

SCHOOL DISTRICT OF WAUZEKA-STEUBEN

FUND BALANCE

The Board of Education of the School District of Wauzeka-Steuben recognizes the need for maintaining an operating reserve for the following purposes:

1. Provide adequate working capital sufficient to meet the District cash-flow requirements; minimizing any cash-flow (short term) borrowing during the annual operating cycle and avoiding excessive short term borrowing and associated interest expense
2. Function as a safeguard for unanticipated expenses that the District might incur or to fund unrealized revenues of the District
3. Demonstrate financial stability resulting in a higher credit rating which will help to reduce the District's borrowing costs.

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

A variety of external forces (revenue limits, timing of aid payments, etc.) and internal forces (emergency repairs, high energy costs, system breakdowns, etc.) may impact the District's fiscal ideal and goal.

Financial Disclosures

Fund Balance amounts will be reported in conformance with Generally Accepted Accounting Principles (GAAP) and Government Accounting Standards Board (GASB) Statement 54, and shall be reclassified not less than at the end of each fiscal year. The District shall report fund balances as either Non-spendable, Restricted, Committed, Assigned, or Unassigned, defined as follows:

Non-spendable – not in spendable form or legally or contractually required to be maintained intact (examples: inventories, prepaid items, long-term receivables, principal of a permanent fund).

Restricted – amounts 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 District policy to use unrestricted resources first, then to use restricted resources as they are needed.

Committed/Assigned – The fund balance for the spendable portion of the General Fund shall be classified as either committed, assigned, or unassigned.

The Board may, from time to time, commit additional amounts of the fund balance for a specific purpose. Such action shall be made in resolution form and require the approval of a majority of the Board. Commitments of fund balance, once made, can only be modified or eliminated by a subsequent resolution.

The Board of Education authorizes the District Administrator to assign fund balance to the extent that such assignment does not create a negative unassigned fund balance. Assigned fund balance is intended to be used by the District for specific purposes but does not meet the criteria to be classified as restricted or committed.

Unassigned – The fund balance is the residual classification for the District’s General Fund and includes all spendable amounts not contained in other classifications. 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.

The District Administrator shall:

1. Plan for a budget with a targeted goal of seventeen (17%) percent of the total General Fund expenditures reserved for Fund Balance purposes;
2. Provide a projected cash flow analysis for the upcoming fiscal year, as well as a summary of the cash flow from the previous year with cash flow analysis reflecting short term borrowing needs of the District;
3. Make recommendations for restoring fund balance or identifying extenuating circumstances why restoring fund balance should not be considered each fiscal year.

All fund balance other than those that are non-spendable, restricted, or committed for another purpose are committed for cash flow purposes.

Legal References: **Wisconsin Statutes Section §§ 65.90; Wisconsin Uniform Financial Accounting Requirements (WUFAR)**

Cross References:

Adoption Date: **9/18/2006**

Date Revised: **3/15/2010; 7/18/2011; 12/19/2011; 2/16/2015**

Date Reviewed: