

FUND BALANCE

The Board recognizes that maintaining an adequate fund balance in the District's General Fund is essential to the financial stability of the District and sound fiscal management. The Board also recognizes its responsibility to ensure that the District's fund balance resources are used properly and reported in accordance with applicable legal requirements and generally accepted accounting principles for governmental entities.

With these recognitions in mind, the Board has set forth the following policy guidelines for the use and maintenance of fund balance resources in the District:

1. Fund balance resources shall be reviewed annually to determine allocations among non-spendable, restricted, committed, assigned, and unassigned fund balance account classifications. This shall be done as part of the District's budget planning process.
 - **Nonspendable fund balance** – This classification includes amounts that cannot be spent because they are either not in spendable form (e.g., inventory) or are legally or contractually required to be maintained intact (e.g., principal balance of endowments and permanent funds.)
 - **Restricted fund balance** – This classification includes amounts limited by external parties (e.g., creditors, grantors or contributors), laws or regulations, constitutional provisions or enabling legislation.
 - **Committed fund balance** – This classification includes amounts that are committed for specific purposes by formal action of the Board.
 - **Assigned fund balance** – This classification includes amounts that are intended to be used for specific purposes but are neither restricted nor formally committed. Intent can be expressed by the Board, including the Board Finance Committee, or by the District Business Manager.
 - **Unassigned fund balance** – This classification includes any remaining amounts that are not classified as nonspendable, restricted, committed or assigned.

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 balances.

2. Official Board action shall be required to commit the use of fund balance resources for a specific purpose, or modify or remove that commitment. Board action to commit fund balances, as well as any action taken by the Board's designee to assign fund balances under item (4) below, shall occur prior to the end of the fiscal year for which the commitment or assignment is made (June 30). However, the actual amounts to be committed or assigned can be determined in the subsequent fiscal year period.
3. To the extent Board action regarding any fund balance amounts under this policy constitutes a budget amendment under state law (i.e., a change in the amounts of the appropriations or the purposes for such appropriations as stated in an adopted ~~señeñ~~ 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.

4. The District shall strive to maintain an unassigned year-end fund balance in the General Fund that is equivalent to at least 15% of the anticipated General Fund expenditure budget for the subsequent fiscal year. This fund balance is intended to be used for purposes including: cash flow management, reducing the need for short-term borrowing, safeguarding against unexpected expenses or unrealized revenues, and maintaining a high credit rating for the District.

If the District's year-end fund balance in the General Fund is depleted below the minimum target level established by this policy, the Board directs the District Administrator or designee to develop a plan to restore the fund balance over time and present it to the Board for approval. The plan shall include recommendations for revenue adjustments and/or expenditure reductions as may be appropriate. The Board shall review and update this fund balance replenishment plan on an annual basis until the minimum fund balance level designated in this policy is achieved.

5. The District Business Manager is delegated authority to assign (but not commit) fund balance resources for a specific intended purpose. The Business Manager's assignment of fund balance resources for a specific purpose, or the removal of an assignment previously made by the manager, must be reasonably justified, documented and reported to the Board. The Board reserves the right, to the extent consistent with applicable law and accounting standards, to act via motion to reclassify unrestricted fund balance resources as it deems necessary or appropriate.

Legal Ref: 65.90(3), 65.90(5) - Wisconsin Statutes
120.14, 120.18 - Wisconsin Statutes
Wisconsin Uniform Financial Accounting Regulations (WUFAR)
Government Accounting Standards Board (GASB) Statement No. 54

Cross Ref: 610 - Fiscal Management Goals
620 - Annual Operating Budget
621 - Budget Preparation
623 - Budget Implementation

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