

FUND BALANCE

Fund balance is the difference between the assets and liabilities reported in a governmental fund. Restricted fund balances are those financial resources that are not available due to legal restrictions and commitments. Assigned balances are designated by the New Hanover County Board of Education (Board) to use for a specific purpose. Unassigned, fund balance is the amount legally available for appropriation.

The Board recognizes the importance of maintaining adequate levels of unassigned fund balance to plan for contingencies such as rising costs, unfunded state and federal mandates, and emergency situations. Fund balance also provides a source of investment income and ensures cash availability when revenue is unavailable in the month needed.

While only local funds maintain a fund balance, contingency planning must consider all operating revenue sources. The Board has established a goal of no less than 7% of budgeted operating expenditures in unassigned fund balance, with a preferred target of one (1) month of budgeted operating expenditures (8%).

Excess reserves should be appropriated for non-recurring expenditures when feasible.

If it is anticipated at the completion of any fiscal year that the projected or estimated amount of fund balance falls below the recommended levels set forth above, the Superintendent shall prepare and submit in conjunction with the proposed budget a plan for the expenditure reductions and/or revenue increases necessary to restore the amount of fund balance to the minimum requirements within three (3) fiscal years.

The Board may amend the budget to transfer money to or from the capital outlay fund to or from any other fund, with the approval of the Board of County Commissioners, to meet emergencies unforeseen and unforeseeable at the time the budget resolution was adopted.

Legal Ref: NCGS 115C-443(d)

Adopted: 04/10/12

Revised: 05/3/16