

SEVEN GENERATIONS CHARTER SCHOOL

SECTION: FINANCES
 TITLE: 620 – FUND BALANCE
 ADOPTED: August 8, 2017
 REVISED:

Policy	<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 provides guidance concerning fund balance to be maintained by the district to mitigate financial risk that can occur from unforeseen and/or future revenue fluctuations, unanticipated and/or future expenditures, and similar circumstances. The fund balance also provides cash flow liquidity for the district’s general operations.</p>
Delegation of Responsibility	<p>The CEO and Business Manager may assign fund balance for items deemed appropriate at any time prior to the issuance of the audited financial statements for a given year.</p> <p>The Treasurer of the Board of Trustees will be responsible for the enforcement of this policy.</p>
Guidelines	<p>Definitions</p> <p>Fund Balance 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 distinguishes fund balance between amounts that are considered non-spendable, such as fund balance associated with inventories, and other amounts that are classified 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> <ol style="list-style-type: none"> 1. Restricted – amounts limited by external parties, or legislation (e.g., debt covenants and grants). 2. Committed – amounts limited by Board policy or Board action (e.g., future anticipated costs). Action must be taken by the Board to commit fund balance for the designated purpose prior to the end of the fiscal year. 3. Assigned – amounts that are intended for a particular purpose. Generally balance in special revenue funds or capital project funds will be designated as assigned. 4. Unassigned – amounts available for consumption or not restricted in any manner.

References	<p>Committed Fund Balance - The Board is the school’s highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board at the school’s Board meeting. The resolution must be approved prior to the last day of the fiscal year for which the commitment is made. Modifications and rescissions to the resolution, if applicable, must be made prior to the last day of the fiscal year subsequent to the fiscal year for which the commitment is made. The amount subject to commitment may be determined in the subsequent period.</p> <p>Assigned Fund Balance - The Board has authorized the CEO and Business Manager as the officials authorized to assign fund balance to a specific purpose.</p> <p>Unassigned Fund Balance - Unassigned fund balance is all remaining fund balance not categorized as non-spendable, restricted, committed or assigned. The unassigned fund balance may be restricted by future legislative actions.</p> <p>School Code – 24 P.S. Sec. 218, 688</p>
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