

FUND BALANCE

Code **DFAC** Issued **DRAFT/24**

The board recognizes that a key component of a stable district financial environment is the appropriate identification and recording of all revenue streams and the maintenance of a fund balance. Not only does a fund balance preserve the financial integrity of the district, it helps the district mitigate current and future financial risks associated with unexpected expenses and decreases in funding and helps to ensure stable tax rates.

At least once per school year, the superintendent or his/her designee will provide the board with recommendations regarding the management of the district's general fund balance, including financial information detailing the district's cash-flow and reserve needs.

General Fund Balance Target

The district will maintain a general fund balance at a level sufficient enough to cover the cash-flow needs of the district. At minimum, the district will maintain at least one month of general fund operating expenditures of the previous two completed fiscal years. The district may also hold in reserve a portion of the district's general fund that may be necessary to address long-term district financial plans or unanticipated emergency expenditures.

The district's goal is that the unreserved general fund balance is 10% or more of general fund operating expenditures. In the event that the fund balance falls above or below the desired target range, the superintendent will report such to the board as soon as practical along with a plan to restore the fund to the appropriate levels.

Adopted ^

Legal References:

A. S.C. Code of Laws, 1976, as amended:

1. Section 59-20-90 - Districts must maintain at least one month of general fund operating expenditures of the previous two completed fiscal years in order to avoid a declaration of fiscal watch.

B. Other References:

1. Statement No. 54 of the Governmental Accounting Standards Board (GASB), Fund Balance Reporting and Governmental Fund Type Definitions, No. 287-B (February 2009).