

EUREKA COUNTY SCHOOL DISTRICT  
FUND BALANCE

The Board recognizes its responsibility to establish an unrestricted (unassigned) fund balance[1] in an amount sufficient to:

1. Protect the District from unnecessary borrowing in order to meet cash-flow needs;
2. Provide prudent reserves to meet unexpected emergencies and protect against catastrophic events;
3. Meet the uncertainties of state and federal funding; and
4. Help ensure a District credit rating that would qualify the District for lower interest costs and greater marketability of bonds that may be necessary in the construction and renovation of school facilities.

Consequently, the Board directs the superintendent to manage the currently adopted budget in such a way to ensure an ending fund balance in accordance with the Board of Trustees Goals and Objectives.

In determining an appropriate unrestricted fund balance, the Board will consider a variety of factors with potential impact on the District's budget including the predictability and volatility of its expenditures[2]; the availability of resources in other funds as well as the potential drain upon general fund resources from other funds[3]; liquidity[4]; and designations[5]. Such factors will be reviewed annually.

Fund Balance of the District may be committed for a specific use by formal action of the Board of Trustees. Amendments or modification to the committed fund balance must also be approved by formal action of the Board of Trustees. Committed fund balance does not lapse at year-end. The formal action required to commit fund balance shall be by majority vote of the Board of Trustees or by a properly approved District budget.

The Board of Trustees delegates authority to assign fund balance for a specific purpose to the Superintendent and/or Chief Financial Officer of the District.

For purposes of fund balance classification, when multiple components of fund balance are available for the same expenditure (for example, a project has both restricted and unrestricted funds available for it), allowable expenditures are to be spent from restricted fund balance first and then unrestricted.

[1] The Government Finance Officers Association (GFOA) recommends that general-purpose governments, regardless of size, maintain unrestricted (unassigned) budgetary fund balance in their general fund. In general practice, levels of fund balance, typically, are less for larger governments than for smaller governments because of the magnitude of the amounts involved and because the diversification of their revenues and expenditures often results in lower degrees of volatility.

[2] Higher levels of unrestricted fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile.

[3] The availability of resources in other funds may reduce the amount of unrestricted fund balance needed in the general fund, just as deficits in other funds may require that a higher level of unrestricted fund balance be maintained in the general fund.

[4] The disparity between when financial resources actually become available to make payments and the average maturity of related liabilities may require that a higher level of resources be maintained.

ADOPTED: 7/11/23

REVIEWED:

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[5]The need to maintain a higher level of unrestricted fund balance to compensate for any portion of unrestricted fund balance already designated for a special purpose.