

KEYSTONE OAKS SCHOOL DISTRICT

Policy Guide



Policy No. 626

Section FINANCES

Title FUND BALANCE

Adopted NOVEMBER 20, 2014

Revised _____

POLICY NO. 626 FUND BALANCE		
Section 1	<p><u>Purpose</u></p> <p>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 school 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 school district.</p>	
Section 2	<p><u>Authority</u></p> <p>The Board directs that the fund balance reporting shall be consistent with GASB Statement 54 and with the Pennsylvania School Code including but not limited to 24 P.S. § 2-218 and 6-688.</p>	SC 218, 688
Section 3	<p><u>Definitions</u></p> <p>Fund Balance – the difference between total assets and total liabilities, and can be referred to as fund equity.</p> <p>There are five (5) Fund Balance categories: non-spendable, restricted, committed, assigned and unassigned.</p> <ol style="list-style-type: none">1. Non-spendable – that portion of the fund balance that cannot be spent because it is either in a non-spendable form or legally or contractually required to be maintained intact.	GASB Statement 54

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2. **Restricted** – that portion of the fund balance that is constrained to be used for a specific purpose as per an external party or law.
3. **Committed** – that portion of the balance that is to be used for a specific purpose as per a School Board motion. These constraints can be removed or changed by equal level action.
4. **Assigned** – that portion of the balance that is to be used for an amount that is intended for a particular purpose or segregation of an amount intended to be used at some time in the future.
5. **Unassigned** – that portion of the fund balance that represents expendable available resources. It is the residual after the non-spendable, restricted, committed and assigned portions are deducted from the total fund balance.

Section 4

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%).

Unassigned Fund Balance should not be utilized as a revenue source to offset current operating expenditures. Interest income generated by the maintenance of a Fund Balance will be used to balance the General (Operating) Fund budget and to offset fluctuation in tax revenues needed to maintain ongoing programs and services.

At the end of each fiscal year, unassigned funds in excess of eight percent (8%) of budgeted expenditures, as certified by the local auditors of the school district, shall be transferred to the Capital Reserve Fund of the school district or such other reserve

SC 688

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funds designated by the Board of School Directors. Expenditures may be made from reserve accounts only upon the approval of the Board of School Directors. If the unassigned portion of the fund balance falls below the threshold of five percent (5%), the Board will pursue variations of 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, the Board may utilize a portion of the fund balance by appropriating excess funds for nonrecurring expenditures only.

Section 4

Delegation of Responsibility

The responsibility for designating funds to specific classifications shall be as follows:

1. Non-spendable – may be assigned by the Assistant to the Superintendent for Operations.
2. Restricted – may be assigned by the Assistant to the Superintendent for Operations.
3. Committed – shall be assigned by the Board.
4. Assigned – may be assigned by the Superintendent or his/her designee.

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

References:

PA School Code – 24 P.S. Sec. 218, 688

Governmental Accounting Standard Board, Statement No. 54