

## FUND BALANCE

662.3

The School Board shall support and continually strive to develop conservative operating budgets that will add and/or maintain sufficient funds to achieve a minimum year-end fund balance of unrestricted resources in the General Fund that is equivalent to at least 10% of the anticipated General Fund expenditure budget for the subsequent fiscal year. The unrestricted fund balance within the General Fund is intended to be used primarily for the following purposes:

1. Any specific purpose identified for fund balance resources that falls under the "committed" classification of fund balance resources, as defined by the accounting principles applicable to governmental entities.
2. To maintain or improve the District's credit rating.
3. To provide a resource to cover emergency expenditures or revenue shortfalls.
4. To provide sufficient working capital and reduce the need for short-term borrowing. Within the District's total unrestricted fund balance in the General Fund, it is the Board's further goal to maintain a minimum year-end balance of unassigned resources of at least 10% of the anticipated General Fund expenditure budget for the subsequent fiscal year, to be available as working capital for cash-flow purposes and to reduce the need for short-term borrowing. This amount shall be calculated by including any amounts that have been expended for cash-flow purposes that will be replenished by the receipt of expected revenues within the normal cash-flow cycle.

It is not the intent of the Board to accumulate substantial unassigned monies in the General Fund above-and-beyond the target percentage for total unrestricted fund balance resources established by this policy, provided the separate target for minimum unassigned fund balance resources is also met.

Regardless of whether the state law applicable to budget amendments would separately require a two-thirds vote, any Board action to restrict, commit, assign, or directly appropriate unassigned fund balance resources within the General Fund that would cause the balance of unassigned resources in the fund balance to fall below the target level for unassigned resources established by this policy shall require a two-thirds vote of the entire membership of the Board for approval. However, appropriations of unassigned fund balance within the General Fund for cash-flow purposes, where the amounts appropriated are expected to be replenished by future revenue receipts within the cash-flow cycle, shall only be subject to a two-thirds vote requirement if the requirement is separately applicable under state law.

All fund balance commitments and assignments must be reasonably justified and documented in appropriate District financial statements.

Fund balance information shall be reported to the public and to the Department of Public Instruction in accordance with legal requirements and generally accepted accounting principles applicable to governmental entities.

**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 operating budget]

[Section 120.14](#) [school district audit reports]

[Section 120.18](#) [annual school district report]

**State Guidance**

[Wisconsin Uniform Financial Accounting Requirements](#) (WUFAR) [school district financial accounting requirements, includes fund balance classifications]

**Federal Guidance**

Government Accounting Standards Board (GASB) [Statement No. 54](#) [fund balance reporting requirements]

**Cross References:**

*[Insert appropriate cross references to the policy as applicable to your district.]*

**Adopted: 01/17/2022**