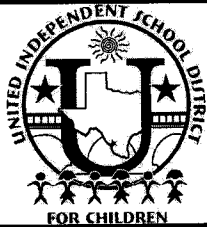


No. _____



UNITED INDEPENDENT SCHOOL DISTRICT AGENDA ACTION ITEM

TOPIC: First and Final Reading of Policy CA (LOCAL): Fiscal Management Goals and Objectives

SUBMITTED BY: Laida P. Benavides, CPA **OF:** Division of Finance

APPROVED FOR TRANSMITTAL TO SCHOOL BOARD: _____

DATE ASSIGNED FOR BOARD CONSIDERATION: August 20, 2008

RECOMMENDATION:

It is recommended that the Board of Trustees approve First and Final Reading of Board Policy CA (LOCAL): Fiscal Management Goals and Objectives.

RATIONALE:

Administration, along with the District's financial advisors, is recommending to change the required minimum balance for the debt service fund from 25 percent to 10 percent.

BUDGETARY INFORMATION:

No Impact

BOARD POLICY REFERENCE AND COMPLIANCE:

CA (LOCAL)

FISCAL MANAGEMENT GOALS AND OBJECTIVES

FUND BALANCE	The purpose of a fund balance is to provide funds for expenditures not anticipated or included in a District's budget or to make up for revenues anticipated but not received.
DEFINITION OF FUND BALANCE	<p>Simply stated, fund balance is defined by the following equation: $\text{Fund Balance} = \text{Assets} - \text{Liabilities}$. Fund balance represents the difference between the fund's total assets (cash, investments, inventories, etc.) and total liabilities (bills, etc.). Actual fund balances shall be measured as of the last day of a fiscal year (August 31) for previous audited years. Projected fund balances, included in the current fiscal year, shall be calculated by subtracting projected expenses from forecasted revenues and either adding (surplus) or subtracting (deficit) an amount to/from a previous fund balance.</p> <p>The Board recognizes the need for adequate fund balances and the role these balances play in managing the District's overall finances.</p>
FUNDS COVERED	This policy covers the general and debt service funds.
MINIMUM AMOUNTS GENERAL FUND	The general fund shall maintain a balance of one month's
DEBT SERVICE FUND	The debt service fund shall maintain a minimum balance of at least 2510 percent of the District's projected annual bond payment requirement, <u>net of any state assistance.</u>
MONITORING	The Assistant Superintendent for Business and Finance shall monitor current and projected fund balance levels. Should either current or projected fund balances fall below the minimum amounts required by this policy, he or she shall notify the Superintendent, who in turn shall notify the Board. The Board shall then make recommendations or direct the administrators to take prudent steps to raise the fund balance back to the required levels.
SPENDING FUND BALANCES	The Board shall approve all expenditures from fund balances. This shall normally be done in the form of adopting a budget at the beginning of the fiscal year or approving a budget amendment during the year. Fund balances shall not be spent on items of a recurring nature except for extreme emergencies, and then for a period not to exceed one year.

DATE ISSUED: 8/7/2000
LDU-32-00
CA(LOCAL)-X

ADOPTED:

1 of 1

REVISED: 8/20/08—First and Final Reading