

## Media Release 1/24/23 - Fund Balance

Dear Community Members,

School Finance is a very complex system so I thought it would be beneficial to provide some information that you may find useful.

### Fund Balance

Fund Balance IS: Assets (What a district owns) less Liabilities (What a district owes). It consists of cash, cash equivalents (i.e. investments), and non-cash components (i.e. taxes receivable, payables).

Fund balance is often confused as cash. However, fund balance IS NOT the equivalent of a person's savings or cash accounts. It IS NOT entirely cash that can be used for any purpose. Financial cash reserves (cash and cash equivalents) are only a portion of fund balance.

### Why are sufficient cash reserves so important?

The Mellen School District's financial cash reserves must be adequate to protect the short-term and long-term educational opportunities for our community's children against some type of financial disruption.

Insufficient cash reserves will result in the district borrowing to meet cash flow needs. Borrowing will result in an additional interest expense borne by taxpayers and fewer taxpayer dollars available for needed educational programming.

### Explanation of the Budget - Funds

General Fund - Instructional funds are funds where elementary and secondary instruction (i.e. K - 12) activities, pupil support activities or instructional staff support are recorded.

Special Projects Fund - A special curriculum consists of courses and other provisions which are different from or in addition to those provided in the usual school program and are provided for exceptional pupils by specially qualified personnel.

Debt Service Fund - This fund is used to account for principal and interest payments on all long-term indebtedness.

Capital Projects Fund - These funds are used to account for expenditures financed through the sale of bonds, promissory notes issued per state statutes and state trust fund loans for acquisition or construction of facilities.

Food Service Fund - This fund is used to record all financial transactions related to the district's

breakfast and lunch programs.

Community Service Fund - This fund is used to record transactions related to the Open Gym, Weight Room and Before/After School Program.

Package & Cooperative Program Fund - This fund is used to account for any 66.0301 partnership programs.

I hope you find this information helpful. As always, if you have any questions please don't hesitate to contact me at (715)274-3601.

Sincerely,

Rhonda Elmhorst-Friemoth  
Superintendent  
Mellen School District