

FISCAL MANAGEMENT

SERIES 600

Policy Title ...Fund Balance Policy

Code No. 693

BURLINGTON AREA SCHOOL DISTRICT FUND BALANCE

The Burlington Area School District School Board recognizes the need for maintaining an operating reserve for the following purposes:

1. Hold adequate working capital to meet cash flow needs during the fiscal year.
2. Avoid excessive short term borrowing thereby avoiding associated interest expense.
3. Serve as a safeguard for unanticipated expenses and unrealized revenues of the Burlington Area School District.
4. Demonstrate financial stability to maintain a high credit rating which could help reduce future borrowing costs.

Any net excess revenues greater than expenditures in a given fiscal year will be added to the Burlington Area School District fund balance. Each year, the projected/actual year end fund balance of the General Fund shall be reviewed, and a determination made, if any amounts will be committed and/or assigned.

Financial Disclosures

Fund balance amounts will be reported in conformance with generally accepted accounting principles and legal requirements. These amounts shall also be reclassified by the end of the fiscal year. The Burlington Area school District shall report fund balances as either Nonspendable, Restricted, Committed, Assigned, or Unassigned.

Nonspendable – This classification includes inventories, prepaid items, long-term receivables, and other amounts legally or contractually required to be maintained intact.

Restricted –The restricted fund balance classification should be reported when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. The fund balance for the spendable portion in the debt service funds, capital projects fund, food service fund, community service fund, and employee trust fund shall be classified as restricted. Except where the board expressly directs a different order of expenditure of fund balance amounts in connection with approving a specific expense or payment, fund balance resources shall be spent in the following order when various funding sources are available for a particular purpose: (1) committed fund balances; (2) assigned fund balances; (3) unassigned fund balances; and (4) restricted fund balances.

Committed – This classification includes amounts that are committed for specific purposes by formal action of the Burlington Area School District School Board. Such action shall be made in resolution form and require the approval of a majority of the school board. Commitments of fund balance, once made, can only be modified or eliminated by a subsequent resolution. Fund Balance of a Special Revenue Fund, where donations and contributions received from an individual or organization, shall be committed for the specific purpose identified by the individual, organization, or district administration.

Assigned – This classification includes amounts that are intended to be used for specific purposes but are neither restricted nor formally committed. The Burlington Area School District School Board authorizes the District Administrator or designee to assign fund balance, to the extent that such assignment does not create a negative unassigned fund balance. The District Administrator's or designee assignment of fund balance resources for a specific purpose, or the removal of an assignment previously made, must be reasonably justified, documented, and reported to the board.

Unassigned – The unassigned classification includes any remaining amounts that are not classified as nonspendable, restricted, committed, or assigned. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

The board reserves the right, to the extent consistent with applicable law and accounting standards, to act via motion to reclassify unrestricted fund balance resources as it deems necessary or appropriate.

To the extent the board action on any fund balance amounts under this policy constitutes a budget amendment under state law (i.e., a change in the amount of the appropriations or the purposes for such appropriations as stated in an adopted school district budget), a majority vote of the entire membership of the board shall be required, and a legal notice of the action taken shall be issued as required by law.

Date of Adoption:
July 9, 2012

Legal Reference: GASB Standard 54