

FUND BALANCE

The School Board recognizes that maintaining an adequate fund balance in the District's General Fund is essential to the financial stability of the District and sound fiscal management. The Board also recognizes its responsibility to ensure that the District's fund balance resources are used properly and reported in accordance with applicable legal requirements and generally accepted accounting principles for governmental entities.

With these recognitions in mind, the Board has set forth the following policy guidelines for the use and maintenance of fund balance resources in the District:

1. Fund balance resources shall be reviewed annually to determine allocation between non-spendable, restricted, committed, assigned, and unassigned fund balance account classifications. This shall be done as part of the District's budget planning process.
 - Non-spendable fund balance – This classification includes amounts that cannot be spent because they are either not in spendable form (e.g., inventory) or are legally or contractually required to be maintained intact (e.g., principal balance of endowments and permanent funds.)
 - Restricted fund balance – This classification includes amounts limited by external parties (e.g., creditors, grantors or contributors), laws or regulations, constitutional provisions or enabling legislation.
 - Committed fund balance – This classification includes amounts that are committed for specific purposes by formal action of the Board.
 - Assigned fund balance – This classification includes amounts that are intended to be used for specific purposes but are neither restricted nor formally committed. Intent can be expressed by the Board or by an individual or subordinate high level body to which the Board has delegated authority.
 - Unassigned fund balance – This classification includes any remaining amounts that are not classified as non-spendable, restricted, committed or assigned.

Except where the Board expressly directs a different order of expenditure of fund balance amounts in connection with approving a specific expense or payment, fund balance resources shall be spent in the following order when various funding sources are available for a particular purpose: (1) restricted fund balances, (2) committed fund balances, (3) assigned fund balances, and (4) unassigned fund balances.

2. Official Board action shall be required to commit the use of fund balance resources for a specific purpose, or modify or remove that commitment. Board action to commit fund balances, as well as any action taken by the Board's designee to assign fund balances under item (4) below, shall occur prior to the end of the fiscal year for which the commitment or assignment is made (June 30). However, the actual amounts to be committed or assigned can be determined in the subsequent fiscal year period.
3. To the extent Board action regarding any fund balance amounts under this policy constitutes a budget amendment under state law (i.e., a change in the amounts of the appropriations or the purposes for such appropriations as stated in an adopted school district budget), a two-thirds vote of the entire membership of the Board shall be required, and a legal notice of the action taken shall be issued as required by law.
4. The District shall strive to maintain an unassigned year-end fund balance in the General Fund that is equivalent to at least 10%, but not greater than 20% of the anticipated General Fund expenditure budget for the subsequent fiscal year. This fund balance is intended to be used for purposes including: cash flow management, reducing the need for short-term borrowing, safeguarding against unexpected expenses or unrealized revenues, and maintaining a high credit

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rating for the District. Should the unaudited year-end unassigned fund balance in the General Fund fall below the designated minimum, the Board shall develop a plan to restore the unassigned fund balance in the General Fund to the designated minimum level. Should the unaudited year-end unassigned fund balance in the General Fund be above the maximum designated amount, the Board shall consider committing a portion of that fund balance for a specific purpose or reducing the subsequent year's tax levy.

5. The District Administrator is delegated authority to assign (but not commit) fund balance resources for a specific intended purpose. The delegee's assignment of fund balance resources for a specific purpose, or the removal of an assignment previously made by the delegee, must be reasonably justified, documented and reported to the Board. The Board reserves the right, to the extent consistent with applicable law and accounting standards, to act via motion to reclassify unrestricted fund balance resources as it deems necessary or appropriate.

LEGAL REFERENCES:

Wisconsin Statutes

- Section 65.90(3) [budget summary requirements; includes fund balance information]
Section 65.90(5) [making changes to appropriation amounts or purposes of appropriations in an adopted operating budget]
Section 120.14 [school district audit reports]
Section 120.18 [annual school district report]

- Wisconsin Uniform Financial Accounting Requirements (WUFAR) [school district financial accounting requirements, includes fund balance classifications]
Government Accounting Standards Board (GASB) Statement No. 54 [fund balance reporting requirements]

ADOPTED: October 13, 2011
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