

FUND BALANCES

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

Fund Type Definitions

The following definitions will be used in reporting activity in governmental funds across the District. The District may or may not report all fund types in any given reporting period, based on actual circumstances and activity.

- a. The general fund is used to account for all financial resources not accounted for and reported in another fund.
- b. Special revenue funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than capital projects. Examples include, but are not limited to, the Food Service Fund; Federal and State Grant Fund; and Private Grant Fund.
- c. Capital projects funds are used to account for all financial resources restricted, committed or assigned to expenditure for the acquisition or construction of capital assets.
- d. Permanent funds are used to account for resources restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's purposes.

Fund Balance Reporting in Governmental Funds

Fund balance will be reported in governmental funds under the following categories using the definitions provided by GASB Statement No. 54:

- a. Non-spendable Fund Balance
 - i. Definition – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
 - ii. Classification – Non-spendable amounts will be determined before all other classifications and consist of the following items (as applicable in any given fiscal year):
 1. The District will maintain a fund balance equal to the balance of any long-term outstanding balances due from others (including other funds of the District).

2. The District will maintain a fund balance equal to the value of inventory balances and prepaid items (to the extent that such balances are not offset with liabilities and actually result in fund balance).
3. The District will maintain a fund balance equal to the corpus (principal) of any permanent funds (if any) that are legally or contractually required to be maintained intact.
4. The District will maintain a fund balance equal to the balance of any land or other nonfinancial assets held for sale.

b. Restricted Fund Balance

- i. Definition – includes amounts that can be spent only for the specific purposes stipulated by applicable state and local laws and regulations, external resource providers, or through enabling legislation (for example, but not limited to, actions authorized by the voters at school district meetings).

c. Committed Fund Balance

- i. Definition – includes amounts that can only be used for specific purposes pursuant to a formal vote of the School Board.
- ii. Authority to Commit – The School Board, as the government’s highest level of decision-making authority, may commit fund balance by a formal vote prior to the government’s fiscal year-end for that fiscal year as allowed by the Department of Revenue Administration. Future modification or rescission of committed funds must likewise be accomplished by a formal vote of the School Board prior to fiscal year-end.

d. Assigned Fund Balance

- i. Definition – includes amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.
- ii. Authority to Assign - The School Board expressly delegates to the Superintendent, through the Business Administrator, the authority under this policy to assign funds for particular purposes. Such assignments cannot exceed the available (expendable, unrestricted, uncommitted) fund balances in any particular fund.

e. Unassigned Fund Balance

- i. Definition – includes the residual classification for the District’s general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

- ii. The School Board will maintain a minimum unassigned general fund balance less encumbrances equal to one month's budget expenditures unless this is unfeasible due to circumstances beyond its control such as:
 - a. Substantial decrease in State funding
 - b. Unanticipated fiscal necessity

- iii. The School Board will turn back any unassigned general fund balance at year-end to offset the next budgeted fiscal year's tax rate for the Town unless the School District's legislative body authorizes the School District to retain year-end unassigned funds in accordance with RSA 198:4-b.

Spending Prioritizations:

- ⇒ When expenditure is incurred that would qualify for payment with either restricted or unrestricted funds, it will be paid from restricted funds.
- ⇒ When expenditure is incurred that qualifies for payment from either of the three unrestricted fund balance categories, it will be applied in the following order:
Committed, Assigned, 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 so authorized to transfer funds from the general fund to cover the deficit, providing the general fund has money to do so.

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In recognition of the advisability of an unassigned general fund balance greater than the above described minimally, any accumulation of unassigned general fund balance above the minimum balance shall not be spent without the formal authorization of the School Board.

RSA 32, Municipal Budget Law

RSA 33, Municipal Finance Act

RSA 35, Capital Reserve Funds

RSA 198:4-b, Contingency Fund

Governmental Standards Board Statement 54 (GASB 54)

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