FISCAL MANAGEMENT

Minimum Fund Balance

The Governmental Accounting Standards Board (GASB) instituted a new standard, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, effective for fiscal years beginning after June 15, 2010. The new standard divides fund balance into five components for governmental funds as defined below:

I. Non-spendable fund balance – Portion of fund balance that includes amounts that cannot be spent because they are either: (a) not in spendable form, or (b) legally or contractually required to be maintained intact;

II. Restricted fund balance – Portion of fund balance that reflects constraints placed on the use of resources (other than non-spendable items) that are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation;

III. Committed fund balance – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal actions of the highest level of decision-making authority. This also requires formal action at the same level to remove;

IV. Assigned fund balance – Amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed and are established by highest level of decision making or by body designated for that purpose or by official designated for that purpose (Director of Financial Services was delegated this authority by the Board June 6, 2010); and

V. Unassigned fund balance – Residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Prince William County School Board is committed to maintaining a minimum unassigned fund balance of one and one-half percent (1.5%) of the current fiscal year’s General Fund revenue.

Circumstances for which the unassigned General Fund fund balance can be spent down below the 1.5% of the current fiscal year’s General Fund revenue would include unforeseen emergencies, such as unanticipated expenditures of a nonrecurring nature, natural disasters,
FISCAL MANAGEMENT

Minimum Fund Balance (continued)

or unforeseen revenue shortfalls. Such use must be accompanied by a plan to replenish the minimum unassigned fund balance within three fiscal years following the fiscal year within which the event occurred.

In the event the unassigned fund balance falls below the minimum of 1.5% of the current fiscal year’s General Fund revenue, the School Board shall replenish the deficiency with revenue received and/or a reduction of expenditures in subsequent fiscal years.

The Associate Superintendent for Finance and Support Services (or designee) is responsible for implementing and monitoring this policy.

This policy and any related regulations shall be reviewed at least every five years and revised as needed.


Adopted: September 19, 2012
Revised: February 14, 2018