

SCHOOL DISTRICT OF BAYFIELD

FUND BALANCE

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. The adequacy of the General Fund balance shall be reviewed annually as part of the District's budget development process using at least the following factors:

- The District's enrollment pattern and the District's current property tax levies and their impact on the District's revenue limit.
- The District's level of state equalization and categorical aid funding and federal funding levels. The District will monitor the percentage of the District's budget being supported by federal and state grants.
- The timing and revenues/cash flow in the District
- The District's current debt position and bond rating.
- The existence of contingencies in the District such as pending lawsuits.
- The District's capital asset conditions, assessing the age and condition of the facilities and future major facility and equipment needs.
- The District's current and predicted economic environment.

The fund balance has an important strategic purpose in providing high quality educational programming and services for District students as well as supporting the long-range financial stability of the District. Utilizing financial resources in a respectful and prudent manner supports the School District of Bayfield's mission.

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 approval of the Board. Commitments, once made, can be modified or removed only by similar Board action. Fund balance resources may be allocated among the following account classifications:

- **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.
- **Unassigned fund balance:** This classification includes any remaining amounts that are not classified as restricted, committed or assigned.

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 may 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)

Section 65.90(5)

Section 120.14

Section 120.18

APPROVED: August 11, 2014