

FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT
Glocester, RI

GASB 54: SPENDING POLICY and MINIMUM FUND BALANCE POLICY

PURPOSE:

The purpose of this policy is to establish School Committee guidelines and expectations for the spending of District money in accordance with the Governmental Accounting Standards Board (GASB) 54 which is effective June 30, 2011.

PHILOSOPHY:

The School Committee recognizes that in order to provide a stable financial environment for the operations of the Foster-Glocester Regional School District and to provide a high-quality education to the students of Foster and Glocester in a fiscally responsible manner this spending policy is necessary to appropriately identify and classify the use of the District's fund balances, as well as appropriately identify and record all revenue streams. This policy is meant to serve as the framework upon which consistent and transparent operations may be built and sustained.

POLICY DEFINITIONS:

Fund Balance: Fund balance is the difference between assets and liabilities in governmental funds (i.e. general fund, special revenue funds, capital project funds, debt service funds and permanent funds).

Non-Spendable Fund Balance: The Amount of a fund balance that cannot be spent because it is either not in spendable form or there is a legal or contractual requirement for the funds to remain intact (i.e. prepaid expenses, inventory, fixed assets, endowment principal, etc.).

Restricted Fund Balance: The amount of a fund balance that can only be spent on specific expenses due to constraints on the spending because of legal restrictions, outside party creditors, and grantor/donor requirements (i.e. debt service fund balances, bond fund balances, grants and donations with specific spending constraints).

Committed Fund Balance: The amount of a fund balance that includes the portion of the spendable fund balance but has constraints on the spending that the Regional School Committee or the Regional voters (at a Regional Financial Meeting) has imposed upon itself by a formal action of the School Committee. This constraint must be imposed prior to a fiscal year end, but the specific amount may be determined at a later date. (i.e. Cell Tower Matching Funds, Debt Service Set Aside Funds, etc.)

Assigned Fund Balance: The amount of a fund balance that includes the portion of the spendable fund balance that reflects funds intended to be used by the government for specific purposes assigned by information operational planning (as an example capital goods replacement, annual technology budget replacement, etc.). The assigned fund balance represents a “plan” for spending the amount, but it is not restricted or committed. The authority to “assign” fund balance is designated to the Business Manager.

Unassigned Fund Balance: The amount of a fund balance that is in the General Fund and includes all spendable amounts that are not otherwise contained in the classifications listed above, and therefore, not subject to any constraints or intended use. Unassigned amounts are available for any purpose. These are the current resources available for which there are no external or self-imposed limitations or set spending plan. Although there is generally no set spending plan for the unassigned portion, there is a need to maintain a certain funding level. Unassigned fund balance is commonly used for emergency expenditures not previously considered. In addition, the resources classified as unassigned can be used to cover expenditures for revenues not yet received.

POLICY STATEMENT:

- I. Beginning June 30, 2011 all Non-Spendable and Spendable Fund Balance Shall Be Reported as Follows:
 1. At the end of each fiscal year, the Business Manager will report the portion of the fund balance that is not in spendable form as Non-Spendable Fund Balance on the annual financial statements.
 2. At the end of each fiscal year, the Business Manager will report restricted fund balance amounts that have applicable legal restrictions per GASB #54.
 3. At the end of each fiscal year, the Business Manager will report committed fund balances that have been committed by self-imposed actions either by the Foster-Glocester Regional School Committee and/or the voters of the Foster-Glocester Regional Financial Meeting.
 4. At the end of each fiscal year, the Business Manager will report the portion of fund balance, if any, that is assigned for a specific purpose and a description of the specified purpose.
 5. At the end of each fiscal year, the Business Manager will report the portion of the unassigned fund balance. In addition, the Business Manager shall maintain an unassigned fund balance of no less than two months of general fund operating expenditures, and/or a minimum of 8 % of total General Fund Budgeted Operating Expenditures, whichever is lower, in order to accommodate immediate cash flow needs for unanticipated expenditures and/or emergencies.
 - a. In the event that the amounts assigned for cash flow fall above or below the desired range of unassigned fund balance, the Business Manager shall report such amounts to the School Committee as soon as practical after the end of the fiscal year. Should the actual amount assigned for

cash flow fall below the desired range, the School Committee shall create a plan to restore the fund to the appropriate levels.

- II. The Foster-Glocester Regional School District shall, when possible, expend funds beginning with those funds that have the highest level of restriction first, and will spend those funds with the lowest level of restriction last.
 - a. It shall be the Business Manager’s responsibility to ensure that the District’s expenditures are appropriately classified based on the restrictions (both external and internal) of the revenue and fund balance(s) in accordance with the definitions listed above.

The Policy shall be reviewed by Administration and the School Committee on an annual basis.

Example: In a special revenue fund that has a restricted fund balance or revenue stream, and the requirement for a cash match, the restricted fund balance must be spent (in accordance with the stipulated requirements) and the cash match of local, unassigned funds must be spent second.

First Reading:	May 3, 2011
Second Reading	June 7, 2011
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Amendment 1 st Reading:	May 7, 2014
Second Reading & Adoption:	June 3, 2014