

GENERAL FUND RESERVES

It shall be the objective of the LPSB to establish and maintain its General Fund Reserves as follows:

- 1 Allocate all required accounting reservations as required by generally accepted governmental accounting principals (i.e. reserves for inventory, encumbrances, prepaid items, workers compensation, debt services, etc.)
- 2 Designate those funds required for possible future expenditures (i.e. insurance claims, self-insurance fund balance, etc.)
- 3 Of the remaining reserves establish:
 - a. A contingency fund balance of five (5%) percent of the General Fund Operating Budget for the current fiscal year. This fund shall be maintained for the purpose of providing funds for catastrophic deviations in revenue or expense. At the end of each fiscal year and after all ending balances have been confirmed, the Board shall review the status of the Contingency Fund Balance. If the balance does not equal the stated objective, it may take action to transfer funds from other available reserve balances to supplement the Contingency Fund Balance toward the five (5%) percent level. Prior to using this Contingency Fund Balance, management should demonstrate that it considered other budget reductions as a source of funding. Disbursement from and use of the Contingency Fund Balance must be authorized by resolution approved by at least two-thirds of the entire Board. Therefore, any initial budget which requires use of the Contingency Fund Balance or any agenda item during the year with fiscal impact which requires use of the Contingency Fund Balance will require such a two-thirds vote of the Board.
 - b. A fiscal year ending fund balance, excluding designations, (Item 2 above) and reserves (Item 1 above), which is approximately eight (8%) percent, including the contingency fund in Item 3.a. above, of the budgeted operating expenditures for the year. This fund balance shall include the contingency fund balance in Item 3.a. above. For any year in which this fund balance is not anticipated to equal eight (8%) percent of budgeted operating expenditures, the operating budget shall include a provision to increase this fund balance toward the stipulated amount. Such provision shall be set by the Board but should be at least \$500,000 (if needed) but may be greater at the discretion of the Board. This determination shall be made prior to any determinations as stipulated under Item 3.a. above.
- 4 Shortages in Items 3.a. or 3.b. above may be met by overages in Items 3.a. or 3.b. above.

Adopted: 4/5/00

Lafayette Parish Public Schools, Louisiana

THE LAFAYETTE PARISH SCHOOL BOARD

Calculation of required general fund - fund balance
in accordance with Board policy

6/30/04

	Contingency	G.F. Reserve	TOTAL
	6/30/2004 BUDGET	6/30/2004 BUDGET	
Total expenditures per General Fund Budget	\$164,314,272	\$164,314,272	\$164,314,272
	5%	8%	8%
REQUIRED UNRESERVED/UNDESIGNATED FUND BALANCE	8,215,714	13,145,142	13,145,142
Unreserved/undesignated fund balance- Final per audit at 06/30/04			<u>7,791,672</u>
Deficiency			<u><u>(5,353,470)</u></u>

NOTE: Based upon School Board Policies adopted 4/1/00, the remaining reserves are required to be a minimum of 8% of the General Fund operating budget. This includes the 5% contingency fund balance. Based upon the test above they do not appear to be in compliance with these policies at year end.