

FISCAL MANAGEMENT GOALS AND OBJECTIVES

CA
(LOCAL)

BACKGROUND

The District recognizes the importance of maintaining its financial integrity; therefore, it has developed this policy to support its mission and its goals and objectives.

To keep the District in a strong financial position, it is the goal of the Board to maintain the fund balances of the operating and debt services funds at an adequate level.

**FINANCIAL POLICY
AND OBJECTIVES**

In order to meet its mission, the District depends on the State of Texas for funding. The District is a payment class number #2 for the distribution of state funds. State aid is distributed on the 25th of each month to school districts.

FINANCIAL STABILITY

The District depends on state aid, grant revenues, and property taxes for funding. The district receives its revenues at various intervals during the year and most of its tax revenues by February of each year.

In seeking to fulfill its mission, the District shall maintain a high level of financial stability and shall not compromise the long term financial integrity to achieve short term benefits.

**FUND BALANCE
CLASSIFICATION**

Fund balance classification shall be recorded in accordance with governmental accounting standards as promulgated by the Government Accounting Standards Board.

FUND BALANCE

Fund balance shall mean the gross difference between governmental fund assets and liabilities reflected on the balance sheet. Governmental fund assets are those of the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

**FUND BALANCE OF
THE GENERAL FUND**

The fund balance of the general fund, one of the governmental fund types, is of primary significance because the general fund is the primary fund, which finances most functions in the District.

**ORDER OF
EXPENDITURE**

The order of spending and availability of the fund balance shall be to reduce funds from the listed areas in the following order: restricted, committed, assigned, and then unassigned funds. Negative amounts shall not be reported for restricted, committed, or assigned funds.

The five classifications of fund balance of the governmental types are as follows:

**NON-SPENDABLE
FUND BALANCE**

Non-spendable fund balance shall mean that portion of the gross fund balance that is not expendable (such as inventories) or is legally earmarked for a specific use.

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Examples of non-spendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include:

1. Inventories
2. Prepaid items
3. Deferred expenditures
4. Long term receivables

RESTRICTED FUND
BALANCE

Restricted fund balance shall include amounts constrained to a specific purpose by the provider, such as a grantor.

Examples of restricted fund balances include:

1. Child Nutrition Program
2. Technology Program
3. Construction Programs under a state funded program (i.e. IFA, EDA, PFC, financed bonds)
4. Resources from other granting agencies

COMMITTED FUND
BALANCE

Committed fund balance shall mean that portion of the fund balance that is constrained to a specific purpose by the Board of Trustees.

Examples of committed fund balance include:

1. Potential litigation, claims, and judgments
2. Campus activity funds

ASSIGNED FUND
BALANCE

Assigned fund balance shall mean that portion of the fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose.

When it is appropriate for fund balance to be assigned, the Board delegates the responsibility to assign funds to the Superintendent or Assistant Superintendent for Business Operations.

In current practice, such plans or intent may change and may never be budgeted, or may result in expenditures in future periods of time.

Examples of assigned fund balances which the District may have tentative plans for expenditures in future periods include:

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1. Capital replacement (expenditures for equipment, furniture, software)

2. Building construction, repair and renovation

3. Insurance deductibles

4. Program start up costs

5. Debt service reduction

6. Other legal uses

UNASSIGNED FUND
BALANCE

Unassigned fund balance shall include amounts available for any legal purpose. This portion of the total fund balance in the general fund is available to finance operating expenditures.

Unassigned fund balance shall mean the difference between the total fund balance and the total of the non-spendable fund balance, restricted fund balance, committed fund balance and assigned fund balance.

FUND BALANCE
LEVELS

The District shall strive to maintain a yearly balance in the general fund in which the unassigned fund balance is twenty percent of the total operating expenditures. The goal of the debt service fund shall be to maintain a level adequate to meet bonded debt obligations.

These levels of fund balance shall protect the District against potential revenue short falls and shall provide adequate balances until State funds and local tax revenue are received.