

DODGELAND SCHOOL DISTRICT
Board Policy Manual

662.3

FUND BALANCE

The School 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.

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.

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.

The District shall strive to maintain an unassigned year-end fund balance in the General Fund that is no less than 15% of the anticipated General Fund expenditure budget for the subsequent fiscal year. This fund balance is intended to be used to provide the District with sufficient working capital and a margin of safety 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.

The Board delegates authority to assign (but not commit) fund balance resources for a specific intended purpose to the District Comptroller. The comptroller's assignment of fund balance resources, or the removal of an assignment previously made by the comptroller, 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.

Official Board action shall be required to commit the use of fund balance resources for a specific purpose, or modify or remove that commitment. The formal action required to commit fund balances shall be by board resolution or majority vote, except as otherwise required by law.

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 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.

Board action to commit fund balances, as well as any action taken by the comptroller to assign fund balances, 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. Committed fund balances do not lapse at the end of the year.

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.

LEGAL REF: Sections 65.90(3) Wisconsin Statutes
65.90(5)
120.14
120.18
Wisconsin Uniform Financial Accounting Regulations (WUFAR)
Government Accounting Standards Board (GASB) Statement No. 54

CROSS REF: 610, Fiscal Management Goals
620, Annual Operating Budget
623, Budget Implementation

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