



Adopted: April 27, 2026

714 FUND BALANCES

[Note: The provisions of this policy include the provisions of Statement No. 54 of the Governmental Accounting Standards Board (GASB).]

I. PURPOSE

The purpose of this policy is to create new fund balance classifications to allow for more useful fund balance reporting and for compliance with the reporting guidelines specified in Statement No. 54 of the Governmental Accounting Standards Board (GASB).

II. GENERAL STATEMENT OF POLICY

The policy of this charter school is to comply with GASB Statement No. 54. To the extent a specific conflict occurs between this policy and the provisions of GASB Statement No. 54, the GASB Statement shall prevail.

III. DEFINITIONS

- A. “Assigned” fund balance amounts are comprised of unrestricted funds constrained by the charter school’s intent that they be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. In funds other than the general fund, the assigned fund balance represents the remaining amount that is not restricted or committed. The assigned fund balance category will cover the portion of a fund balance that reflects the charter school’s intended use of those resources. The action to assign a fund balance may be taken after the end of the fiscal year. An assigned fund balance cannot be a negative number.
- B. “Committed” fund balance amounts are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action of the school board and that remain binding unless removed by the school board by subsequent formal action. The formal action to commit a fund balance must occur prior to fiscal year end; however, the specific amounts actually committed can be determined in the subsequent fiscal year. A committed fund balance cannot be a negative number.
- C. “Enabling legislation” means legislation that authorizes a charter school to assess, levy, charge, or otherwise mandate payment of resources from external providers and includes a legally enforceable requirement that those resources be used only for the specific purposes listed in the legislation.
- D. “Fund balance” means the arithmetic difference between the assets and liabilities reported in a charter school fund.

- E. “Nonspendable” fund balance amounts are comprised of funds that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. They include items that are inherently unspendable, such as, but not limited to, inventories, prepaid items, long-term receivables, non-financial assets held for resale, or the permanent principal of endowment funds.
- F. “Restricted” fund balance amounts are comprised of funds that have legally enforceable constraints placed on their use that either are externally imposed by resource providers or creditors (such as through debt covenants), grantors, contributors, voters, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.
- G. “Unassigned” fund balance amounts are the residual amounts in the general fund not reported in any other classification. Unassigned amounts in the general fund are technically available for expenditure for any purpose. The general fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.
- H. “Unrestricted” fund balance is the amount of fund balance left after determining both nonspendable and restricted net resources. This amount can be determined by adding the committed, assigned, and unassigned fund balances.

IV. CLASSIFICATION OF FUND BALANCES

The charter school shall classify its fund balances in its various funds in one or more of the following five classifications: nonspendable, restricted, committed, assigned, and unassigned.

V. MINIMUM FUND BALANCE

The charter school will strive to maintain a minimum unassigned general fund balance of 25 percent of the annual budget.

VI. ORDER OF RESOURCE USE

If resources from more than one fund balance classification could be spent, the charter school will strive to spend resources from fund balance classifications in the following order (first to last): restricted, committed, assigned, and unassigned.

VII. COMMITTING FUND BALANCE

A majority vote of the school board is required to commit a fund balance to a specific purpose and subsequently to remove or change any constraint so adopted by the board.

VIII. ASSIGNING FUND BALANCE

The school board, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The board also delegates the power to assign fund balances to the following: Executive Director and the Treasurer Assignments so made shall be reported to the school board on a monthly basis, either separately or as part of ongoing reporting by the assigning party if other than the school board.

An appropriation of an existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance.

IX. STABILIZATION ARRANGEMENTS

In addition to other generally accepted accounting principles and sound fiscal management and business practices, the following principles of operation are enacted for special attention by the Board, the management, and the staff.

1. All funds will operate with a positive balance. No fund, including food service, community education and its sub parts, and the general fund and its sub parts, will be allowed to operate in the negative.
2. Approved budgets that guide the charter school will be balanced, never allowing for excess spending of reserves, except to adjust fund balances to meet previously established and acceptable targets.
3. Any time an event, situation, or circumstance appears to force the Charter School Board to spend in excess of acceptable budget expenditure targets, the Board must have a companion plan to increase revenues or reduce expenditures to accommodate the excess, at the time of the approval of the excess. This is particularly applicable during events including, but not limited to, negotiations, community education offerings, or enrollment declines.
4. The Executive Director and the Board assures that sufficient reserves exist in each fund balance to equal or exceed the balances needed to meet or exceed requirements of that fund. Fund balances must meet the demands of current and future obligations of each fund, including, but not limited to:
 - Obligations to overcome all negative balances in all funds;
 - Obligations from capital, transportation, and technology initiatives;
 - Obligations from personnel and program initiatives.
5. Calculations for appropriate balances needed for each fund will be made following each annual audit. Calculations will enter into the process for final budget approval in any given year as well as enter into the design of the subsequent year's budget building process.
6. Current and estimated future reserves will be reported by fund at the board meeting for final approval of the current budget and any meetings where subsequent revisions to the budget are addressed. If there is a recommended deviation from this policy during the building of any budget in any given year, a vote of at least two-thirds of the Board can be used to set the policy aside, and then, only after a formally publicized and conducted public forum on the single issue at a special meeting of the Board. Deviations cannot be in conflict with any statute or prior approved Statutory Operating Debt (SOD) plan.

X. REVIEW

The charter school board will conduct an annual review of the sufficiency of the minimum unassigned general fund balance level.

Legal References: Statement No. 54 of the Governmental Accounting Standards Board

Cross References: None