

# EPHRATA AREA SCHOOL DISTRICT

SECTION: FINANCES

TITLE: FUND BALANCE

ADOPTED: June 20, 2011

REVISED: June 18, 2012

	<p style="text-align: center;">620. FUND BALANCE</p> <p>1. Purpose</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 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.</p> <p>The School District hereby establishes and will maintain reservations of Fund Balance as defined herein in accordance with Governmental Accounting and Financial Standards Board State No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This policy shall apply to the School District’s General Fund and all other governmental funds. Fund balance shall be composed of nonspendable, restricted, committed, assigned, and unassigned amounts.</p> <p>2. Definitions</p> <p><b>Fund balance</b> is a measurement of available financial resources. Fund balance is the difference between total assets and total liabilities in the governmental funds balance sheet. Governmental funds for the School District consist of the General Fund, Special Revenue Fund, Capital Projects Fund, and the Debt Service 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. The statement is explicitly for the governmental funds of the school district and has no bearing on the proprietary or fiduciary funds. Beginning with the most binding constraints, fund balance amounts shall be reported in the following classifications:</p> <p><b>Nonspendable</b> - 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).</p> <p><b>Restricted</b> – Amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling legislation. Enabling legislation authorizes the government to access, levy, change, or mandate and includes a legally enforceable requirement on the use of these funds. Restrictions may be changed or lifted only with the consent of the resource providers.</p>
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Disbursement of Fund Balance Reserves

Any expenditure incurred for a purpose in which restricted and unrestricted fund balance amounts are available shall be satisfied through restricted fund balance amount before unrestricted fund balance amounts. When an expenditure is incurred for a purpose in which unrestricted fund balance amounts are available under committed, assigned, or unassigned fund balance, there are no restrictions placed on the order of the unrestricted fund balances used. Order of the unrestricted fund balances used for disbursements is at the discretion of the Business Manager.

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

References:

School Code – 24 P.S. Sec. 218, 688