

Timberlane Regional School District	Policy Code: DIA
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FUND BALANCES

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

1. Nonspendable Fund Balance – non cash assets such as inventories or prepaid items.
2. Restricted Fund Balance – funds legally restricted for specific purposes, such as grant, food service and expendable trust funds.
3. Committed Fund Balance – amounts that can only be used for specific purposes pursuant to a formal vote of the School Board or voters.
4. 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.
5. 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. 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

1. When expenditure is incurred that would qualify for payment with either restricted or unrestricted funds, it will be paid from restricted funds.
2. When an expenditure is incurred that qualifies for payment from either of the three unrestricted fund balances, it will be applied in the following order:
 - a. Committed
 - b. Assigned
 - c. Unassigned

DEFICIT FUND BALANCE

At year end, if any of the special revenue funds (i.e. food service, vocational education funds, 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.

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The School Board will turn back any unassigned general fund balances 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 part of the annual budget adoption process.

See also policy DBJ.

Legal Reference:

RSA 32, Municipal Budget Law

RSA 33, Municipal Finance Act

RSA 35, Capital Reserve Funds

Governmental Standards Board Statement 54 (GASB 54)

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