

Fund Balance Policy 2015-02

Purpose

The Village recognizes the need to maintain an operating reserve in the General Fund for the following purposes:

- Hold adequate working capital to meet cash flow needs during the fiscal year.
- Reduce the need for short term borrowing.
- Serve as a safeguard for unanticipated expenditures of the Village.
- Show fiscal responsibility to maintain a high credit rating, which will help reduce future borrowing costs.

Definitions

Governmental fund balance amounts will be reported in conformance with generally accepted accounting principles and shall be reclassified not less than at the end of each fiscal year for general purpose financial statements as follows:

- Non-Spendable Fund Balance – The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This shall include items not expected to be converted to cash including inventories and prepaid amounts. It may also include the long-term amount of loans and receivables, as well as property acquired for resale and the corpus (principal) of a permanent fund.
- Restricted Fund Balance – The restricted fund balance classification shall be reported when constraints placed on the use of resources are either (a) externally imposed by creditors, granters, contributors, laws, or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed Fund Balance – The committed fund balance classification reflects specific purposes pursuant to constraints imposed by formal action of the Village Board. Such action shall be taken in open meeting and require the approval of a majority of the Board. Commitments of fund balance, once made, can be modified only by majority vote of the Board.
- Assigned Fund Balance: The assigned fund balance classification reflects amounts that are constrained by the Village's intent to be used for specific purposes, but meet neither the restricted nor committed forms of constraint. The Village Board authorizes and directs the Village Administrator–Clerk/Treasurer, or designee, to assign the fund balance, to the extent such assignment does not create a negative unassigned fund balance, including but not limited to:
 - An amount sufficient to liquidate open encumbrances that are reasonably expected to result in expenditures in the subsequent year.
 - An amount estimated to be sufficient to cover the cost of unsettled labor agreements, if any.
 - An amount estimated for labor costs incurred prior to recognition of revenue in the subsequent year.

- Unassigned Fund Balance: The unassigned fund balance classification is the residual classification for the General Fund only. It is also where negative residual amounts for all other governmental funds would be reported.

Application

Any excess of revenues over expenditures at the end of the fiscal year will be added to the fund balance. The Village will work to achieve and then maintain an unreserved balance in the General Fund to provide for unanticipated expenses of a non-recurring nature. It is the Village’s goal to build up and then maintain a General Fund unreserved fund balance at no less than an amount equal to 20% of the current operating budget.

Policy Considerations

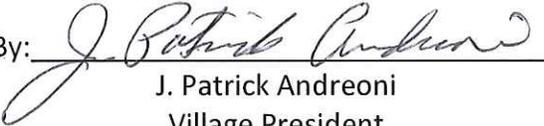
The Village Administrator-Clerk/Treasurer or designee shall provide a fund balance report to the Village Board at least annually through the Audit or Financial Statements. The report shall summarize the fund balances of all of the Village accounts. All bank and investment accounts will be reconciled monthly to ensure fund balances reported are accurate.

Investment Policy #2015-02 will take effect immediately upon adoption by the Village Board for the Village of Cross Plains.

Dated this 26th day of October, 2015.

Village of Cross Plains:

Attest:

By: 
J. Patrick Andreoni
Village President

By: 
Matthew G. Schuenke
Village Administrator/Clerk-Treasurer