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ISD #482 Policy 701.2

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## **701.2 UNASSIGNED FUND BALANCES AND FISCAL MANAGEMENT PRACTICES**

### **I. PURPOSE**

The purpose of this policy is to establish guidelines for the unassigned fund balances and fiscal management practices.

### **II. GENERAL STATEMENT OF POLICY**

It is the policy of this district to achieve a healthy, viable, fiscal future, amidst the fluctuations that occur from population shifts, program and student needs, unfunded mandates, and state finance formulas. The Board further understands that by establishing these guidelines for the unassigned fund balances and fiscal management practices they will meet their obligation for public trust and accountability.

### **III. REQUIREMENT**

- A. The Board of Education recognizes the need to establish a general unassigned fund balance amount to guard against unanticipated calamities and future Statutory Operating Debt circumstances. The amount in this fund should be between 5 – 7% of the yearly general fund expenditures.
- B. The Board of Education recognizes the need to be forthright in its accountability for conditions of any contract of any employee it approves, including those conditions that imply or explicitly state future obligations for severance and retirements. Future obligations will be reported through the budget and annual audit processes following Generally Accepted Accounting Principles.
- C. In addition to other generally accepted accounting principles (Government Accounting Standards Board (GASB)), sound fiscal management, business practices, and adhering to Minnesota statutes; the following principles of operation are enacted for special attention by the Board of Education, the management and the staff.
  1. Purposive efforts will be utilized which result in revenues exceeding expenditures.
  2. Approved budgets that guide the district will be balanced, except to meet previously established and acceptable targets.
  3. Any time an event, situation or circumstance results in an excess of acceptable budget expenditure targets, a companion plan will be provided to increase revenues or reduce expenditure to accommodate the excess.
- D. Sufficient fund balances should exist to meet or exceed requirements of that fund. Fund balances must meet the demands of current and future obligations of each fund, including,

but not limited to:

1. Obligations to overcome all negative balances in all funds.
2. Obligations from capital, transportation, and technology initiatives.
3. Obligations from personnel and program initiatives.

Statutory References:      Minn. Statute 123A.73 – Reorganization;  
                                 Minn. Statute 123B.10 – Publication of financial information;  
                                 Minn. Statute 123B.79 – Permanent fund transfers  
                                 Minn. Statute 123B.80 – Exceptions for permanent fund transfers;  
                                 Minn. Statute 123B.81 – Statutory Operating Debt;  
                                 Minn. Statute 123B.82 – Reorganization operating debt;  
                                 Minn. Statute 123B.83 – Expenditure limitations;  
                                 Minn. Statute 126C.01 – Definitions (funding)  
                                 Minn. Statute 126C.43 – Levies; Statutory obligations