

BUSINESS AND NONINSTRUCTIONAL OPERATIONS

Budget: Surplus Funds

All funds not encumbered or spent by the end of the fiscal year (June 30th) shall be considered to be surplus funds for the year just ended. All surplus funds will be considered a part of the School Operating Fund Balance and will be maintained in the account records of the Lynchburg City Schools for the purposes of underwriting any occasional shortfalls from any of the various budgetary categories of direct State funding support as well as other applications, all based upon the required expenditure approval of the school board. For information purposes, the Lynchburg City School Board will advise city council annually as to the amount of funding in such School Operating Fund Balance as of July 1 of each year so that Lynchburg City Council can reappropriate the unexpended funds to the city schools Operating Fund Balance.

Legal Reference:

Code of Va., § 22.1-90. Annual Report of Expenditures --"Every school board shall submit at least once each year to the governing body or bodies appropriating funds to the school board a report of all its expenditures."

Code of Va., § 22.1-100. Unexpended school and educational funds --"All sums of money derived from the Commonwealth which are unexpended in any year in any school division shall revert to the fund of the Commonwealth from which derived unless the Board of Education directs otherwise. All sums derived from local funds unexpended in any year shall remain a part of the funds of the governing body appropriating the funds for use the next year, but no local funds shall be subject to redivision outside of the locality in which they were raised.

Letter of Agreement between Lynchburg City Council and Lynchburg Board of School Trustees

"In accordance with the attached, duly-adopted Resolution, the Lynchburg City Council and the Lynchburg Board of School Trustees hereby agree that the creation and maintenance of a School Operating Fund Balance is desirable to the long-range financial interests of both entities and, even more importantly, to the citizens and the community which both bodies represent. Accordingly, the City Council supports such approach by indicating its willingness to reappropriate to such Fund Balance and duly-budgeted, non-debt service local funding which the Schools manage to avoid spending by the close of each fiscal year. Similarly, the School Board expresses its intention of continuing to exercise cautiousness in the expenditure of all budgeted, appropriated local funding to the Schools, and further understands that any such unexpended, non-debt service monies would become part of a Schools Operating Fund Balance.

The separate, above-mentioned Fund Balance would be maintained in the accounting records of the Lynchburg City Schools for the purpose of underwriting any occasional shortfalls from any of the various budgetary categories of direct State funding support as well as other applications, all based upon the required expenditure approval of the School Board. For informational purposes, the Lynchburg City School Board would

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advise City Council annually as to amount of funding in such School Operating Fund Balance as of July 1 of each fiscal year; and such information would be reflected in the overall financial information of the City of Lynchburg along with other customary fiscal data for the Lynchburg City Schools.

Based upon this understanding, the creation of the above-referenced Fund Balance would occur promptly and would include any unexpended, duly-budgeted, non-debt service local funding at the close of the current 1992-1993 fiscal year. It is understood that such practice would remain active in the years thereafter."

Signed by Julian R. Adams, mayor, for Lynchburg City Council, December 13, 1993.
Signed by Julius A. Sigler, Jr., chairman, for Lynchburg City School Board,
December 20, 1993.

Adopted by School Board: June 5, 1973
Revised by School Board: January 4, 2000