

704.02R1 Purposes and Reporting of Funds

Friday, August 11, 2023

PURPOSES AND REPORTING OF FUNDS

The board of education authorizes the establishment of any of the following special funds:

- I. Depreciation Fund. This fund shall be used to facilitate the eventual purchase of any costly capital outlay by reserving money from the General Fund. Money in this fund shall be restricted as part of the Allowable Reserve by the Tax Equity and Educational Opportunities Support Act or by similar legislation.
- II. Employee Benefit Fund. This fund shall be used to establish reserve General Fund money for the benefit of school district employees for unemployment compensation, early retirement, health insurance deductibles, etc.
- III. Contingency Fund. This fund shall be used to assist the school district to fund any uninsured losses and legal fees. Expenditures in this fund shall not exceed five percent of the total budgeted General Fund expenditures of the school district. Money in this fund shall be restricted as part of the Allowable Reserve by the Tax Equity and Educational Opportunities Support Act or by similar legislation.
- IV. Activities Fund. This fund shall be used to finance operations of quasi-independent student organizations, inter-school athletics, and other self-supporting or partially self-supporting school activities not a part of any other fund. The Activity Fund shall not be used to record general operation revenues or expenditures, nor shall the activity fund be used as a leading account for the General Fund. The superintendent of schools is authorized to divide the Activities Fund into more than one account to allocate portions of this fund for different purposes. All activities must receive prior approval of the board of education. Since school activities are a responsibility of the school district any deficits incurred shall be paid from the General Fund. However, any payments from the General Fund to the Activity Fund must have prior approval of the board of education.

V. School Lunch Fund. This fund shall be used to accommodate the financial activities of all Nutrition Programs operated by the school district. Any deficits incurred in the School Lunch Fund shall be paid from the General Fund. However, any payments from the General Fund to the School Lunch Fund must have prior approval of the board of education.

VI. Bond Fund. The bond fund shall be used to record tax receipts and payment of bond principal and interest. If the fund balance is not sufficient to meet interest or bond retirement payments from the Bond Fund, the General Fund shall be used for these payments. Any payments from the General Fund to the Bond Fund must have prior

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approval of the board of education. Revenue from a levy to retire school district bonds shall be retained by the county treasurer, the financial institution serving as a fiscal agent, or by the school district.

VII. Special Building Fund. This fund may be used to acquire sites for school buildings, purchasing existing buildings for use as school buildings, including sites upon which future school buildings may be located, for the erection, alteration, equipping, or furnishing of school buildings, for the additions to school buildings for elementary and secondary grades, for any capital outlay expenditure as defined and set forth by the Nebraska statutes by the Nebraska statutes, and for no other purpose. The tax levy limit for this fund shall be restricted as set forth by Nebraska Statute S. 79-1098.

VIII. Qualified Capital Purpose Undertaking Fund. This fund may be used for the removal of environmental hazards and the reduction or elimination of accessibility barriers, the repayment of a qualified zone academy bond, modifications for the life safety code violations, indoor air quality projects, and mold abatement and prevention projects.

IX. Cooperative Fund. This fund may be used by the school district acting as the fiscal agent for any cooperative activity between one or more public agencies.

X. Student Fee Fund. The Student Fee Fund shall be a separate School District fund that will not be funded by tax revenue, into which all money collected from students pursuant to the Public Elementary and Secondary Student Fee Authorization Act must be deposited. Monies in the Student Fees Fund shall be expended only for the purposes for which they were collected from students.

XI. General Fund #2. The board of education authorizes the establishment of a General Fund #2 account which shall be a part of the General Fund. The purpose of this account shall be for writing individual warrants, not to exceed \$10,000, for such items as postage, freight costs, prepayment of conference expenses or the purchase of miscellaneous items from local vendors. Warrants shall be authorized for payment of Nebraska Retirement System obligations by the school district, which may be in excess of \$10,000. All warrants drawn upon this account will be reported for the approval of the board of education at the next board meeting. The board of education will authorize the transfer of money into the account. Only the superintendent of schools shall be authorized to sign warrants withdrawing funds from this account. The president of the board of education may sign warrants written on the General Fund #2 account in the absence of the superintendent of schools.

Annually, prior to placing money in any of these funds or prior to the expenditure of money from these funds, except for the Activity Fund, a budget of expenditures and receipts shall be developed by the superintendent of schools.

Governmental Accounting Standards Board (GASB) #54 Fund Balance Reporting and Governmental Fund Type Definitions.

At the end of the fiscal year, the School District will report the following:

- a. Restricted Fund Balances for amounts that have applicable legal restrictions. As per Nebraska State Statute, the fund balances of the Depreciation Fund, Employee Benefit Fund, Student Fee Fund and the Special Building Fund are restricted by purpose and will be reported as Restricted Fund Balances.
 - i. Fund Balance: The difference between assets and liabilities in governmental funds (i.e. general fund special revenue funds, capital project funds, debt service funds).
 - ii. Restricted Fund Balance: Includes the portion of the fund balance that reflects constraints on spending because of legal restrictions stipulated by outside parties, constitutional provisions, and enabling legislation including any legal restrictions

based on state statutes or grant requirements placed on the use for specific purposed

b. Lunch Fund Balance as Committed Fund Balance. The Lunch Fund Balance is constrained by the creation of the fund, and also constrained by purpose through approving a yearly budget for the Lunch Fund.

i. Committed Fund Balance: Includes the portion of the fund balance that reflects constraints that the School District imposed upon itself by a formal action of the School Board. This constraint must be imposed prior to year end but the amount can be determined at a later date.

c. Any fund balance whose intent has been designated by the Superintendent as Assigned Fund Balance.

i. Assigned Fund Balance: The portion of the fund balance that reflects funds intended to be used by the School District for specific purposes. The authority to assign fund balance is delegated to the Superintendent.

d. Any General Fund Balance that has not been assigned to other fund balance classifications as Unassigned Fund Balance.

i. Unassigned Fund Balance: The residual classification for the School District's General Fund and includes all remaining amounts not contained in the other classifications and, therefore, is not subject to any constraints. Unassigned amounts are available for any purpose.