

FUND BALANCE REPORTING**Date: July 18, 2011**

The Board's primary objective is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees due to temporary revenue shortfalls or unpredicted one-time expenditures. The Board also seeks to maintain the highest possible credit ratings which are dependent, in part, on the School District's maintenance of a healthy fund balance.

The fund balance of the School District's General Fund has been accumulated to meet the purposes of providing stability and flexibility to respond to unexpected adversity and/or opportunities. The School District's basic goal is to maintain annual expenditure increases necessary to provide a consistent educational environment satisfactory to its citizens and to limit expenditures to anticipated revenue in order to maintain a balanced budget. The target is to maintain a fund balance, net of nonspendable and restricted resources, of not less than 7% of annual operating expenditures for the subsequent fiscal year budget but not to exceed 15% of the total budget of the subsequent fiscal year in compliance with O.C.G.A. 20-2-167(a) 5. This amount provides the liquidity necessary to accommodate the District's uneven cash flow, which is inherent in its periodic tax collection schedule.

Funds of the Lee County School System which are nonspendable are those which are not in a spendable form (i.e. inventories, prepaid amounts) and funds legally or contractually required to be maintained intact such as the corpus of a permanent fund.

Funds of the Lee County School System which are restricted are those with constraints placed on the use of the resources by either creditors, grantors, contributors, local matching funds, laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Funds of the Lee County School System are to be committed to projects or programs by official action of the Board of Education, and uncommitted in the same manner. Funds may be committed prior to the end of the fiscal year, with a corresponding amount determined in the subsequent fiscal year.

Funds of the Lee County School System may be assigned by the Superintendent or his designee. The accounting records should reflect sufficient documentation to support an assignment of funds by the Administration.

When multiple categories of fund balance are available for expenditure, the Board will use the most restricted category and spend those funds first before moving down to the next category in the following order:

- a. Nonspendable (if funds become spendable)
- b. Restricted
- c. Committed
- d. Assigned
- e. Unassigned