

# MIDDLE BUCKS INSTITUTE OF TECHNOLOGY

SECTION: FINANCES

TITLE: FUND BALANCE

ADOPTED: June 13, 2011

REVISED:

	<p style="text-align: center;">620. FUND BALANCE</p> <p>1. Purpose The Executive Council acknowledges that the general fund balance results solely from the operation of the Adult Education and Production Control accounts at the school. The Council recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the school and is fiscally advantageous for both the school and the sending school districts. This policy establishes goals and provides guidance concerning the desired level of the year-end fund balance to be maintained by the school.</p> <p>2. Definitions <b>Fund balance</b> is the difference between total assets and total liabilities in each fund and is a measurement of available financial resources.</p> <p>GASB Statement 54 distinguishes fund balances between amounts that are considered nonspendable, such as fund balances associated with inventories, and other amounts that are classified based upon the relative strength of the constraints that control the purposes for which specific amounts can be expended. The fund balance accounts are classified as follows beginning with the account with the most constraints:</p> <p><b>Restricted</b> - amounts limited by external parties, or legislation (Ex., inventory).</p> <p><b>Committed</b> - amounts limited by Executive Council policy (Ex., future anticipated costs).</p> <p><b>Assigned</b> - amounts that are intended for a particular purpose. Generally balances in special revenue funds will be assigned.</p> <p><b>Unassigned</b> - amounts available for consumption or not restricted in any manner.</p> <p>3. Guidelines The school will endeavor to maintain an unassigned general fund balance of not more than eight percent (8%) of the budgeted expenditures for each fiscal year.</p>
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<p>4. Delegation of Responsibility</p>	<p>The total fund balance, consisting of restricted, committed, assigned and unassigned fund balances may exceed eight percent (8%) with the approval of the Executive Council.</p> <p>If the unassigned portion of the fund balance falls below the threshold of eight percent (8%), the Executive Council may pursue options of either increasing revenue or decreasing expenditures or a combination of both, in order to achieve eight percent (8%) of the fiscal year budget as being the amount of the unassigned fund balance.</p> <p>If the unassigned portion of the fund balance exceeds eight percent (8%) of budgeted expenditures, the Executive Council may utilize a portion of the fund balance by appropriating excess funds or returning them to the sending school districts.</p> <p>The Administrative Director and the Business Manager 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>
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