

Section: Series 600: Fiscal Management  
Code Title: **FUND BALANCE**  
Policy Code: **662.30**  
Adopted: December 20, 2017

The School Board strives to maintain a General Fund at a level that supports the attainment of long-range financial planning goals and the provision of high quality educational programs and services for District students.

It is the intention of the Board to maintain a year-end fund balance within the assigned and unassigned classifications of the General Fund that is at least twenty-five percent (25%) of the ensuing year's budgeted general and special education expenditures. This unrestricted fund balance shall be maintained to provide sufficient working capital (e.g., to reduce the need for short-term borrowing) and a margin of safety to address unanticipated expenditures, unusual or unexpected fluctuations in the District's revenue sources, and revenue shortfalls.

Any use of the assigned or unassigned General Fund balance resources for recurring operating expenses shall be disfavored when such an appropriation would cause the District's General Fund balance to fall below the minimum target established by this policy or when there is no plan for the future funding of the operating expense in question. Any such disfavored appropriation must be specifically authorized by the Board.

The adequacy of the General Fund balance shall be reviewed annually as part of the District's budget development process using at least the following factors:

- The District's enrollment pattern and the District's current property tax levies and their impact on the District's revenue limit.
- The District's level of state equalization and categorical aid funding and federal funding levels. The District will monitor the percentage of the District's budget being supported by federal and state grants.
- The timing of revenues/cash flow in the District.
- The District's current debt position and bond rating.
- The existence of contingencies in the District such as pending lawsuits.
- The District's capital asset conditions, assessing the age and condition of the facilities and major facility and equipment needs within the next five years.
- The District's current and predicted economic environment.

Any fund balance resources anticipated to be realized through cost efficiencies from the current budget, or greater than expected revenues relative to expenses, shall be evaluated for commitment, assignment or left unassigned by action of the Board. Any Board action to commit or assign fund balance for specific purposes shall be taken prior to June 30 each year and shall be documented. However, the actual amount of the fund balance resources committed, assigned or left unassigned may be determined after June 30 and will be reported in the District's year-end audit report.

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.

If the District's year-end fund balance in the General Fund is depleted below the minimum target level established by this policy, the Board directs the District Administrator or designee to develop a plan to restore the fund balance over time and present it to the Board for approval. The plan shall include recommendations for revenue adjustments and/or expenditure reductions as may be appropriate. The Board shall review and update this fund balance replenishment plan on an annual basis until the minimum fund balance level designated in this policy is achieved.

In the event any proposed Board action with respect to the classification or appropriation of restricted or unrestricted fund balance resources would constitute a budget amendment or other action which, pursuant to state law, would require a two-thirds vote of the full membership of the Board for approval, the District Administrator or designee shall make reasonable efforts to inform the Board of this requirement prior to the vote being taken and shall ensure that appropriate and timely legal notice of any such Board action is provided.

## **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 budget]

[Section 120.14](#)

[school district audit reports]

[Section 120.18](#)

[annual school district report]

### **State Guidance**

[Wisconsin Uniform](#)

[school district financial accounting requirements, includes fund balance classification]

[Financial Accounting](#)

[Requirements](#)(WUFAR)

### **Federal Guidance**

Government Accounting

[fund balance reporting requirements]

Standards Board

(GASB) [Statement No. 54](#)