

FUND BALANCE AND CIP TRANSFER

This policy applies only to the unrestricted fund balance within the school system's operating fund. It does not apply to other funds or to balances that are restricted or designated for specific purposes. If the available ending balance at the end of any given fiscal year exceeds 2 percent of next year's operating fund appropriation, the amount in excess of 2 percent will be transferred to the Capital Improvement Fund.

Available ending balance is determined by taking the actual ending balance and removing from that amount the planned amount used to ensure that the operating fund revenues equal expenditures in the current fiscal year. The available ending balance also does not include monies set aside by the School Board as reserves for various contingencies. Contingencies might include, but not necessarily limited to, funds for the potential loss of State revenues, volatile expenditure categories such as fuel and utilities, and other categories determined by the School Board to be necessary. All such reserves should be reasonable and should be made public.

~~In the spirit of equal access to Capital Improvement Program (CIP) funding, as part of its annual budget adoption process, the School Board will allocate a portion of ending available increase in fund balance to meet overall CIP needs under specified conditions.~~

~~As part of this policy, certain financial terms are used which are defined as follows:~~

~~**Fund Balance**—This refers to a basic assets vs. liabilities calculation.~~

~~**Unrestricted Fund Balance**—This refers to funds that are available for use for any purpose within the organization. It is possible that funds may be specifically directed or unavailable for use due to state, federal, donor, or timing requirements. Fund balances may be designated, unrestricted, or restricted. This policy refers solely to funds meeting the unrestricted criteria.~~

~~**Regular School Fund**—This refers to those funds associated with the general operation of the school division. Most grants and fee based programs are operated within our self-sustaining funds which are separate. Many of the self-sustaining funds are considered restricted due to their specific state, federal, and/or donor requirements.~~

~~**Available Fund Balance**—This refers to a calculation of unrestricted fund balance less current FY use of fund balance and less planned next FY use of fund balance equals available fund balance.~~

~~The allocation formula is based upon the increase in unrestricted regular School Fund fund balance identified in the prior Fiscal Year (FY) Consolidated Annual Financial Report (CAFR), with any post-audit adjustments, and is adjusted to reflect budgeted use in the current and succeeding FYs. A distribution of fund balance to CIP will require two criteria to be met:~~

- ~~1.—Unrestricted School Fund fund balance must increase from the prior FY.~~
- ~~2.—Unrestricted School Fund fund balance less budgeted current and next FY use of fund balance must exceed 2% of the planned (next) FY School Fund total appropriation.~~

~~The formula to determine the amount of fund balance to be considered for distribution to CIP follows:~~

- ~~1.—Did unrestricted School Fund fund balance grow between the prior two FY CAFRs? If fund balance grew, then move to the next step. If it did not grow, then no contribution is considered.~~

- ~~2. Unrestricted fund balance less current FY use of fund balance and less planned next FY use of fund balance equals available fund balance.~~
- ~~3. Divide the available fund balance by the planned next fiscal year requested appropriation, which yields a percentage of funds available.~~
- ~~4. If the percentage of funds available is greater than 4%, then 100% of the increase in fund balance over 4% would be distributed to CIP.~~
- ~~5. If the percentage of funds available for use is greater than 2%, then 40% of the increase in fund balance exceeding the 2% threshold would be distributed.~~

~~A report and recommendation for the use of fund balance for CIP will be brought forward to the School Board either during or following adoption of the annual budget.~~

Adopted: July 12, 2012