

Policy 0801-70

Unappropriated Fund Balance and Contingency

An un-appropriated fund balance of not less than 9% of the estimated revenue for the current year shall be maintained for the General Fund. Any variance below the 9% must be specifically identified and reported to the Board for approval when the budget is presented; an outline of a plan to bring the un-appropriated fund balance up to 9% must also be presented at that time.

The purpose of the un-appropriated fund balance is to allow the District to absorb any unpredicted revenue shortfall, to maintain cash flow, to maintain the District's bond rating, and to minimize the borrowing needs of the District.

The District will also establish a general fund contingency to provide for unanticipated expenditures; this contingency will be 1% of the estimated revenue for the current year. The contingency is a budget item only; in order to make any expenditure from the contingency funds, a budget transfer is to be made to the appropriate expenditure account. Transfers from the contingency funds may be made only with approval from the Board of Trustees.

Each year during the budgeting process, the administration will estimate the amount of the fund balance to be available and the amount of the contingency to be available for the following year. This amount will always be an estimate and will vary because the exact amount of revenue and expenditures will not be known until after the close of the fiscal year. The estimate will be used to prepare the budget for the following year.

In the event the un-appropriated fund balance is above 9%, the difference may be used for one-time expenditures, which do not increase on-going costs for the District. Expenditures must have approval from the Board of Trustees.

Due to the reduction in state and local funding, this policy is suspended for the 2020-2021 school year