

## **Operational Services**

### **Administrative Procedure - GASB 54 Policy**

Kankakee School District 111 is dedicated to maintaining a reasonable fund balance sufficient to mitigate current and future financial risks and to ensure stable tax rates. This policy establishes goals and provides guidance concerning the desired level of year-end fund balances to be maintained by the District as well as categories of reported fund balance.

#### **Education Fund**

The District will strive to maintain an unassigned fund balance in the Education Fund of no less than three months (ninety days) of Education Fund operating expenditures. ISBE gives only those districts with three months (25%) fund balance to expenditures its highest Financial Profile sub score. The fund balance will be calculated using the budgeted total General Fund expenditures (salaries, benefits, other operating expenditures, interfund transfers, and capital expenditures). This balance is the minimum fund balance required to meet the District's cash flow needs. It should be the primary objective of all District budgets and long-term financial plans to incorporate the achievement and maintenance of the established minimum Education Fund fund balance.

#### **Resource Use Policy**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available the District considers restricted amounts to have been spent first. Also, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used the District considers committed, assigned, and then unassigned amounts, in that order, to have been spent.

#### **Deficits**

Fund balance deficits in any fund will be budgeted to be reduced and eliminated in a systematic manner through the transfer of resources from other funds as allowable, or through the allocation of unrestricted general state aid.

## Appendix A

### Definitions

**Fund** - For purposes of this policy a fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The District maintains separate funds as required by the Illinois State Board of Education. The record of fund activity is maintained in the District's financial accounting software and is reported annually in the District's annual financial report (AFR).

Governmental fund types used by the District include the general fund, special revenue funds, debt service funds and capital projects funds. Student activity funds maintained by the District are fiduciary in nature and are not governed by this policy.

**General Fund** - The general fund should be used to account for and report all financial resources not accounted for and reported in another fund.

**Special Revenue Funds** - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. If the District no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources, the District should discontinue reporting a special revenue fund, and instead report the fund's remaining resources in the General Fund.

**Debt Service Funds** - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated.

**Capital Projects Funds** - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

### ***District Funds***

<u>Fund</u>	<u>Fund Type</u>
Education	General
Operations & Maintenance	General
Debt Services	Debt Service
Transportation	Special Revenue
Municipal Retirement/Social Security	Special Revenue
Capital Projects	Capital Projects
Working Cash	Special Revenue
Tort	Special Revenue
Fire Prevention & Safety	Capital Projects

**Fund Balance** – Fund balance is a measure of available financial resources. Fund balance is the difference between a fund's assets and liabilities.

Developed: June 27, 2011