

## Fund Balance and Reserves Explained

Our total fund balance equals \$16,963,326 as of June 30, 2010. However, all monies from different funds are part of this total, and some reserves are being used in the current budget year. These factors are creating much misunderstanding and confusion among the public because the terms “reserve” and “fund balance” have been confused with each other. The \$16,963,326 is *fund balance* and is the sum total of three categories: General Fund, Capital Fund and School Lunch Fund. The \$16,963,326 money includes restricted amounts for capital projects and school lunch totaling \$2,697,568 which cannot be used for anything other than those programs by law. The amount that relates to the General Fund totals \$14,265,758 as follows:

Summary	Fund Balance
Total Governmental Fund Balance	\$16,963,326
Amount Reserved for School Lunch & Capital Project	<2,697,568>
Total General Fund	\$14,265,758

Of the total General Fund there are fund balances that include \$2,135,669 in *unreserved* fund balance. \$12,130,089 of the fund balance is in reserves as of June 30, 2010. One can easily equate the reserve funds to your personal life savings--you need it in case of an emergency, but you want to be very careful spending it because it goes far more quickly than it accumulates. This 12.1 million is reduced by amounts that have been committed to support the 2010-11 and 2011-12 budgets as well as previous commitments made and spent (encumbrances). The adjustments are as follows:

Summary	Balances
Total General Fund Balance	\$14,265,758
Unreserved Fund Balance	<2,135,669>
Total Reserves	\$12,130,089

Summary	Balances
Total Reserves	\$12,130,089
Amount Committed to Support 2010-11 Budget	<1,850,000>
Capital Reserves	<1,486,082>
Encumbrances (spent in July/August)	<72,571>
Total Reserves	\$8,721,436

In addition, to support the 2011-12 Budget, the District committed to the utilization of \$2,000,000 of the \$8,721,436.

Summary	Balances
Total Reserves	\$8,721,436
Use for 2011-12	<2,000,000>
<i>Re-funding as reflected in 5-Year Reserve Plan</i>	+1,000,000
Anticipated actual re-funding after 2010-11 school year	<500,000>
Anticipated Net Reserves 7/1/11	\$7,221,436

Our 5-Year Reserve Plan is a tool to help maintain the financial integrity of the programs on a long-term basis and was developed under the guidance of the auditing firm Ray Wager & Associates. It is reviewed by the Board and on a regular basis during the budget process. Re-funding occurs each year according to provisions of the plan. Reductions in fund balance and reserves directly impact the District’s ability to re-fund the reserves and greatly shorten their life span and must be considered carefully.