

The Board of Education 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.

FINANCIAL DISCLOSURES

Fund Balance amounts will be reported in conformance with generally accepted accounting principles and shall be reclassified not less than at the end of each fiscal year. The District shall report fund balances as either Nonspendable, Restricted, Committed, Assigned, or Unassigned.

1. **Nonspendable 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.) The District shall report inventories, prepaid items, long-term receivables, and other amounts legally or contractually required to be maintained intact as nonspendable.
2. **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. The District shall report amounts as restricted that can be spent only for specific purposes stipulated by constitution, external source providers, or through legislation. The fund balance for the spendable portion in the debt service funds, capital projects fund, food service fund, community service fund, and employee trust fund shall be classified as restricted. When both restricted and unrestricted resources are available for use, it is the district policy to use unrestricted resources first, then restricted resources as they are needed.
3. **Committed fund balance** – This classification includes amounts that are committed for specific purposes by formal action of the Board.
4. **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.
5. **Unassigned fund balance** – This classification includes any remaining amounts that are not classified as nonspendable, restricted, committed, or assigned. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned. Fund Balance of a *Special Revenue Fund*, where donations and contributions received from an individual or organization, shall be committed for the specific purpose indentified by the individual, organization, or district administration.

OPERATIONS AND MAINTENANCE OF THE RESERVE

The Board of Education recognizes the need for maintaining an operating reserve for the following purposes:

1. Hold adequate working capital to meet cash flow needs during the fiscal year.
2. Avoid excessive short term borrowing thereby avoiding associated interest expense.

3. Serve as a safeguard for unanticipated expenses and unrealized revenues of the District.
4. Demonstrate financial stability which could lower debt issuance costs.

Any net excess revenues greater than expenditures in a given fiscal year will be added to the District's fund balance. Each year, the projected/actual year end fund balance of the General Fund would be reviewed and a determination made if any amounts will be committed and/or assigned.

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.

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 15% 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 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)

Section 65.90(5)

Section 120.14

Section 120.18

Wisconsin Uniform Financial Accounting Regulations (WUFAR)

Government Accounting Standards Board (GASB)

Statement No. 54

Adopted: 7/11/11

Reviewed: 5/14/18