No. 3240
SECTION: BUSINESS
TITLE: FUND BALANCE

ADOPTED: 6/19/12
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11/15/16;3/17/20;1/21/25
REVISED:

OXFORD AREA SCHOOL DISTRICT

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.

Fund balance is a measurement of available financial resources. Fund balance is the difference between total assets and total liabilities in each fund.

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:

Non-spendable – That portion of the fund balance that cannot be spent because they are either 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 – That portion of the fund balance that is constrained to be used for a specific purpose as per an external party or law (e.g., grants or donations).

Committed – That portion of the fund balance that is to be used for a specific purpose as established by a Board of Directors' motion (e.g., future anticipated costs). These constraints can be removed or changed by equal level action. Action to constrain resources should occur prior to fiscal year end. Direction from the Board can commit specific dollar amounts, percentages or funds related to a specific activity.

Assigned – That portion of the fund balance that is intended to be used for a specific purpose as per the Business Administrator.

Unassigned – That portion of the fund balance that is available for consumption or not restricted in any manner.

The school district will strive to maintain an unassigned general fund balance of not less than five percent (5%) and not more than eight percent (8%) in keeping with Act 48 of 2003 of the budgeted general fund expenditures for that fiscal year. The total fund balance, consisting of several portions including committed, assigned and unassigned, may exceed eight percent (8%).

If the unassigned portion of the fund balance falls below the threshold of five percent (5%) the Board will pursue variations of increasing revenues and decreasing expenditures or a combination of both until five percent (5%) is attained.

In keeping with the statue, when the unassigned portions of the general fund balance exceeds eight (8%) of budgeted expenditures, the Board shall utilize a portion of the fund balance by appropriating excess funds for nonrecurring expenditures only.

Disbursement of fund balance reserves shall be done in accordance with the following: 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 restricted fund balance amounts are available under committed or assigned fund balances, there are no restrictions placed on the order of the restricted fund balances used. Order of disbursement of the unrestricted fund balances shall be as follows:

1. Unassigned fund balance — use to maintain 8% fund balance.
2. Committed fund balance — PSERS rate stabilization fund.
3. Committed fund balance – Health Care rate stabilization fund.
4. Committed fund balance — Capital Project Fund (formerly Capital Reserve Fund).
5. Assigned fund balance — reduction of subsequent years budget.

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