

Emery County School District



Policy: DA—Fiscal Management Goals and Objectives

Date Adopted: 5 October 2011

Current Review / Revision: **First Reading December 10, 2025**

The Board of Education recognizes the importance of maintaining an adequate unassigned fund balance.

Fund balances are the residual dollar amounts left after all revenues, expenditures, and other financing sources and uses are accounted for using Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board.

There are several reasons to maintain an adequate fund balance reserve: A Protection to Taxpayers, Cash Flow, Unforeseen requirements, Financial Security, and Interest Earnings. To this purpose, it is the policy of the Board to strive to maintain unassigned fund balance in the General Fund of no less than two months of regular general fund operating expenditures as recommended by ASBO. However, because of the increased present-day risks, the ideal target for the Unassigned Fund balance will be between 21 and 25% of the General Fund's approved annual budget (less abnormal expenses or revenues). These targets are increased to maintain the district's financial stability through unknown economic conditions.

The following is a Breakdown of the General Fund Balance categories: Non-spendable (Inventories), Restricted (Restricted for Use by an outside entity), Committed (Board Action), Assigned (District administration), and Unassigned (all remainder).

As a component of the unrestricted fund balance described above, the Board of Education commits to maintain up to 5% of the General Fund budgeted expenditures (Utah Code 53G-7-304) as a committed fund balance as classified by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The specific purpose of the commitment is for economic stabilization. Potential state budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the commitment is necessary to maintain liquidity. As defined in state law, the commitment is not to be used in the negotiation or settlement of contract salaries for school district employees.

The Board of Education delegates authority to the District Superintendent and District Business Administrator to assign fund balances at the end of each fiscal year **which will be reviewed with the annual financial report.**

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources. Of the unrestricted resources, committed resources will be used first, followed by assigned resources, and then unassigned resources.

Previous Revision: 5 October 2011