

## **DISTRICT FUND BALANCE POLICY**

### **Purpose**

The Board of Education recognizes the need to maintain an operating reserve in the general fund for the following purposes:

1. Hold adequate working capital to meet cash flow needs during the fiscal year
2. Reduce the need for short term borrowing
3. Serve as a safeguard for unanticipated expenditures of the District
4. Show fiscal responsibility to maintain a high credit rating which will help reduce future borrowing costs

Any excess of revenue of other financing sources over expenditures and other financing uses at the end of the fiscal year will be added to the District fund balance. The District will strive to maintain a general fund balance of not less than 10% of subsequent year's operation expenditures. If the District, as of June month-end of a given fiscal year, shows an operating fund balance below 10% of the subsequent year budget, the Board will take proactive actions to raise the district fund balance to 10%.

### **Long-Term Goals**

The District's long-term goals for fund balance is to achieve and maintain a general fund balance that would alleviate the need to short-term borrow for operational cash flow needs. Fund balance in excess of this goal may be used for one-time expenditures or unforeseen costs (i.e. damages). The general fund balance shall not be used for recurring costs in the operating budget.

### **Financial Disclosures**

Fund balance amounts will be reported in conformance with generally accepted accounting principles and shall be reclassified not less than the end of each fiscal year for general purpose financial statements. The district shall report inventories, long-term receivables and amounts legally or contractually required to be maintained intact as non-spendable. The fund balance for the spendable portion of permanent funds and balance, if any, in the special revenue trust fund, debt service funds, food service fund, and other funds established by regulatory authority shall be classified as restrict.

The Board may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of a majority of the Board. Commitments of fund balance, once made can be modified only by majority vote of the Board.

Annually, the Board of Education will review the fund balance to determine the allocation between non-spendable, restricted, committed, assigned, and unassigned fund balance accounts. The Business Manager is delegated authority to assign fund balance as directed by the Board of Education.

Legal Ref.: Section 65.90 Wisconsin Statutes

Cross Ref.: 680, Fiscal Accounting and Reporting