

FUND BALANCE POLICY

The following policy has been adopted by the Board of Education in order to recognize the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions. This policy will help the District assess if it is maintaining adequate fund balances and reserves in order to:

1. Provide sufficient cash flow for daily financial needs,
2. Secure and maintain investment grade ~~bon~~ ratings,
3. Offset significant economic downturns or revenue shortfalls,
4. Provide funds for unforeseen expenditures related to emergencies.

GASB Statement No. 54 changed the classification of fund balance in order to bring greater clarity and consistency to fund balance reporting. Effective for financial statements for periods ending June 30, 2011 and ~~all~~ fund balance is reportable in five categories as

Unassigned Fund Balance

Funds in this category represent funds that are not classified in any of the other four categories. Typically only the General Fund will contain an Unassigned Fund Balance.

The Board recognizes that Real Property Tax Law, Section 1318, limits the amount of Unassigned Fund Balance to no more than 4% of the next year's budgeted appropriations. Funds properly retained under other sections of the law (i.e., reserves established pursuant to General Municipal Law or Education Law) are excluded from the 4% limitation. The Unassigned Fund Balance is maintained to provide the District with financial stability and a margin of safety to fund unanticipated contingent expenditures that may happen during the fiscal year.

Any and all District reserve funds shall be properly established and maintained to promote goals of creating an open, transparent and accountable use of public funds. The creation of reserve funds, funding of, expenditure from, termination and reallocation of any balances shall be determined by the applicable Education Law, General Municipal Law, Commissioner's Regulations or Comptroller's Guidance. The Board of Education shall make the necessary decisions to adequately maintain and manage the District's reserve fund balances while mindful of its role and responsibility as a fiduciary of public funds.

Delegation of Responsibility: The Superintendent or Business Official shall be responsible for the enforcement of this policy.

1st Reading June, 6, 2018
Adoption Date: June 20, 2018