

POLICY 3323
FUND BALANCE

Kenosha Unified School District recognizes that an adequate operating fund balance is necessary to maintain a strong fiscal position in order to meet unanticipated expenditures or emergencies and to reduce the costs of borrowed funds.

Fund balances will be reported in the classifications established by the Governmental Accounting Standards Board Statement 54 (GASB 54). The applicable classifications for fund balance designations are:

Non-spendable Fund Balance includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or for a contractually imposed purpose by external parties.

Restricted Fund Balance includes amounts constrained for a specific purpose by external parties.

Committed Fund Balance includes amounts constrained for a specific purpose by a government using its highest level of decision making authority.

Assigned Fund Balance includes general fund amounts constrained for a specific purpose by a governing board or by an official that has been delegated authority to assign amounts.

Unassigned Fund Balance is the residual classification for the general fund.

The School Board will annually review and determine the amount of any fund balance to be committed for specific purposes as deemed important by the Board with a resolution prior to June 30th (year-end).

The Chief Financial Officer is designated by the School Board to annually review and determine the amount to be assigned for appropriate encumbrances and the carryover of unexpended funds for specific projects as approved by the Superintendent of Schools. The Administration's recommended budget to the School Board will include an assigned fund balance recommendation for carryover of unexpended funds for specified purposes, for encumbrances (if any), and an identified residual unassigned fund balance for cash flow purposes.

LEGAL REF.: Wisconsin Statutes
Section 65.90 [School district budgets]

CROSS REF.: 3110 Annual Operating Budget
3111 School Board Budget
3711 Improvement of Maintenance Projects

ADMINISTRATIVE REGULATIONS: None

AFFIRMED: January 12, 1999

REVISED: December 12, 2000
October 28, 2003
December 14, 2004
December 18, 2007
December 27, 2013

RULE 3323
FUND BALANCE

The District will strive to maintain an unassigned fund balance in the general operating fund equal to a minimum of 15% of budgeted appropriation. At most, Kenosha Unified will maintain a maximum fund balance in the operating fund equal **to** 20% of budgeted appropriation. The Board discourages the maintenance of unassigned fund **balance in excess of the amounts** needed to fund operational cash flow.

The unassigned fund balance is to provide for:

- Adequate working cash for budgeted operating activities with limited **or no** cash flow borrowing.
- Unanticipated expenditures.
- Orderly adjustment resulting from termination or reduction of revenue sources.
- Unanticipated fluctuations in revenues.

To maintain the required operating fund balance at the desired level, the District shall:

- Eliminate the budgeted use of fund balance (deficit spending) if said use would reduce fund balance below established minimums.
- Require a one million dollar budget surplus in the annual operating budget if the fund balance is below ten percent.

To provide the best fiscal management of the operating fund balance, any appropriation of expenditures from fund balance must be adopted by, at least, a majority of the Board present at the meeting that the appropriation is considered.