

The School Board recognizes the need to maintain an adequate unassigned fund balance in the General Fund as a safeguard to address unexpected expenses and unrealized revenues and to reduce the need for short-term borrowing.

Fund balance amounts will be reported in conformance with generally accepted accounting principles and legal requirements. Unrestricted fund balances shall be reclassified, if deemed necessary or appropriate, before the end of each fiscal year (June 30) for general purpose financial statements. Any budget account fund balances at the end of a given year, that are not classified as nonspendable, restricted, committed, or assigned, will be added to the District's unassigned fund balance in the General Fund.

The district will strive to maintain a general fund balance of not less than 15% of subsequent year's operational expenditures. If the District, as of June month-end of a given fiscal year, shows an operating fund balance below 15% of the subsequent year budget, the Board will take proactive actions to raise the District fund balance to 15%.

The Board may, from time to time, commit fund balance resources for a specific purpose. Such action shall be taken in an open meeting and requires the approval of the Board. Commitments, once made, can be modified or removed only by similar Board action.

To the extent Board action regarding any fund balance amounts under this policy constitutes a change in the amounts of the appropriations or the purposes for such appropriations as stated in an adopted school district budget, a two-thirds vote of the entire membership of the Board shall be required, and a legal notice of the action taken shall be issued as required by law.

The Board delegates authority to the District Administrator or Business Manager to assign (or to remove an assignment from) fund balance resources within any specific budgetary fund to a specific intended purpose in accordance with sound business practices, applicable accounting standards, and the provisions of this policy. Any time this delegated authority is exercised, the District Administrator shall inform the Board in writing of the date and nature of the assignment, the amounts assigned (if applicable), and the reasons why the assignment was made. The District Administrator may also request that the Board take action via a Board vote to assign fund balance resources within the meaning of the applicable accounting standards. Any time the Board takes action to assign fund balance resources, rather than to more formally commit such resources, the motion shall expressly state the Board's intent to assign (rather than commit) the resources. The Board reserves the right, at any time, to act via motion to reclassify unrestricted fund balance resources as it deems necessary or appropriate.

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 balance resources.

## 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 audits]
- [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:

Previously Policy 625

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