

FUND BALANCE

The Board of Directors of the Wilson Creek School District recognize the importance of maintaining a sufficient fund balance in each one of its funds to assure sound financial practices, provide program stability, and obtain excellent bond ratings. The fund balance in the Debt Service Fund, Transportation Vehicle Fund, Capital Projects Fund, and Associated Student Body Fund is primarily a function of the scope of the projects and activities found within the operation of each fund. Stability of revenue and predictability of expenditures in these funds enables the district to establish an appropriate budgeted fund balance. The complexities of funding and other economic uncertainties in the operation of the General Fund require a different approach in setting the fund balance level. Some of the uncertainties affecting the establishment of the budgeted fund balance for the General Fund include:

- Enrollment fluctuations.
- Unanticipated changes in tax and appropriation levels by state and federal agencies.
- Legislative mandates having financial impacts on school systems.
- Passage/failure of voter referendums and levies.
- Financial impacts of labor agreements including arbitration judgments.

It shall be the goal of the district to maintain a minimum undesignated unreserved operating fund balance for nonrecurring expenses in the amount of 10% of anticipated total potential revenue as established by the Legislature through the State appropriation process during the budget year 2009-2010. The superintendent shall include this goal in the budget each year in an amount sufficient to attain this goal as soon as practicable. If said minimum is not included in the submitted budget, the superintendent shall include in the submittal an explanation of why such an annual contribution to the reserve fund is not practicable under existing revenue and expenditures. At the end of the fiscal year, should the projected annual undesignated, unreserved operating fund balance for nonrecurring expenses, be below 3%, the board could declare a state of "financial emergency". The declaration of a financial emergency would authorize the superintendent to take measures necessary to restore the undesignated, unreserved operating fund balance to the minimum level, without significantly affecting the education of students.