NEW HEIGHTS SCHOOLS, INC.
POLICY 714

FUND BALANCES

POLICY MANAGEMENT
Adopted: 11/2026
Reviewed/ Revised:*
Mandatory: No
Frequency: Annual
Distribution: Not specified

Fund Balance Reserve Level

The Board of Directors of New Heights School recognizes the need to establish and maintain an adequate fund balance needed for the school's cash flow needs and fiscal stability.

It will be the policy of New Heights School to create annual and long-range budgets with a goal of achieving and maintaining a 10%-20% general fund unassigned plus assigned fund balance as a percentage of yearly general fund expenditures.

Excess annual year-end budget surpluses will not be allocated in subsequent budgets at least until the minimum target fund balance is achieved, unless specifically directed by the Board of Directors.

The fund balance to be used will be that which is presented in the audited annual financial statement. The projected percentage will be calculated as follows: (Prior Year Audited General Fund Balance + Current Year General Fund Surplus of Revenues less Expenditures) / (Total Current Year General Fund Expenditures).

During the annual budget process, the Executive Director and Board will review the fund balance percentage in light of current state aid holdback provisions and other financial circumstances and will approve the annual long-range budget model to maintain the targeted fund balance established in this policy.

Classification of Fund Balances

The purpose of this policy is to establish the terms and maintenance of the various funds of the School.

The School's goal shall be to maintain an unassigned plus assigned General Fund Balance of not less than the amounts stated above for a Fund Balance Reserve Level. When the Unassigned plus Assigned General Fund balance is projected to drop below the stated Reserve Level, the School shall initiate measures to either generate additional revenue or to reduce expenditures through a budget reduction, or a combination of both.

The Board of Directors, in conjunction with the school’s Executive Director, shall be responsible for committing any Fund Balance portions to specific, committed purposes through Board resolution. Once the action has been taken, committed funds cannot be used for any other purpose unless the Board of Directors or the Executive

Director, if delegated to do so, chooses to take action through Board resolution to uncommit those funds in accordance with GASB Statement No 54.

The Board of Directors delegates to the school's Executive Director and/or other designee the authority to assign fund balances for specific purposes which may arise from time to time in order to maintain fiscal stabilization.

The Board of Directors hereby establishes the following order for resource use: Restricted Funds shall be spent first for restricted purposes, then Committed Funds, Then Assigned Funds, followed by Unassigned funds.