

Windham School District

DO

FUND BALANCE

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

- a. **Non-Spendable Fund Balance:** non-cash assets such as inventories or prepaid items.
- b. **Restricted Fund Balance:** funds legally restricted for specific purposes, such as grant, food service, and expendable trust funds.
- c. **Committed Fund Balance:** amounts that can only be used for specific purposes pursuant to a formal vote of the Windham School Board or by a vote of the legislative body by official ballot.
- d. **Assigned Fund Balance:** amounts intended by the Windham 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.
- e. **Unassigned Fund Balance:** residual spendable fund balance after subtracting all of the above amounts. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance.

Committed Fund Balance

The Windham 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. Future modification or rescission of committed funds must likewise be accomplished by a formal vote of the School Board prior to fiscal year-end.

Actions approved by the legislative body by official ballot also considered to be a Committed Fund Balance, would include specific approved warrant articles such as a transfer out of the year-end unassigned fund balance for any specific expendable trust or capital reserve account, or non-lapsing warrant articles.

Legal References: RSA 32:7, Lapse of Appropriations

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Assigned Fund Balance

The Windham School Board expressly delegates to the Superintendent, through the Business Administrator, authority under this policy to assign funds for particular purposes. Such balances must be assigned (encumbered) through a contract or purchase order as allowed under RSA 32:7 (Lapse of Appropriations) and Generally Accepted Accounting Principles.

Spending Prioritizations

- When expenditure is incurred that would qualify for payment with either restricted or unrestricted funds, it shall be paid from restricted funds.
- When expenditure is incurred that qualifies for payment from either of the three unrestricted fund balance categories, it shall 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, grants funds, etc.) has a deficit unassigned fund balance then the Superintendent, through the Business Administrator, is authorized to transfer funds from the general fund to cover the deficit, providing the general fund has money to do so.

The Windham School Board shall turn back any unassigned general fund balance at year-end to offset the next fiscal year's tax rate for the Town, which is in accordance with present state requirements.

Annual Review

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

Legal References: RSA 32:7, Lapse of Appropriations

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