

In accordance with the governmental accounting standard, GASB Statement No. 54, the School District recognizes the following five categories for 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 School Board.
- d. Assigned Fund Balance – amounts intended by the 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.

Committed Fund Balance - 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.

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 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.

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

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

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)

Revised: September, 2012

SAU #7 Policy Committee: Recommended for Adoption – March 29, 2018

Clarksville School Board: Adopted – September 19, 2018

Colebrook School Board Adopted: April 17, 2018

Columbia School Board Adopted: May 2, 2018

Pittsburg School Board Adopted: May 14, 2018

Stewartstown School Board Adopted: May 7, 2018