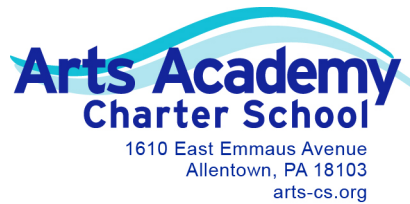


Adoption Date:	06/17/2013
Revision Date(s):	



Board Policy 8.9

Fund Balance

1. Purpose

The Board recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the school district and is fiscally advantageous for both the district and the taxpayer. This policy established goals and provides guidance concerning the desired level of year-end fund balance to be maintained by the school.

2. Definitions

Fund balance is a measurement of available financial resources. Fund balance is the difference between total assets and total liabilities in each fund.

GASB Statement 54 distinguishes fund balance between amounts that are considered nonspendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts shall be reported in the following classifications:

Restricted – amounts limited by external parties, or legislation (e.g., debt covenants and grants).

Committed – amounts limited by Board policy or Board action (e.g., future anticipated costs). Action must be taken by the Board to commit fund balance for the designated purpose prior to the end of the fiscal year.

Assigned – amounts that are intended for a particular purpose. Generally balances in special revenue funds or capital project funds will be designated as assigned.

Unassigned – amounts available for consumption or not restricted in any manner.

3. Authority

An official Board resolution shall be required to establish, modify or rescind a commitment of fund balance.

4. Guidelines

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The school will strive to maintain an unassigned general fund balance of not less than five percent (5%) and not more than eight percent (8%) of the budgeted expenditures for that fiscal year.

If the unassigned portion of the fund balance falls below the threshold of five percent (5%) of budgeted expenditures, the Board will pursue options for increasing revenues and decreasing expenditures, or a combination of both until five percent (5%) is attained. If the unassigned portion of the fund balance exceeds eight percent (8%) of budgeted expenditures for that fiscal year, the Board may utilize a portion of the fund balance by appropriating excess funds for expenditures. The goal is to use any excess fund balance for nonrecurring expenditures and not for normal operating costs.

The total fund balance, consisting of several portions including restricted, committed, assigned and unassigned, may exceed eight percent (8%).

Use of Fund Balance

Any expenditure incurred for a purpose in which restricted and unrestricted fund balance amounts are available shall be satisfied through restricted fund balance amount before unrestricted fund balance amounts. When an expenditure is incurred for a purpose in which unrestricted fund balance amounts are available under committed, assigned or unassigned fund balance, there are no restrictions placed on the order of the unrestricted fund balances used. Order of the unrestricted fund balances used for disbursement is at the discretion of the Executive Director.

The Executive Director or designee may assign fund balance for items deemed appropriate at any time prior to the issuance of the audited financial statements for a given year.

The Executive Director or designee shall be responsible for the enforcement of this policy.

References:

School code – 24 P.S. Sec. 218, 688

Board approved: 06/17/13