



| | |
|---------------|----------------|
| Book | BHASD Policies |
| Section | 600 Finances |
| Title | Fund Balance |
| Code | 620 |
| Status | Active |
| Adopted | August 1, 2011 |
| Last Revised | March 6, 2017 |
| Last Reviewed | March 6, 2017 |

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 establishes goals and provides guidance concerning the desired level of year-end fund balance to be maintained by the district.

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 classifies fund balances 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:

Nonspendable - amounts that cannot be spent because they are in a nonspendable form (e.g., inventory) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

Restricted - amounts limited by external parties, or legislation (e.g., grants or donations).

Committed - amounts limited by Board policy (e.g., future anticipated costs, tax stabilization):

1. Retirement (PSERS).
2. Health insurance (self-insurance start-up).
3. Tax stabilization.
4. Other Board-approved commitment of fund balance.

Assigned - amounts that are intended for a particular purpose, such as segregation of an amount intended to be used at some time in the future:

1. Future maintenance projects.
2. Future technology purchases/system upgrades.
3. Other Board-approved assignment of fund balance.

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

Authority

The Board directs that the Fund Balance reporting shall be consistent with GASB 54 and with the Pennsylvania School Code including but not limited to 24 P.S. § 2-218 and 6-688.^{[1][2]}

Delegation of Responsibility

The Superintendent or his/her designee shall be responsible for the enforcement of this policy. The Business Manager shall inform the Superintendent and the Board of Education of the steps recommended to meet the requirements of this policy upon request.

The Business Manager may designate funds to the non-spendable, restricted and assigned classifications. This may be done after the start of the annual audit but prior to the financial statements being finalized.

The Board shall designate funds to the committed classification through formal Board resolution. This can be changed by another Board resolution approved at a later date. The resolution must state what the funds are being committed for, but does not have to specify the amount. The amount can be determined after the audit is finished but prior to the financial statements being finalized.

Guidelines

The school district 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.

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

- Legal
1. 24 P.S. 218
 2. 24 P.S. 688