FISCAL MANAGEMENT

The following practices should be used to provide the general framework for the overall fiscal management of Tacoma School District No. 10:

Regulations:

A. The Board of Directors of the Tacoma School District recognizes the importance of maintaining a sufficient fund balance in each of its funds to assure sound financial practices, provide program stability, and obtain favorable fund ratings.

B. The fund balance in the Debt Service Fund, Transportation Vehicle Fund, Capital Projects Fund, and Associated Student Body Fund is primarily a function of the scope of the projects and activities found within the operation of each fund. Stability of revenue and predictability of expenditures in these funds enables the District to establish an appropriate fund balance.

C. The complexities of funding and other economic uncertainties in the operation of the General Fund require a different approach in setting the fund balance reserves. Some of the uncertainties affecting the fund balance for the General Fund include:
   1. Enrollment fluctuations.
   2. Unanticipated changes in tax and appropriation levels by state and federal agencies.
   3. Legislative mandates having financial impacts on school systems.
   4. Passage/failure of voter referendums and levies.
   5. Financial impacts of labor agreements including arbitration judgments.
   7. Energy cost increases, unanticipated weather related damages, and other unplanned emergencies.

D. To provide stability of the instructional programs and maintain sound financial practices, the District will establish a prudent fund balance level within the General Fund. This will be accomplished through five components of the fund balance established and directed by the Governmental Accounting Standards Board (GASB):

   - **Nonspendable.** Amounts reported as nonspendable are resources of the District which are not in a spendable format. These include non-liquid resources such as inventories and prepaid items.
**Spendable Balances:**

- **Restricted.** These resources have a legal restriction placed on their use either from statute, WAC, or other legal requirements that are beyond the control of the Board of Directors. Restricted fund balance includes anticipated recovery of revenues that have been received but are restricted as to their use. Included in this category are: Carryovers of restricted revenues in the General Fund, ASB, Debt Service, Transportation Vehicle, and some Capital Projects fund balance accounts.

- **Committed.** Committed resources are those the District has placed a limitation on their usage by formal action of the Board of Directors. Commitments are made either through a formal adopted board resolution or are related to a school board policy. Commitments may only be changed when the resources are used for the intended purpose of the limitation is removed by a subsequent formal action by the Board of Directors.

- **Assigned.** Assignments in the General Fund are those resources of the District that have been set aside for specific purposes. These accounts reflect tentative management plans for future financial resource use such as budget carryover commitments, curriculum and instruction initiatives, and future operations.

  The Superintendent and/or the Chief Financial Officer have the ability to set General Fund assignments to fund balance.

- **Unassigned.** This is the residual fund balance designation and represents that amount of fund balance that is spendable and has not been restricted, committed, or assigned to specific purposes.

  The Unassigned Fund Balance amount includes an Unassigned to Minimum Fund Balance account. At the end of the fiscal year, this account should be sufficient to compensate for economic uncertainties and is targeted at five (5) percent of the annual General Fund revenues, excluding other financing sources and transfers. Reserves in this category include, but are not limited to the following:

  - Assigned to Encumbrances
  - Non-spendable – Inventory & Prepaid Items
  - Assigned to Contingencies
  - Unassigned to Minimum Fund Balance

  E. The fund balance reserves shall be reviewed annually by the Chief Financial Officer and Superintendent.

  F. Should the Board authorize use of the Unassigned to Minimum Fund Balance account which cause it fall below the minimum five percent reserve, the Superintendent, or Chief Financial Officer, will prepare a financial plan identifying how to return the fund balance reserves to their minimum amounts.
Legal References:
RCW 28A 320.070 School district as self-insurer – Authority
RCW 28A 505.130 Budget – requirements for balancing estimated expenditures
RCW 28.505 School district’s budgets

Cross-References:
Policy 6015 DEBT AND FISCAL MANAGEMENT
Office of Superintendent of Public Instruction - Accounting Manual for Public School Districts

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