

**TrekNorth Jr & Sr High School  
FUND BALANCE POLICY**

**I. PURPOSE**

The purpose of this policy is to ensure the financial stability of the District, to provide a sound basis to justify a strong financial rating, and to provide a reserve enabling the District to deal with unforeseen budget expenditures and revenue shortfalls.

**II. GENERAL STATEMENT OF POLICY**

The policy of the school district is to classify its fund balances based on the nature of the particular net resources reported in the separate funds of the district. Fund Balance categories will be identified according to the guidelines in Governmental Accounting Standards Board (GASB) Statement No. 54. Fund Balance categories will include Nonspendable, Restricted, Committed, Assigned and Unassigned. To ensure the financial strength and stability of the District, the Board will endeavor to maintain at least 25% of the District's General Fund operating budget, excluding those accounts associated within the Restricted category, in the combined total of the General Fund Committed, Assigned and Unassigned fund balances.

**III. DEFINITIONS**

- A. Nonspendable fund balance – Represents amounts that cannot be spent due to form such as inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).
- B. Restricted fund balance – Represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- C. Committed fund balance – represents amounts constrained for a specific purposes determined by the School District Board of Directors. It requires formal action by the same group to remove or change the constraints placed on resources.
- D. Assigned fund balance – represents amounts constrained by the school district's intent to be used for a specific purpose, but are not restricted or committed. The School Board has delegated the authority to assign amounts to the district finance director and superintendent. Assigned amounts or changes to Assigned amounts will be presented to the school board for review.
- E. Unassigned fund balance - Represents resources available to meet current and future years' expenditures.

**IV. GUIDELINES**

The school board hereby establishes the following order for resource use: Non-spendable fund balance, Restricted fund balance, Committed fund balance, Assigned fund balance, and Unassigned fund balance. Journal entries at the end of the fiscal year may be used to accomplish this.

Approved 6/7/11

The district's encumbrance policy is for fiscal year end individual encumbrances exceeding \$25,000 to be considered significant encumbrances. All encumbrances will be classified as either Assigned Fund Balance or Restricted Fund Balance.

When the combined total of the General Fund Committed, Assigned and Unassigned fund balance falls below 25% the district shall initiate the following measures:

1. Reduce expenditures through implementation of cost containment measures.
2. Seek opportunities to increase revenue. Consider fee increases where appropriate.  
Examine options to increase enrollment.
3. If permitted by state law, request from voters additional revenue through an increase in the operating referendum or other financial options.
4. A combination of the above.