be reported in the following classifications, where applicable.

1. NON-SPENDABLE will be reported for amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables), or they are legally, or contractually required to be maintained intact (e.g. the principle of an endowment fund).

2. RESTRICTED FUND BALANCE will be reported when constraints placed on the use of resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in General Municipal or Education Law.

3. COMMITTED FUND BALANCE will be reported for amounts that can only be used for specific purposes pursuant to formal action of the Board of Education. These funds may only be used for the purpose specified unless the District removes or changes the purpose by taking the same action that was used to establish the original commitment. This classification includes certain designations established and approved by the Board of Education.

4. ASSIGNED FUND BALANCE will be reported for amounts constrained either by the Board of Education or by Board appointed Purchasing Agent to assign amounts for a specific intended purpose. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. This classification will include amounts designated for balancing the subsequent year's budget and encumbrances. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying non-spendable, restricted or committed fund balance amounts.

5. UNASSIGNED/UNRESTRICTED FUND BALANCE will be reported for amounts not classified as non-spendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, because the fund's liabilities, together with amounts already classified as non-spendable, restricted and committed would exceed the fund's assets.

PURPOSE

This policy will ensure that the District maintains adequate fund balance, retained earnings and reserves in the District's various operating funds to provide the capacity to:

1. Provide sufficient cash flow for daily financial needs;
2. Secure and maintain investment grade bond ratings;
3. Offset significant economic downturns or revenue shortfalls;
4. Provide funds for unforeseen expenditures related to emergencies; and
5. Ensure that construction projects or public works projects are fully completed.

RESERVE FUNDS

Reserve funds are an important component in the District's financial planning for future projects, acquisitions and other lawful purposes. To this end, the District may establish and maintain reserve funds in accordance with New York State Laws, Commissioner's Regulations and the rules and/or opinions issued by the Office of the New York State Comptroller, as applicable. The District shall comply with the reporting requirements of Article 3 of the General Municipal Law of the State of New York and the Governmental Accounting Standards Board (GASB) issued GASB Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions.

Any and all District reserve funds shall be properly established and maintained to promote the goals of creating an open, transparent and accountable use of public funds. The District may engage independent experts and professionals, including but not limited to, auditors, accountants, the District audit committee, and other financial and legal counsel, as necessary, to monitor all reserve fund activity and prepare any and all reports that the Board may require.

In recognition of sound fiscal policy and in order to stabilize and possibly enhance the current credit rating of the District, the District will make all reasonable efforts to maintain an undesignated fund balance at the maximum level allowed by Real Property Tax Law 1318.

PERIODIC REVIEW AND ANNUAL REPORT

At the direction of the School Business Administrator, the external auditor will prepare and submit to the Board and the public, an annual financial report that will include the fiscal year end balances of all reserve funds including the type, description, and amount of the reserve funds.

The Board shall utilize the information in the annual report to make necessary decisions to adequately maintain and manage the District's reserve fund balances while remaining mindful of its role and responsibility as a fiduciary of public funds.

UTILIZATION OF RESERVES

Restricted Funds are utilized for the specific purpose of the established reserves. The committed fund balance, assigned fund balance and unassigned fund balance, shall be, when possible, appropriated to fund one-time expenditures or expenses that do not result in recurring operating costs, or other one-time costs including, but not limited to, the establishment of, or increase in, a legitimate reserve fund.

In the event that the unassigned fund balance exceeds the maximum permissible amounts, the excess may be utilized for any lawful purpose approved by the Board. Reserve funds shall follow all applicable laws of the State of New York. Each year, when establishing the annual tax levy as well as during budget development, the Board of Education shall consider utilization of fund balance in the following order:

1. Restricted;
2. Assigned Fund Balance; and
3. Unassigned/Unrestricted Fund Balance.

Nothing contained within this policy shall be interpreted to imply that the Board of Education must completely exhaust one fund balance before considering the use of another fund balance classification. The Board of Education will utilize and fund reserves in a sustainable manner which will help reduce the tax levy, and at the same time, avoid dramatic increases in the tax levy from year to year.

Adopted: November 26, 2018

