



POLICY 606 – FUND BALANCE

1. **Purpose and Definition**

The School District will maintain an undesignated, unreserved Fund Balance in the amount not to exceed eight percent (8%) of the following year's budgeted expenditures or 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.

2. **Authority**

The Board recognizes that the maintenance of a Fund Balance is essential to the preservation of the sound financial condition of the School District, to the ability of the School District to contain or reduce costs through participation in self-insurance programs, and to protect the bond rating of the School District.

3. **Guidelines**

At the end of each fiscal year, funds in excess of 8% of budgeted expenditures as certified by the local laws of the School District shall be transferred to the Capital Projects Fund of the School District or such other fund as designated by the Board of School Directors such as a reserve for health insurance or similar fund. Expenditures may be made from these accounts only upon approval of the Board of School Directors.

Date Adopted: 09-22-09