

# UPPER BUCKS COUNTY TECHNICAL SCHOOL

SECTION: FINANCES

TITLE: FUND BALANCE

ADOPTED: January 19, 2012

REVISED:

	<p style="text-align: center;">620. FUND BALANCE</p> <p>1. Purpose The Joint Operating Committee (JOC) recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the School, and is fiscally advantageous for both the School 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.</p> <p>2. Definitions <b>Fund balance</b> is a measurement of available financial resources. Fund balance is the difference between total assets and total liabilities in each fund.</p> <p>GASB Statement 54 <b>distinguishes fund balance between amounts that are considered nonspendable, such as fund balance associated with inventories, and other amounts that are classified</b> 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><b>Restricted</b> – includes amounts that can be spent only for the specific purposes stipulated by external resource providers (e.g. – debt covenants or grant providers), constitutionally, or through enabling legislation (i.e., legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.</p> <p><b>Committed</b> – includes amounts that can be used only for the specific purposes determined by a formal action of the JOC. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally. Action shall be taken by the JOC to commit fund balance, if applicable, for a designated purpose prior to the end of the fiscal year.</p> <p><b>Assigned</b> - amounts <i>intended</i> to be used by the government for specific purposes. Intent can be expressed by the JOC, or by an official body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.</p>
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<p>3. Authority</p> <p>4. Guidelines</p>	<p><b>Unassigned</b> – the residual classification for the general fund that includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.</p> <p><b>An official Joint Operating Committee resolution shall be required to establish, modify or rescind a commitment of fund balance.</b></p> <p><b><u>Use Of Fund Balance</u></b></p> <p><b>Restricted fund balance shall be reduced to the extent that the underlying reason for the restriction has been eliminated.</b></p> <p><b>The JOC will review the fund balance classifications annually and pass a resolution regarding commitments as needed.</b></p> <p><b>If the School experiences an excess of expenditures over revenues for a given fiscal year, the fund balance shall be consumed in the following order:</b></p> <ol style="list-style-type: none"><li><b>1. Restricted fund balance to the extent that expenditures related to the restriction contributed to the excess of expenditures over revenues.</b></li><li><b>2. Committed fund balance to the extent that expenditures related to the commitment contributed to the excess of expenditures over revenues. If a plan for periodic use of the committed fund balance is reviewed and approved by the JOC, the committed fund balance will not be reduced by more than the amount designated in the plan.</b></li><li><b>3. Assigned fund balance to the extent that expenditures related to the assignment contributed to the excess of expenditures over revenues.</b></li><li><b>4. Unassigned fund balance for any remaining excess of expenditures over revenues.</b></li></ol>
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**5. Delegation of Responsibility**

**The Business Manager 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 Business Manager or designee shall be responsible for the enforcement of this policy.

References:

School Code – 24 P.S. Sec. 218, 688

**PSBA Revision 5/11**