

BARNEVELD SCHOOL DISTRICT

FUND BALANCE MANAGEMENT

The Barneveld School Board recognizes the need for budgeting and maintaining a fund balance or operating reserve in the general fund to:

1. Provide adequate working capital sufficient to meet the District's cash-flow requirements, thus minimizing any short-term borrowing during the annual operating cycle.
2. Function as a safeguard to fund unanticipated expenses that the District might incur or to fund unrealized revenue which may occur but shall not be considered available to meet recurring operational expenses.
3. Demonstrate fiscal responsibility resulting in a high credit rating which will help to reduce district borrowing costs.

A "fund balance" is defined as the amount by which the assets of a fund exceed the liabilities of a fund. Fund balance consists of five components:

1. **Non-spendable Fund Balance:** This portion of the fund balance cannot be spent because it is either not spendable form or legally or contractually required to be maintained intact.
2. **Restricted Fund Balance:** This portion of fund balance will be restricted when constraints are imposed by creditors (such as through debt covenants) or by law.
3. **Committed Fund Balance:** This portion of fund balance can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education.
4. **Assigned Fund Balance:** This portion of the fund balance will be assigned as a safeguard against contingencies, unanticipated expenditures and unrealized revenue and to avoid large temporary borrowing.
5. **Unassigned Fund Balance:** These are funds that do not fall under the other four components of fund balance.

Annually, the School Board (through the Finance Committee) will review the fund balance to determine the allocation between the five components of fund balance. The District Administrator is the delegated authority to assign fund balance as directed by the School Board.

Committed funds are used first, followed by assigned and then unassigned, when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The Board shall strive to maintain a General Fund operating reserve of approximately 15-20% of the district's General Fund operating budget for the subsequent fiscal year.

This policy is effective as of September 10, 2014.

Legal Reference:

Section 65.90 Wisconsin Statute

Wisconsin Uniform Financial Accounting Requirements (WUFAR)

Adopted: September 10, 2014