

## Revolving Funds

Revolving funds are established to maintain separate accounting for specific activities that have their own sources of revenue outside of the operating budget and designated, allowable expenditures in conformance with Massachusetts General Laws Chapter 71, Section 47, and as otherwise permitted by the General Laws of the Commonwealth of Massachusetts, as amended. Schools are authorized to maintain revolving and special revenue accounts that are not subject to fiscal year boundaries and do not close out to the town general fund unless specified.

The North Middlesex Regional School Committee shall annually maintain and review a Non-General Fund Guidebook.

The intent of this section and the Non-General Fund Guidebook is to establish guidelines to consistently manage revolving and special fund balances that come under School Committee supervision to:

- Comply with the purpose of the fund and any state or federal guidelines.
- Maintain sufficient working capital to cover each fund's expected use, as revenue inflows and expenditure outflows vary and can be cyclical.
- Ensure that each fund balance does not exceed its Appropriate End-of-Year Balance, as established during annual review by the Finance Subcommittee of the School Committee.
- Draw down account balances that exceed targets and use them as offsets against allowable expenses in the operating budget. It is advised that, if there is a significant excess, the drawdown should not be made in a single fiscal year, as it would have a measurable negative impact on the following year and would not be repeatable.
- Provide transparency regarding district fund balances, the basis for the fee structure, if any, expenditures allowed for each revolving fund, and the approved fund expenditures.

Review: As part of the annual budget process, the Finance Subcommittee of the School Committee will review the current balances, recent account history, planned usage, and last year's published Non-General Fund Guidebook. The Committee may hear any proposals from the administration related to the addition, deletion, modification or usage of the Revolving Funds. The Non-General Fund Guidebook will then be updated by the administration and published with the presentation of the Superintendent's budget recommendation. In an effort to provide the most updated and accurate information, an Appendix to the Non-General Fund Guidebook will be published as part of the Quarter 2 Financial Report. The Appendix will typically include a reconciled

financial status report with projections for the upcoming fiscal year, and actual revenue, expenditures, and balances from the previous three years.

Appropriate End-of-Year Balance: In accordance with the School Committee's guidance, the District will maintain a balance in some accounts to offset costs should anything change significantly in either revenue collections or expenses, to allow for planning to address any changes. If a balance is above the target, the District may consider increasing the target, closing out excess funds to the general fund, or a related one-time purchase.

Audits: The school's General Fund, revolving accounts, and special revenue funds are audited annually by an external certified public accounting firm, following the fiscal year schedule (July 1–June 30). Food Service accounts are also subject to the Single Audit when federal award expenditures during a fiscal year exceed a limit set per applicable regulations.

LEGAL REFERENCES: MGL 71:47. Athletic Programs; School Organizations;  
Regulations US Federal Law: Single Audit Act of 1984;  
Public Law No 98-502 and 104-156

CROSS REFERENCES: None

**Adopted by the School Committee:**

Policy Subcommittee Review: 10/21/2025

NMRSD First Vote: 1/13/2026

NMRSD Adoption: 1/29/2026

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