

## **RESERVE FUNDS**

Reserve funds (a legally authorized savings account designed for a specific purpose) are an important component in the District's financial planning for future projects, acquisitions or other lawful purposes. The District may establish and maintain reserve funds in accordance with New York State Laws, Commissioner's Regulations and the rules and/or opinions issued by the Office of the New York State Comptroller, as applicable. The District shall comply with the reporting requirements of the General Municipal Law of the State of New York and with the generally accepted governmental accounting standards set forth by the Governmental Accounting Standards Board (GASB); including issued Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Any and all District reserve funds shall be properly established and maintained to promote the goals of creating an open, transparent and accountable use of public funds. The District may engage independent experts and professionals, including but not limited to, auditors, accountants and other financial and legal counsel, as necessary, to monitor all reserve fund activity and prepare any and all reports that the Board may require.

When an expenditure is incurred for purposes which amounts in committed, assigned, and/or unassigned could be used, the order of spending and availability of the fund balance shall be to reduce funds from the listed areas in the following order: committed, assigned, and unassigned. Negative amounts shall not be reported for restricted, committed, or assigned funds.

### **Periodic Review and Annual Report**

The Board of Education will periodically review all reserve funds. The District will also prepare and submit an annual report of all reserve funds to the Board of Education.

The Board shall utilize the information in the annual report to make necessary decisions to adequately maintain and manage the District's reserve fund balances and to fulfill its role and responsibility as a fiduciary of public funds. In determining the minimum balances for restricted, committed, assigned and unassigned fund balance, the board shall consider the volatility of operating revenues, anticipated resource availability, budgetary constraints and the district's over-all financial condition.

The Superintendent shall develop any necessary and/or appropriate regulations to implement the terms of this board policy.

Adopted: 10/20/11

(3<sup>rd</sup> 10/20/11; 2<sup>nd</sup> 09/15/11; 1<sup>st</sup> 08/18/11)

## **CLASSIFICATION OF RESERVE FUNDS ADMINISTRATIVE REGULATION**

The Government Account Standards Board (GASB) issued Statement 54, effective for the fiscal period beginning after June 15, 2010, to provide more structure and clarity to fund balance reporting. GASB 54 establishes the following hierarchy for categorizing fund balance, in order of the level of constraint:

Fund Balance Classifications: District fund balance shall be reported in accordance with the following GASB 54 classifications:

Non-spendable Fund Balance – Amounts that cannot be spent due to form (inventories, prepaid amounts), long term loans and notes receivable, property held for resale unless the proceeds are restricted, committed or assigned, and amounts that must be maintained intact legally or contractually.

Restricted Fund Balance – Amounts restricted for a specific purpose by external parties, constitutional provision or enabling legislation. Examples include Workers' Compensation, Unemployment Insurance, Retirement Contribution, Employee Benefits Accrued Liabilities, Property Loss Insurance, Tax Certiorari, Capital and Repair Reserves.

Committed Fund Balance – Amounts constrained for a specific purpose by a government using its highest level of decision-making authority. Action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period.

Assigned Fund Balance – For all governmental funds other than the general fund, any remaining positive amounts not classified as nonspendable, restricted or committed. For the general fund, amounts constrained for the intent to be used for a specific purpose by the Board or the Purchasing Agent to assign amounts. Examples include assigned appropriated fund balance (fund balance appropriated for the subsequent year's budget) and assigned unappropriated fund balance.

Unassigned Fund Balance – For the general fund, amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance. Examples include Reserve for Tax Reduction and other unassigned fund balance. For governmental funds other than the general fund, the amount expended in excess of resources that are nonspendable, restricted, committed or assigned (a residual deficit).

Adopted: 10/20/11

(3<sup>rd</sup> 10/20/11; 2<sup>nd</sup> 09/15/11; 1<sup>st</sup> 08/18/11)