

## FINANCIAL MANAGEMENT

### Fund Balance

The Board of Directors of the Kennewick School District recognizes the importance of maintaining a fund balance for the general fund for meeting cash flow requirements, protecting the district from economic uncertainties, and earmarking funding for future purchases that enhance student education and district operations.

Fund balance consists of the following classifications:

- I. Non Spendable Fund Balance – The portion of fund balance held as assets of the school district that are not in spendable format such as inventory.
- II. Restricted Fund Balance – The portion of fund balance restricted for specific use or includes amounts required to be set aside through state, contractual, grant, or legal requirements that are beyond the control of the board of directors.
- III. Committed Fund Balance – The portion of fund balance that has a limitation placed on usage by formal action of the district board of directors. Commitments may only be changed when the resources are used for the intended purpose or the limitation is removed by a subsequent formal action of the board of directors.
  - a. Committed Fund Balance - Minimum Fund Balance Policy - The portion of the fund balance set aside to ensure the district meets cash flow requirements, has available financial resources for addressing economic uncertainties, including but not limited to enrollment fluctuations, unforeseen cost increases, emergencies related to maintenance and operations, and loss of state and/or federal revenue. The minimum fund balance amount is to be maintained at a minimum of 3% and within a range of 3% to 5% of the general fund budget. Should the Board authorize use of the amount below the 3% level, the superintendent or designee, will prepare a financial plan identifying how the reserve will be returned to the 3% level.
  - b. Committed Fund Balance – Encumbrances - Committed Fund Balance may include a portion of fund balance associated with encumbered amounts.
- IV. Assigned Fund Balance – The portion of fund balance set aside for specific purposes. Amounts represent tentative plans for future financial use or the assignment of resources for contingencies. Assigned fund balance amounts include, but are not limited to, such categories as equipment replacement, building carryover funds, and curriculum support.

V. Unassigned Fund Balance – The portion of fund balance that is spendable and has not been restricted, committed, or assigned to specific purposes within the general fund.

- [28A.505.90](#) Budget-Format, classifications, mandatory.
- [28.505.130](#) Budget-Requirements for balancing estimated expenditures.
- [51.14.160](#) School districts, ESDs, or hospitals as self-insurers.
- [28A.330.110](#) Insurance reserve - Funds

Adopted: October 28, 2009  
Revised: February 8, 2012