

THE SCHOOL DISTRICT OF PHILADELPHIA

SECTION: FINANCES

TITLE: FUND BALANCE

ADOPTED: June 13, 2011

REVISED:

	<p style="text-align: center;">620. FUND BALANCE</p> <p>1. Purpose The School Reform Commission 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>2. Definitions 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 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:</p> <p>Nonspendable - 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>Restricted - amounts limited by external parties, or legislation (e.g., grants or donations).</p> <p>Unrestricted - amounts categorized as follows:</p> <ol style="list-style-type: none"> 1. Committed - amounts limited by SRC policy (e.g., future anticipated costs). 2. 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. 3. Unassigned - amounts available for consumption or not restricted in any manner.
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<p>3. Guidelines</p>	<p>To the extent that funds are available for expenditure in both the restricted and unrestricted categories of fund balance, funds shall be expended first from restricted amounts and then from unrestricted amounts.</p> <p>To the extent that funds are available for expenditure in the categories that comprise unrestricted fund balance, the order of use shall be:</p> <ol style="list-style-type: none">1. Committed balances;2. Assigned amounts;3. Unassigned amounts.
<p>4. Delegation of Responsibility</p>	<p>The responsibility for designating funds to specific classifications shall be as follows:</p> <ol style="list-style-type: none">1. Nonspendable – may be assigned by the Chief Finance Officer.2. Restricted – may be assigned by the Chief Finance Officer.3. Committed – shall be assigned by the SRC.4. Assigned – may be assigned by the Finance Committee or Chief Finance Officer. <p>The Chief Finance Officer or designee shall be responsible for the enforcement of this policy.</p> <p>References:</p> <p>School Code – 24 P.S. Sec. 218, 688</p> <p>Government Accounting Standards Board Statement No. 54.</p>