



DBAA - GENERAL FUND BALANCES

The District shall strive to maintain appropriate fund balances within the General Fund to maximize resources in support of student education while at the same time complying with the requirements of governing law, mitigating financial risk and ensuring the District's financial stability. In order to comply with this requirement, fund balance levels shall be maintained in the District's General Fund in compliance with the terms and conditions set forth below. These required fund balance levels are intended to: (a) provide sufficient cash flow for daily financial needs; (b) secure and maintain investment grade bond ratings; (c) offset significant economic downturns or revenue shortfalls; and (d) provide funds for unforeseen expenditures related to emergencies.

FUND BALANCE CATEGORIES AND DEFINITIONS

Fund balance is a measurement of available financial resources and is the difference between total assets and total liabilities. In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 54, fund balance amounts shall be reported in the following categories:

- Nonspendable fund balance, which describes amounts that cannot be spent because they are either: (a) not in spendable form (i.e., inventories and prepaid amounts); or (b) legally or contractually required to be maintained intact (i.e., principal balance of endowments and permanent funds).
- Restricted fund balance, which describes amounts that can be spent only for the specific purposes stipulated by the constitution or external resource providers, or through enabling legislation (i.e., TABOR reserves).
- Committed fund balance, which describes amounts that can be used only for the specific purposes determined in each case by formal action of the Board of Education. Board action to commit fund balances must occur prior to the end of the District's fiscal year (June 30); however, actual amounts may be determined in the subsequent fiscal year.
- Assigned fund balance, which describes amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board delegates to the superintendent or his/her designee the authority to assign funds to be used for specific purposes.
- Unassigned fund balance, which describes the residual fund category within the General Fund that includes all spendable amounts not contained in the other categories (nonspendable, restricted, committed or assigned). Unassigned funds may be used for any legal purpose.

PRIORITIZATION OF FUND BALANCE USAGE

When an expenditure is incurred for a purpose regarding which both restricted and unrestricted (committed, assigned, or unassigned) fund amounts are available, restricted fund amounts shall be spent first if that can be accomplished in accordance with the fund restriction. When an expenditure is incurred for a purpose regarding which amounts in any of the unrestricted fund balance categories may be used, committed fund balance amounts shall be spent first, followed by assigned fund balance amounts and then unassigned fund balance amounts. Within unassigned fund balance, reserve amounts shall be spent before contingency reserve amounts.

UNASSIGNED FUND BALANCE

The unassigned fund balance is comprised of a reserve amount and a contingency reserve amount. The District shall strive to maintain a reserve amount in its General Fund within the range of 3% to 5% of each fiscal year's expenditures and other financial uses. This reserve amount is intended to be used to safeguard against unanticipated expenditures and/or unrealized revenues, as well as to help maintain a high credit rating for the District and reduce the need for short-term borrowing. The contingency reserve amount shall be annually determined by the Board in its adopted budget.

REPLENISHING RESERVE SHORTAGES

If the reserve amount falls below 3%, the District shall replenish shortages by reducing recurring expenditures to eliminate any structural deficit and/or by increasing revenues and other funding sources. Shortages resulting in a reserve amount of 0% up to but not including 1% of fiscal year expenditures shall be replenished over a period of time not to exceed one year. Shortages resulting in a reserve amount of 1% up to but not including 3% shall be replenished over a period of time not to exceed two years.

RESERVE AMOUNT EXCEEDING 5%

If the reserve amount exceeds 5%, the District may use the funds in excess of 5% for one or more expenditures that are nonrecurring in nature and that will not require additional future expenditures for maintenance, additional staffing or other recurring expenses.

IMPLEMENTATION GUIDELINES/POLICY REVIEW

The District's Financial Services Department may develop guidelines to specify any standards and/or procedures necessary for the effective implementation of this policy. In addition, the Financial Services Department shall review this policy at least annually and recommend to the Board any revisions it deems necessary or advisable.

Adopted by Board: March 26, 2013
Revised by Board: June 10, 2014

LEGAL REFS:

C.R.S. 22-44-101 to -304

CROSS REFS:

DB, Annual Budget

DBG, Budget Adoption