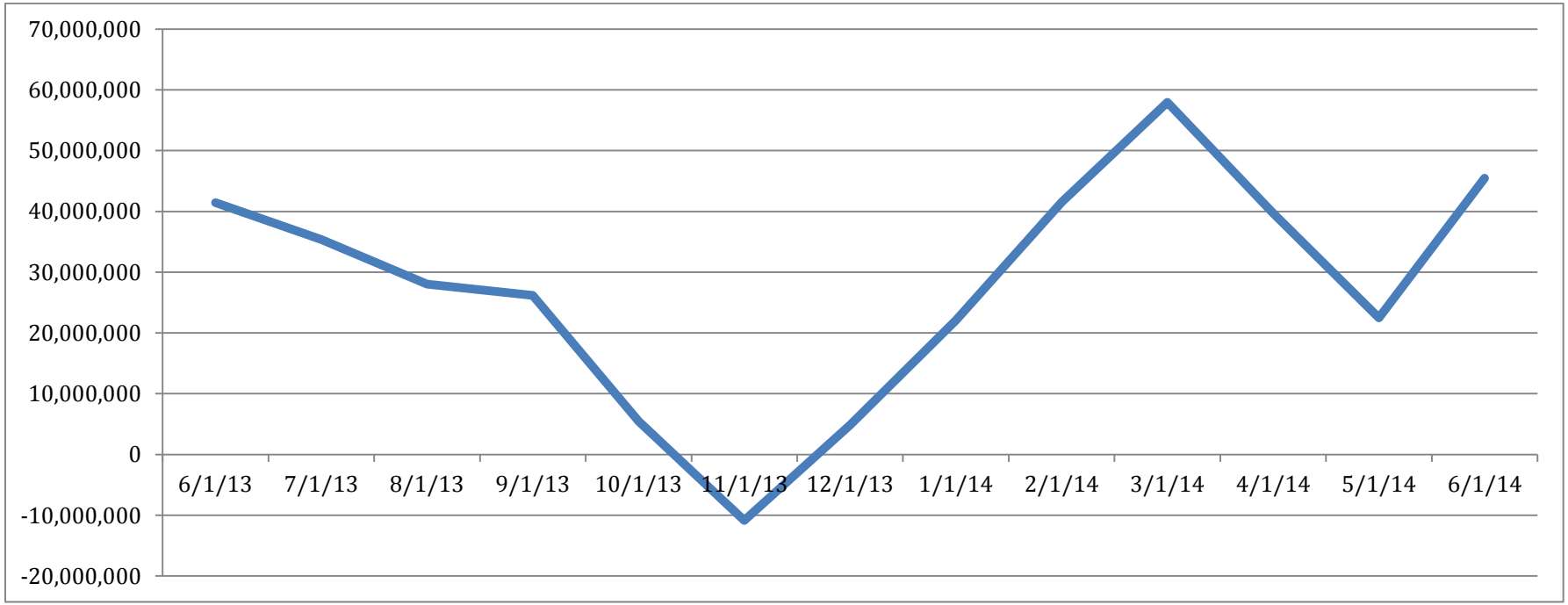
Understanding Fund Balance

The below graph depicts the Green Bay Area Public School District fund balance between June 1, 2013 – June 1, 2014.



Myth: A school district's fund balance is a savings account.

Fact: A fund balance represents the net current assets of a fund (e.g., Fund 10, the designation given to a school district's general fund) at the end of a fiscal period. A fund balance is not a savings account. It is not a surplus. The purpose of a fund balance is not to fund ongoing expenditures.

School districts maintain fund balances for the purpose of cash-flow management. School districts' cash inflows from taxes, state aids and other sources are not aligned with payment schedules. A fund balance helps a school district meets its financial obligations (including payroll for over 3,000 employees) during those periods when revenues are insufficient to meet expenditures and to minimize short-term borrowing.

(Sources: WASB, GBAPS budget)

Other purposes of a fund balance include:

- Stabilize the budget and the tax rate.
- Accumulate sufficient assets to make planned purchases.
- Provide for unexpected or unforeseen expenditures due to natural disasters or emergencies.
- Preserve a high bond rating, which results in lower interest rates on debt/borrowing. Green Bay Area Public Schools has a AA1 bond rating, the second highest rating.

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