



**NORTH ALLEGHENY
SCHOOL DISTRICT**

SECTION:	FINANCES
TITLE:	FUND BALANCE
ADOPTED:	1/27/16
REVISED:	

620 - FUND BALANCE

Section 1. Purpose and Authority

The North Allegheny Board of School Directors 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.

Section 2. Definitions

Fund Balance - The difference between assets and liabilities, and can be referred to as fund equity.

There are five (5) Fund Balance categories: non-spendable, restricted, committed, assigned, and unassigned.

- a. Non-spendable - that portion of the fund balance that cannot be spent because they are either in a non-spendable form or legally or contractually required to be maintained intact
- b. Restricted - that portion of the fund balance that is constrained to be used for a specific purpose as per an external party or law
- c. Committed - that portion of the balance that is to be used for a specific purpose as per a School Board motion. These constraints can be removed or changed by equal level action
- d. Assigned - that portion of the balance that is to be used for an amount that is intended for a particular purpose or segregation of an amount intended to be used at some time in the future
- e. Unassigned - that portion of the fund balance that represents expendable available financial resources. It is the residual after the non-spendable,

SC 510

GASB Stmt. 54

SC 688

restricted, committed, and assigned portions are deducted from the total fund balance

Section 3. Guidelines

- a. The School District will strive to maintain an unassigned general fund balance of not less than three percent (3%) and not more than eight percent (8%) (undesignated fund balance) of the budgeted expenditures for any fiscal year.
- b. The total fund balance, consisting of several portions including committed, assigned, and unassigned, may exceed eight percent (8%).

Section 4. Delegation of Responsibility

The responsibility for designating funds to specific classifications shall be as follows:

- a. Non-spendable - may be assigned by the Director of Finance
- b. Restricted - may be assigned by the Director of Finance
- c. Committed - shall be assigned by the Board
- d. Assigned - may be assigned by the Treasurer

The Superintendent or designee shall be responsible for the enforcement of this policy

References:

School Code – 24 P.S. Sec. 510, 688

Replaces Policy:

8220