

FUND BALANCE ACCOUNTING AND REPORTING

1. Excess Funds

The School Board shall establish a Capital Reserve Fund. The School Operating Fund year-end balance, as determined by the annual audit, shall be used for the appropriation in the Schools' Capital Reserve Fund.

These funds will be appropriated through the annual budget ordinance or by a budget amendment ordinance approved and adopted by City Council and will only be used for major and minor capital needs or other non-recurring expenditures.

2. Fund Balance Classification

- a. **Committed Fund Balance:** Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of Waynesboro School Board and City Council. Formal action includes the adoption of the annual City Budget Ordinance or adoption of budget amendment and appropriation ordinance(s) during the course of the operating year.
- b. **Assigned Fund Balance:** Assigned fund balance includes amounts constrained by the locality's intent to be used for specific purposes, but are neither restricted nor committed. The Executive Director of Finance is delegated the authority to assign fund balance for specific purposes.
- c. **Restricted Fund Balance:** Restricted fund balance includes amounts that have constraints placed on their use by external sources (e.g., creditors for debt covenants, grantors, contributors, or laws or regulations of other governments). Restricted fund balance can also be imposed by law through constitutional provisions or enabling legislation. The source of the constraint is outside the locality and cannot be changed by the School Board or City Council.
- d. **Nonspendable Fund Balance:** Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form such as inventories, property acquired for resale, prepaid amounts, or are amounts that are legally or contractually required to be maintained intact.
- e. **Unassigned Fund Balance:** Unassigned fund balance consists of amounts not assigned to other funds, or restricted, committed or assigned within the same fund. Unassigned fund balance includes all spendable amounts not contained in the other classifications and is technically available for any purpose.
- f. **Policy on the order of spending resources:** When expenditures are incurred for purposes for which multiple unrestricted categories could be used, the following order is considered: committed amounts are presumed to be used first, followed by the assigned amounts, and then the unassigned amounts.

Adopted: October 8, 2019

Ref: City of Waynesboro, VA FINANCIAL MANAGEMENT POLICY; Fund Balance/Reserve Policy:
Adopted: September 9, 2019