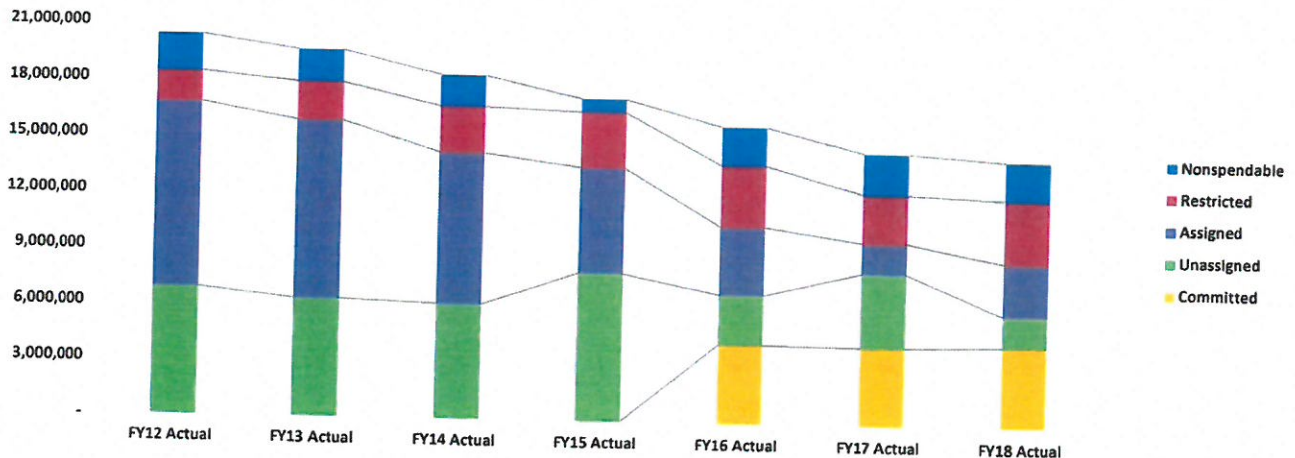


**Kenai Peninsula Borough School District
Fund Balance FY12 through FY18**

	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Actual	FY18 Draft Unaudited	Change from FY17 to FY18
Fund Balance								
Nonspendable:								
Inventories	\$ 721,310	\$ 698,412	\$ 737,933	\$ 707,220	\$ 801,755	\$ 777,779	\$ 781,784	4,005
Prepaid Items	1,257,300	1,017,300	950,000	-	1,262,500	1,434,505	1,292,972	(141,533)
Restricted for:								
Charter Schools	645,261	556,395	625,619	664,091	626,097	741,273	894,618	153,345
Home School Carry-over	-	-	-	281,975	393,338	549,790	675,503	125,713
Facilities Maintenance	983,984	1,485,931	1,845,512	2,042,930	2,288,499	1,321,447	1,791,509	470,062
Committed:								
Minimum Fund Balance Policy	-	-	-	-	4,200,580	4,157,085	4,289,271	132,186
Assigned to:								
School Incentive Purchases	561,469	453,462	466,992	474,474	524,610	649,676	659,068	9,392
Self-Insurance Health Care	5,994,173	4,284,173	2,611,341	814,978	-	-	-	-
Professional-Technical Services	2,974	41,645	105,081	690,403	927,451	468,196	452,400	(15,796)
Staff Travel	2,852	2,309	17,341	12,037	18,195	2,306	8,080	5,774
Student Travel	-	-	-	218	-	484	-	(484)
Utility Services	-	14,450	1,652	-	-	-	3,662	3,662
Purchased Services	189,931	119,820	70,738	31,026	7,245	45,278	27,813	(17,465)
Supplies	280,919	181,724	469,649	93,802	137,147	85,791	116,106	30,315
Other Expenses	-	-	-	-	-	960	-	(960)
Equipment	153,467	700,441	329,492	110,450	43,882	44,052	105,628	61,576
Subsequent Year Operations	2,762,120	3,776,720	4,048,564	3,427,959	1,967,428	321,978	1,430,222	1,108,244
Unassigned	6,808,518	6,290,517	6,116,952	7,897,978	2,671,214	3,954,326	1,671,218	(2,283,108)
Total Fund Balance	\$ 20,364,278	\$ 19,623,299	\$ 18,396,866	\$ 17,249,541	\$ 15,869,941	\$ 14,554,926	\$ 14,199,854	(355,072)
Change in Fund Balance	\$ (2,994,764)	\$ (740,979)	\$ (1,226,433)	\$ (1,147,325)	\$ (1,379,600)	\$ (1,315,015)	\$ (355,072)	



BP 3470 Fund Balance

KPBSD Policy Manual

BP 3470

Business and Instructional Support Operations FUND BALANCE

Purpose of Fund Balance

An appropriate level of fund balance is a critical factor in the long range financial planning of a school district to assure sound financial practices and management. There is a need to maintain a cash flow to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Examples of these situations follow:

- Unexpected costs incurred by mandated, but not funded, State or Federal programs,
- Increased utility costs due to abnormal price increase or unusually cold weather,
- Greater than expected inflation,
- Unexpected decrease in Federal, State or Local revenue,
- Unexpected deficits in other operating funds (Student Nutrition Services, Transportation),
- Unexpected decrease in student enrollment.

Definitions

Fund Balance

The cumulative difference between revenues and expenditures; it approximates available resources absent significant liabilities.

Fund Balance Classifications

GASB 54 established five classifications for fund balance as follows:

- Nonspendable fund balance—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund)
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation
- Committed fund balance—amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority (Kenai Peninsula Borough School Board); to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint. School Board action to constrain resources must occur prior to fiscal year-end; however, the specific amount can be determined in the subsequent period.

- Assigned fund balance—amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority
- Unassigned fund balance—amounts that are available for any purpose; these amounts are reported only in the general fund.

The five categories of fund balance place varying strengths of spending constraints on available resources in a descending order as listed. Nonspendable fund balance is the most restrictive classification and unassigned fund balance is the least restrictive.

State of Alaska Reserve Allowances

Alaska Administrative Code 4 AAC 09.160 (not GAAP compliant) establishes that reserves in the year-end fund balance in a school's operating fund may be only in the following categories:

1. Encumbrances,
2. Inventory,
3. Prepaid expenses including fuel,
4. Retirement incentive program,
5. Self-insurance, and
6. Federal impact aid received in response to the application submitted during fiscal year of the audit under 4 AAC 09.130.

Other uses of a school's balance must be listed under the unreserved portion of the fund balance as "designations".

Policy

Alaska Statute AS 14.17.505 establishes that a District may not accumulate in a fiscal year an unreserved portion (as defined by 4 AAC 09.130) of its year-end fund balance in its school operating fund that is greater than 10 percent of its expenditures for that fiscal year.

Minimum Fund Balance

The District should maintain a minimum fund balance in its General Fund of 3 percent of the subsequent year's budgeted expenditures and out-going transfers. Official Board approval by majority vote is required to go below 3 percent. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment.

•**Replenishing deficiencies** – when fund balance falls below the minimum 3 percent range, the District should replenish shortages/deficiencies using the budget strategies and timeframes described below.

The following budgetary strategies shall be utilized by the District to replenish funding deficiencies:

- oThe District will reduce recurring expenditures to eliminate any structural deficit or,
- oThe District will increase revenues or pursue other funding sources, or,
- oSome combination of the two options above
- oReplenishment of funds may occur over a multi-year period

Any amount in excess of this 10 percent will be utilized to reduce the School District request for local effort funding for the subsequent year.

When an expenditure has been duly authorized and funding to pay for the expenditure is available within multiple fund balance classifications, the funding available in the most restrictive classification will be used first.

Legal References:

ALASKA ADMINISTRATIVE CODE

4 AAC 09.130 School District Audit

4 AAC 09.160 Fund Balance

ALASKA STATUTES

AS 14.17.505 Fund Balance in School Operating Fund

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

Revised: 05/06/19