

PENNSYLVANIA DISTANCE LEARNING CHARTER SCHOOL

Book: Policy Manual

Section: Financials

Title: Fund Balance Policy

Reference: Ethics Standards and Financial Disclosure – 65 P.S. Sec. 1101 et seq
Governmental Accounting Standards Board, Statement No. 54

Adopted: June 24, 2014

Revised:

PURPOSE: The purpose of this policy is to outline the Fund Balance Policy as a result of the implementation of GASB 54 requirements. These apply to financial statements beginning July 1, 2010 – June 30, 2011 fiscal year.

SCOPE: PDLCS’s financial goal is to have a sufficient balance in the operating fund with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The School shall strive to maintain an unassigned general fund balance of not less than five percent and not great than ten percent of total operating expenditures.

POLICY AUTHORITY: When it is appropriate for fund balance to be assigned, the Board of Trustees delegates authority to the School’s Chief Executive Officer in consultation with the Business Manager.

DEFINITIONS:

Fund Balance: shall mean the difference between assets and liabilities in each fund. Fund balance includes such items as money due, but not received by the school including, for example, delayed subsidy payments from the State. GASB Statement 54 classified fund balances based on the relative strength of the constraints that control the purposes for which specific amounts can be spent.

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).

Restricted: amounts limited by external parties, or legislation (e.g., grants or donations).

Committed: amounts limited by Board policy (e.g., future anticipated costs).

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.

Unassigned: amounts available for consumption or not restricted in any manner.

DETAILED POLICY STATEMENT: Fund balance measures the net financial resources available to finance expenditures of future periods.

PDLCS' Unassigned General Fund Balance will be maintained to provide the School with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Unassigned General Fund Balance may only be appropriated by resolution of the Board of Trustees.

Fund Balance of the School may be committed for a specific source by formal action of the PDLCS Board of Trustees. Amendments or modifications of the committed fund balance must also be approved by formal action of the PDLCS Board of Trustees. The Board resolution(s) must be approved on or before June 30 for the fiscal year to which it applies. The resolution must state the purpose for which the funds are being committed, but does not have to specify the amount. The amount can be determined after the audit is finished but prior to financial statements being finalized.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.