

DELAWARE VALLEY SCHOOL DISTRICT

SECTION: FINANCES

TITLE: FUND BALANCE

ADOPTED: MAY 19, 2011

REVISED: MAY 12, 2011

<p>1. Purpose</p> <p>2. Definitions</p>	<p style="text-align: center;">623. FUND BALANCE</p> <p>The Board believes in sound fiscal management and understands that keeping adequate working capital is fiscally responsible and advantageous for both the district and the taxpayer. The district will maintain a fund balance in accordance with Pennsylvania School Code provisions. The fund balance is essential to the preservation of the sound fiscal condition of the district, to the ability of the district to contain or reduce costs and to protect the bond rating of the district. All assets contained in the fund balance shall be maintained in accordance with this policy.</p> <p>Fund Balance – is a measurement of available financial resources. It is the difference between assets and liabilities, and can be referred to as fund equity.</p> <p>Governmental Accounting Standards Board (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:</p> <p>Non-spendable – amounts that cannot be spent because they are in a non-spendable form (e.g., inventory) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund)</p> <p>Restricted – amounts limited by external parties, or legislation (e.g., grants or donations).</p> <p>Committed – amounts limited by Board policy or resolution (e.g., future anticipated costs).</p> <ol style="list-style-type: none"> 1) PSERS (PA School Employees Retirement System) Rate Adjustment 2) Governmental Accounting Standards Board (GASB #45) – Other Post Employment Benefits (OPEB) 3) Compensated Absences 4) Prepaid Expenses 5) Capital Projects 6) Capital Reserve Fund 7) Internal Service Fund/Severance Compensation 8) Other Board-approved committed funds
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	<p>Assigned – amounts that are intended for a particular purpose, such as a rate stabilization fund or segregation of an amount intended to be used at some time in the future.</p> <ol style="list-style-type: none"> 1) Tax Stabilization Fund 2) Insurance Claims Management Fund 3) Other assigned funds <p>Unassigned – amounts available for consumption or not restricted in any manner.</p> <p>3. Authority SC 218, 688</p> <p>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.</p> <p>4. Delegation of Responsibility</p> <p>The Superintendent or his/her designee shall be responsible for the enforcement of this policy. The Business Administrator shall inform the Superintendent and the Board of the steps recommended to meet the requirements of this policy.</p> <p>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 Board resolutions(s) must be approved on or before June 30 for the fiscal year that it applies to. 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 as the June 30 fund balance becomes known several months after the June 30 fiscal year end, usually October, when the annual financial reports are finalized in conjunction with the local independent auditor. The Business Administrator and/or a committee may designate funds to the Nonspendable, Restricted and Assigned classifications. This may be done after the audit is finished but prior to the financial statements being finalized.</p> <p>5. Guidelines</p> <p>The fund balance shall be determined after the end-of-year independent audit is completed, but prior to the financial statements being finalized to the appropriate categories identified in the Definitions in Section 2. After the Non-spendable, Restricted, Committed and Assigned allocations are appropriately approved; the District will strive to maintain an unassigned general fund balance of not more than 8% of the budgeted expenditures.</p> <p>The Board may, at any time, authorize changes in committed and/or assigned fund balances to meet the financial needs of the school district.</p>
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Capital Reserve Fund

Authorization for the creation of a capital reserve fund is given by 53 P.S. 1432 of the Municipal Code.

Use of the fund shall be restricted to capital improvements, replacements and additions to public works, deferred maintenance, and purchase or replacement of school buses. Source of funding for the capital reserve fund shall be from excess revenues over expenditures at the end of each fiscal year; or through appropriation of excess revenue/appropriations; or through any other acceptable funding mechanism approved by the Board.

The school district shall maintain a separate expenditure/investment account for these funds. As such, all expenses shall be written directly from these funds as well as all interest earnings shall be paid directly into these funds. A separate accounting shall be presented to the Board each month concerning all transactions occurring within the account. No expenditures shall be made from the account without Board approval.

References: School Code – 24 P.S. Sec. 2-218, 6-688