

Wilson Area School District

Fund Balance

Purpose

The Board recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the School District and is fiscally advantageous for both the District and the taxpayer. This policy establishes goals and provides guidance concerning the desired level of year-end fund balance to be maintained by the District.

Definitions

Fund balance is a measurement of available financial resources. It is the difference between total assets and total liabilities in each fund.

GASB Statement 54 distinguishes fund balances based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

1. Nonspendable – amounts that cannot be spent because they are in a nonspendable form (e.g., inventory) or legally or contractually required to be maintained intact (e.g., principle of a permanent fund).
2. Restricted – amounts limited by external parties, or legislation (e.g., grants or donations).
3. Committed – amounts limited by Board Policy or resolution (e.g., future anticipated costs).
4. Assigned – amounts that are intended for a particular purpose, such as a rate stabilization fund or segregation of an amount intended to be used at some time in the future.
5. Unassigned – amounts available for consumption or not restricted in any manner.

Guidelines

The School District will strive to maintain an unassigned general fund balance of not less than five percent (5%) and not more than eight percent (8%) of the budget expenditures for that fiscal year.

The total fund balance, consisting of several portions including committed, assigned and unassigned may exceed eight percent (8%).

If the unassigned portion of the fund balance falls below the threshold of five percent (5%), the Board will pursue variations of increasing revenues and decreasing expenditures, or a combination of both until a minimum of five percent (5%) is attained. If the assigned and unassigned portions of the fund balance exceed eight percent (8%) of budgeted expenditures, the Board may utilize a portion of the fund balance by appropriating excess funds for nonrecurring expenditures only.

The Business Manager may designate funds to the nonspendable, restricted, and assigned classifications. The designation may occur after the independent audit is completed but prior to the issuance of the audited financial statement.

The Board shall designate funds to the committed classification through formal Board resolution. The amount and purpose can be changed by another resolution upon approval by the Board. The purpose for the commitment may occur prior to the end of the fiscal year, but the amount may be determined after the fiscal year but prior to the issuance of the audited financial statements.

**Delegation of
Responsibility**

The Superintendent and Business Manager shall be responsible for the enforcement of this policy.