

# Urban Pathways K-5 College Charter School

## Board of Trustees Policy

### GASB 54 FUND BALANCE POLICY

The Board of Trustees of the Urban Pathways K-5 College Charter School (“Charter School”) recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of and is fiscally prudent for the Charter School. This policy establishes goals and provides guidance concerning the fund balance maintained by the Charter School.

Fund Balance is a measurement of available financial resources. Fund balance is the difference between total assets and total liabilities in each fund.

GASB Statement 54 distinguishes fund balance classification based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below:

- A. Nonspendable fund balance category includes amounts that cannot be spent because they are in an unspendable form or legally or contractually required to be maintained intact and property held for resale, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable;
- B. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers (i.e. creditors, grants or donations), or through enabling legislation;
- C. Unrestricted fund balance category which includes:
  - 1. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Trustees (i.e. Board policy or action);
  - 2. Assigned fund balance classification includes amounts that are intended to be used by the Charter School for specific purposes, such as rate stabilization fund or segregation of an amount intended to be used at

some time in the future, but do not meet the criteria to be classified as restricted or committed; and

3. Unassigned fund balance is the residual classification for the Charter School's general fund and includes all spendable amounts not contained in the other classifications, these funds are not restricted in any manner.

### 3. Guidelines

The Board directs the development of the following fund balances in accordance with GASB 54. The disposition of the fund balances shall include the following guidelines.

**A. Order of Use of Fund Balances** - When amounts are available in the fund balances for a particular purpose, there are no restrictions on the order of the fund balances used for disbursements. Order of the fund balances used for disbursements is at the discretion of the Chief Executive Officer ("CEO") and/or their designee.

**B. Order of Use of Unrestricted Fund Balances** - When amounts are available in the Unrestricted Fund Balances for a particular purpose, there are no restrictions on the order of the Unrestricted Fund Balances used for disbursements. Order of the Unrestricted Fund Balances used for disbursements is at the discretion of the CEO and/or their designee.

**Disposition of Fund Balances** - The Charter School shall establish the following specific Unrestricted Fund Balances in accordance with GASB 54: Committed, Assigned and Unassigned fund balances.

**a. Committed Fund Balance** - Establishment and purpose of Committed Fund Balances must be for the purpose approved by the Board. Specific disbursements are at the discretion of the CEO and/or their designee. By June 30 of each year Committed Fund Balances will be determined in accordance with GASB 54 and shall include, but not limited to, the following:

**i. New Initiatives Fund**

- Purpose - To pay for new and innovative services with future potential.
- Annual Funding - Board discretion for annual committed balance.

**ii. New Building/ Building Improvement Fund**

- Purpose – To fund future building purchase and renovations.
- Annual Funding – The Board will determine amount assigned to this fund. Funds can be used to pay for the cost of major capital projects, building purchase or renovations, or debt service payments on loans used to finance the construction or renovations.

iii. **Capital Equipment/Software/Hardware**

- Purpose – To pay for capital purchases as needed for increased enrollments and staff expansion.
- Annual Funding – The Board will determine amounts assigned to this fund.

iv. **Curriculum Development**

- Purpose – To pay for development of online curriculum which is the intellectual property of the Charter School.
- Annual Funding – The Board will determine the amount committed to this fund.

v. **Program Stabilization Fund**

- Purpose – To provide funding which will allow for business continuation given a pandemic event.
- Annual Funding – Board discretion for annual committed balance.

vii. **PSERS Stabilization Fund**

- Purpose – To provide funding to lessen the impact of PSERS projected increases/changes in rates on Charter School.
- Annual Funding – Additional retirement expense based on a percentage of salaries. Determined annually by the Board.

**b. Assigned Fund Balances** –Expenditures from Assigned Fund Balances to be used for a specific purpose, but not considered restricted or committed. Expenditures from the Assigned Fund balances are at the discretion of the Board. By June 30 of each year Assigned Fund Balances will be determined in accordance with GASB 54.

- c. **Unassigned Fund Balance** - Total fund balance in the General Fund in excess of Nonspendable, Restricted, and Committed and Assigned Fund Balances. Expenditures from Unassigned Fund Balances may be used for any purpose at the discretion of the CEO and/or their designee.

**TO THE EXTENT THAT ANYTHING IN THIS POLICY COULD BE CONSTRUED TO CONFLICT WITH THE SCHOOL'S CHARTER OR APPLICABLE STATE AND/OR FEDERAL LAWS, THE APPLICABLE STATE AND/OR FEDERAL LAWS AND/OR CHARTER CONTROL.**