

WASHINGTON NORTHEAST SUPERVISORY UNION

CABOT SCHOOL – TWINFIELD UNION SCHOOL

POLICY E 14

FUND BALANCE POLICY

The Fund Balance Policy is intended to provide guidelines during the participation and execution of the annual budget to ensure that sufficient reserves are maintained for unanticipated expenditures or revenue shortfall. It is also intended to preserve flexibility throughout the fiscal year to make adjustments in funding for programs approved in connection with the annual budget. The Fund Balance Policy should be established based upon a long-term perspective recognizing that stated thresholds are considered minimum balances. The main objective of establishing and maintaining a Fund Balance Policy is for Washington Northeast Supervisory Union and its member districts, Cabot School and Twinfield Union School to be in a strong fiscal position that will allow for better position to weather unforeseen financial challenges and/or negative economic trends.

The Fund Balance consists of five categories: Nonspendable, Restricted, Committed, Assigned, and Unassigned in accordance with governmental accounting standards, GASB Statement No. 54.

1. **Nonspendable Fund Balance** consists of funds that cannot be spent due to their form (e.g. inventories and prepaids) or funds that legally or contractually must be maintained intact.
2. **Restricted Fund Balance** consists of funds that are mandated for a specific purpose by external parties, constitutional provisions, or enabling legislation (e.g. federal and state grants, trust and trustee accounts)
3. **Committed Fund Balance** consists of funds that can only be used for specific purposes (e.g. capital projects) determined by the Board, as a result of motions passed at regular or special Board meetings.
4. **Assigned Fund Balance** consists of funds that are set aside with the intent to be used for a specific purpose by the board or a body or official that has been given the authority to assign funds (e.g. encumbrances, subsequent budgets). Assigned funds cannot cause a deficit in unassigned fund balance.
5. **Unassigned Fund Balance** consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category provides the resources necessary to meet unexpected expenditures and revenue shortfalls. (general fund only)

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

Warned:	<u>WNESU</u> August 21, 2014	<u>Cabot</u> August 11, 2014	<u>Twinfield</u> August 12, 2014
Adopted:	September 18, 2014	September 8, 2014	September 9, 2014
Reviewed:			