

SECTION: FINANCES

TITLE: FUND BALANCE

ADOPTED: June 28, 2010

REVISED:

# FAIRVIEW SCHOOL DISTRICT

	<p style="text-align: center;">620.1. FUND BALANCE</p> <p>1. Purpose The Board recognizes that the maintenance of a fund balance is essential to the preservation of the sound financial condition of the district, to contain or reduce costs through participation in self-insurance programs, and to the ability of the district to protect the bond rating of the district.</p> <p>2. Authority The district will maintain an undesignated, unreserved fund balance in the range of a minimum of seven point seven five percent (7.75%) of the following year's budgeted expenditures to the maximum amount permitted by the Commonwealth of Pennsylvania. The monies in the fund balance will only be expended with the specific authorization of the Board of Directors for unexpected financial obligations.</p> <p>3. Guidelines Fund balance will not be utilized as a revenue source to offset current operating expenditures except for the amount of \$85,000 per year that represents the savings from refinancing two (2) 2006 bond issues.</p> <p>Interest income generated by the maintenance of a fund balance will be used to balance the General (Operating) Fund budget and to offset fluctuations in tax revenues needed to maintain ongoing programs and services.</p> <p>At the end of each fiscal year, those funds which are in excess of the undesignated, unreserved fund balance provided herein (in the range of a minimum of seven point seven five percent (7.75%) of budgeted expenditures to the maximum amount permitted by the Commonwealth of Pennsylvania), as certified by the local auditors of the school district, shall be designated for specific purposes within the General Fund or transferred to the Capital Reserve Fund of the school district (or such other reserve funds designated by the Board of School Directors).</p> <p>1. Designation for a specific purpose of these excess funds in the undesignated, unreserved fund balance shall require resolution of the Board with approval by five (5) affirmative votes.</p>
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<p>4. Delegation of Responsibility</p>	<p>2. Funds which are designated for a specific purpose within the General Fund pursuant to this provision can be redesignated for other purposes or transferred to another fund (such as Capital Reserve or the District Retirement Benefit Account) only if the funds are not needed for the purpose of the original designation.</p> <p>3. Redesignation of such reserved funds shall require resolution of the Board of Directors with approval by seven (7) affirmative votes.</p> <p>Expenditures may be made from reserve accounts only upon the approval of the Board of School Directors.</p> <p>The Chief Financial Officer of the district or his/her designee shall make recommendations at the end of each fiscal year for the designation of those funds which are in excess of the undesignated, unreserved fund balance provided herein (in the range of a minimum of seven point seven five percent (7.75%) of budgeted expenditures to the maximum amount permitted by the Commonwealth of Pennsylvania).</p> <p>The Chief Financial Officer of the district or his/her designee shall report to the Board regularly on the balances of funds designated for specific purposes pursuant to this policy, including recommendations for expenditure of such designated and reversed funds and/or the redesignation of such designated and reserved funds.</p>
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