

**SAU 50  
DIA  
FUND BALANCES**

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

Additionally, any fund balance shall only be used or returned in accordance with applicable New Hampshire law and/or Governmental Standards Board Statement 54 (GASB 54).

GASB 54 is an entirely new accounting model for funds and defines various restrictions within the fund balance in a more detailed manner than previous Standards.

***Legal References:***

*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)*

**SAU 50 Reviewed: June 2022**

**DIA: FUND BALANCE**

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**Purpose:**

In accordance with the Governmental Accounting Standard Board, GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School Board recognizes the following five categories of fund balance for financial reporting purposes:

**Non-spendable** – The classification includes amounts that cannot be spent because they are either

- A. not in spendable form; or
- B. are legally or contractually required to be maintained intact.

**Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws of regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – This classification includes amounts that can be used only for specific purposes pursuant to a formal vote of the School Board or by a vote of the legislative body by official ballot.

**Assigned** – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School Board or through the Board's delegation of this responsibility to the Superintendent and/or the Business Administrator through the budgetary process.

**Unassigned** – This classification is the portion of fund balance that has not been restricted, committed, or assigned for a specific purpose.

**Committed Fund Balance:** The School Board, as the District's highest level of decision-making authority, may commit fund balance by a formal vote prior to the District'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 are also considered to be a Committed Fund Balance, would include specific approved warrant articles such as a transfer out of the year-end assigned balance for any specific expendable trust or capital reserve account, or non-lapsing warrant articles.

**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. Such balance must be assigned (encumbered) through a contract or purchase order.

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

- A. When an expenditure is incurred that qualifies for payment from either of the three unrestricted fund balance categories, it will be applied in the following order:
  1. Committed
  2. Assigned

### 3. Unassigned

**Deficit Fund Balance:** At year-end, if any of the special revenue funds (e.g. food service, vocational education 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. If funds are not available, then the deficit will be reported as a negative unassigned fund balance.

**Unassigned Fund Balance:** The 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. In NH, the District's legislative body can authorize the District to retain year-end unassigned general funds in accordance with NH RSA 198:4-b. The School Board will strive to return, at a minimum, any unspent middle and/or high school tuition dollars from the current budget due to shifts in enrollment.

**End of Year Spending:**

As good stewards of taxpayer dollars, the School Board supports the following criteria when considering spending unassigned fund balance on items near the end of the current fiscal year:

- Items eliminated from prior budgets that still represent a school need
- Items in capital improvement plans to reduce future spending
- Items that pose safety or health concerns

**Legal**

NH RSA 32, Municipal Budget Law

NH RSA 33, Municipal Finance Act

NH RSA 35, Capital Reserve Funds

NH RSA 198:4-b, Contingency Funds

Governmental Standards Board Statement 54 (GASB 54)