

663 FUND BALANCE POLICY

Fund Balance Purpose and Goals:

The School District Board of Education recognizes the need to maintain an adequate fund balance to meet cash flow needs during the school year. It is especially important to maintain an adequate amount for operational purposes during the time that the final tax revenues from the previous year are received in August and new tax receipts are received in January. In addition, a healthy fund balance may be used to limit short term borrowing, be accessible for one-time expenditures/purchases and help maintain a favorable credit rating to reduce borrowing costs for future referendum or other borrowing purposes.

The general goal for the fund balance is to maintain an amount that may alleviate the need to short-term borrow. The fund balance should only be used for one-time purposes such as emergency repairs or any other non-recurring expenditures approved by the Board of Education.

Financial Disclosures:

The School District shall report its fund balance in accordance with generally accepted accounting principles. The District shall classify fund balance into the following categories:

- Non-spendable
- Restricted
- Committed
- Assigned
- Unassigned

Categories such as inventories (e.g. food service), prepaid expenses, long-term receivables, scholarship dollars and any amounts that are contractually committed may be classified as non-spendable.

The fund balance for the spendable portions (restricted, committed, assigned and unassigned) of the special revenue trust fund, debt service fund, capital projects fund, food service fund and the community service fund shall be considered to be restricted.

In the event that the Board of Education may want to commit funds from the fund balance to a specific purpose, they may do so by a majority vote during a posted and open meeting. Committed funds shall be used exclusively for the specific purpose unless the Board of Education decides to change the commitment.

The assigned nature of the fund balance represents an amount that is for a specific purpose. However the intent or decision can be made by the governing body or by an official that acts as the body's designated authority. For example, if an emergency repair is needed the fund balance may be assigned for the purpose of remedying that repair.

The Director of Business Services is authorized to assign fund balances. The Board of Education directs the Director of Business Services to assign fund balance, to the extent that it is used to maintain cash flow needs and an amount necessary to cover the cost of unsettled labor negotiations. The Director of Business Services may also assign fund balance for other reasons as needed.

Unassigned fund balance amounts are available for any purpose, and if the general fund has available resources that are not of the other four categories, it shall be deemed unassigned.

For any fund where the current year results in expenditures exceeding revenues, the deficit will first reduce unassigned fund balance, then assigned fund balance and finally to committed fund balance until exhausted.

LEGAL REF.: Sections 65.90(3) Wisconsin Statutes
65.90(5)
120.14
121.18
Wisconsin Uniform Financial Accounting Requirements
Government Accounting Standards Board (GASB) Statement No. 54

APPROVED: August 8, 2011