

FUND BALANCE

District Fund Balance:

General fund balance is the amount by which all assets of the District's General Fund exceed all of the liabilities of the fund. The fund balance does not represent the District's cash position.

The Board of Education recognizes that the management of the District's funds necessitates the development of an adequate end of the year fund balance.

The General fund operating reserve:

1. Provides adequate capital sufficient to meet the District cash flow requirements, thus minimizing any cash flow borrowing during the annual operating cycle.
2. Functions as a safeguard to fund unanticipated expenses that the District might incur or to fund unrealized revenue, which may occur but shall not be considered available to meet recurring operating expenses.
3. Demonstrates fiscal responsibility resulting in a high credit rating which will help to reduce the District's borrowing costs.

Definitions of Funds According to GASB 54:

1. Non-spendable Fund Balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This would include items not expected to be converted to cash, including inventories and prepaid amounts. It may also include the long-term amount of loans and receivables, as well as property acquired for resale and the corpus (principal) of a permanent fund.
 2. Restricted Fund Balance - This classification should be reported when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
-

3. Committed Fund Balance - This classification reflects specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority. Also, such constraints can only be removed or changed by the same form of formal action.
4. Assigned Fund Balance - This classification reflects amounts that are constrained by the government's intent to be used for specific purposes, but meet neither the restricted nor committed forms of constraint.
5. Unassigned Fund Balance - This classification is the residual classification for the general fund only. It is also where negative residual amounts for all other governmental funds would be reported.

Fund balance amounts shall be reported in conformance with generally accepted accounting principles and shall be classified at the end of each fiscal year for financial reporting purposes.

Overall Fund Balance:

Fund balance should be reviewed on an annual basis by the Finance Committee to determine if the current balance is adequate based on cash flow needs and market borrowing interest rates.

LEGAL REF: GASB 54, Wisconsin Financial Accounting Requirements (WUFAR)

Adopted: _____ January 27, 2014 _____
Last Revision: _____
Last Review: _____ December 14, 2016 _____
