

SOUTHERN LEHIGH SCHOOL DISTRICT

SECTION: FINANCES

TITLE: FUND BALANCE

ADOPTED: June 13, 2011

REVISED:

REVIEWED: April 24, 2017

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| | <p style="text-align: center;">620. FUND BALANCE</p> <p>1. Purpose The Southern Lehigh School District Board of Education 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. It further grants authority and provides responsibility for the classification of the fund balance into multiple categories, as provided by GASB Statement 54.</p> <p>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.</p> <p>GASB 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:</p> <p>Nonspendable - amounts that cannot be spent because they are in a nonspendable form (e.g., inventory) or are legally or contractually required to be maintained intact (e.g., principal of a permanent fund). The determination of nonspendable funds shall be the responsibility of the Superintendent and Director of Business Services.</p> <p>Restricted – amounts that can be spent only for the specific purposes stipulated by external parties (e.g., grant providers) or through enabling legislation (i.e. legislation that creates a new revenue source and restricts its use). Restrictions may be changed only with the approval of the external resource providers. The determination of restricted funds shall be the responsibility of the Superintendent and Director of Business Services.</p> <p>Committed - amounts that can be used only for the specific purposes as designated by the School Board through formal action (e.g., future anticipated PSERS costs or severance payments obligated through collective bargaining). Commitments may be changed or removed only by the School Board taking the same formal action that imposed the constraint originally. The formal action of the School board to commit funds should take place before the end of the fiscal year; however, the precise</p> |
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| <p>3. Guidelines</p> | <p>amount committed to specific items can be determined in the subsequent fiscal year following the closeout of the financial records of the district and the completion of the local audit.</p> <p>Assigned - amounts that are intended for a specific purpose that are not considered restricted or committed, such as a rate stabilization fund or segregation of an amount intended to be used at some time in the future. Assignment of funds shall be the responsibility of the Superintendent and the Director of Business Services.</p> <p>Unassigned – includes all amounts not contained in the other classifications. Unassigned amounts are available for any purpose and are not restricted in any manner.</p> <p>The total fund balance, consisting of all of the classifications, including committed, assigned and unassigned, may exceed 8.00%. The district will strive to maintain an unassigned general fund balance of not less than 5%. If the unassigned portion of the general fund balance falls below the threshold of 5%, the Board will pursue options for increasing revenues, decreasing expenditures, or a combination of the two.</p> <p>The Superintendent and Director of Business Services shall be responsible for the regular and timely distribution of information to the Board to allow compliance with this guideline.</p> <p>References:</p> <p>School Code – 24 P.S. Sec. 218, 688</p> |
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