

FUND BALANCE

The purpose of the policy is to establish guidelines for budget fund balances.

In accordance with the governmental accounting standard, GASB Statement No. 54, the Winnacunnet School District recognizes the following five categories of fund balance for financial reporting purposes:

1. **Non-spendable Fund Balance:** – i.e., non-cash assets such as inventories or prepaid items.
2. **Restricted Fund Balance:** – i.e., funds legally restricted for specific purposes, such as grant, food service and expendable trust funds.
3. **Committed Fund Balance:** – i.e., amounts that can only be used for specific purposes pursuant to a formal vote of the School Board.
4. **Assigned Fund Balance:** – i.e., amounts intended by the School Board for specific purposes. The Board can choose to delegate this authority to the Superintendent or Business Administrator, depending on the situation. Items that would fall under this type of fund balance could be encumbrances.
5. **Unassigned Fund Balance:** – i.e., residual spendable fund balance after subtracting all of the above amounts.

Committed Fund Balance: The School Board may commit fund balance by a formal vote prior to the district's fiscal year-end for that fiscal year.

Assigned Fund Balance: The School Board expressly delegates to the Superintendent, through the Business Administrator, the authority under this policy to assign funds for particular purposes.

Spending Prioritizations: When an expenditure is incurred that would qualify for payment with either restricted or unrestricted funds, as defined above, it will be paid from restricted funds.

When an expenditure is incurred that qualifies for payment from either of the three unrestricted fund balance categories, as defined above it will be applied in the following order: 1) Committed, 2) Assigned, and 3) Unassigned.

Deficit Fund Balance: At year end if any of the special revenue funds (i.e. food service, etc.) has a deficit unassigned fund balance then the Superintendent is authorized to transfer funds from the general fund to cover the deficit, providing the general fund has money to do so.

Unassigned Fund Balance: The School Board will turn back any unassigned general fund balance at year-end to offset the next fiscal year's tax rate for the Town.

Annual Review: Compliance with the provisions of this policy shall be reviewed as a part of the annual policy adoption process.

Legal References

- RSA 32, Municipal Budget Law*
- RSA 33, Municipal Finance Act*
- RSA 35, Capital Reserve Funds*
- Governmental Standards Board Statement 54 (GASB 54)*

DATE:

- Adopted:** July 18, 2012
- Reviewed:** Jun 2012, Aug. 2013, Jul 2014, Jun 2015, Jul 2016, June 21, 2017, **August 15, 2018**
- Revised:**
- Cancellation:**