

FISCAL MANAGEMENT

Undesignated, Unreserved General Fund Balance (check book balance)

The District's goal for its undesignated, unreserved general fund balance at June 30 is a minimum of 12 percent of that year's revenue. The District will certify annually a cash reserve levy if needed to reach and/or sustain the desired fund balance. A fund balance of a minimum of 10 percent enables the District to achieve the highest possible credit ratings from rating agencies, such as Moody's and Standard and Poors. Higher credit ratings are directly related to lower interest rates on long-term debt issued by the District. Sufficient fund balances also eliminate short-term borrowings and related interest expense in the general fund and protect the District if the State of Iowa reduces funding mid-year. A report on meeting this target will be made annually to the Board.

Unspent Balance (spending authority)

The unspent balance is the remaining legal spending authority at the end of the fiscal year. The district's unspent balance at June 30 shall be no less than 5 percent with target of 7.5 percent and a maximum of 10 percent of its general fund budget (spending) authority. Maintaining an adequate unspent balance provides legal authority to spend the undesignated, unreserved fund balance. A report on meeting this target will be made annually to the Board.

Contingency

The district shall prepare a budget that includes a contingency of at least 3 percent of the general fund budgeted expenditures.

Allowable Growth

The district shall solicit from the School Budget Review Committee additional allowable growth where it may be available for items such as special education deficit, increasing enrollment, English as a Second Language, and any other lawful purposes. Any award of allowable growth will be levied as a cash reserve levy, in full, in the next available budget year. For recurring program deficits that are predictable and estimable, the district shall levy in advance for the immediately succeeding year as part of the general cash reserve levy.

Audit Committee

The Board of Directors ~~shall~~ **may** have an Audit Committee consisting of one board member and an alternate appointed by the Board President, three representatives of the New Hampton Community School District business community, one accountant from the New Hampton Community School District, and the District's Chief Financial Officer (ex officio). The members of the Audit Committee will have staggered terms. It shall be the responsibility of the Audit Committee to (1) review the previous year's draft audit report to ensure that the recommendations are addressed and (2) review the implementation of the current year's budget. The Audit Committee shall meet approximately three times a year. The Audit Committee shall be considered a sub-committee of the Board and shall meet the requirements of the open meetings law. Audit Committee minutes will be provided to the Board.

Legal Reference: Iowa Code Section 298.10

Approved October 2017

Reviewed September 2017

Revised: \_\_\_\_\_