

Adopted: April 11, 2011

Revised: August 14, 2017, August 24, 2020

714 FUND BALANCES

I. PURPOSE

The School Board recognizes that money management comprises the foundational support of the whole school system. To make that support as effective as possible the School Board will provide for advance budget planning.

The School Board recognizes that fund balances must be maintained in accordance with the Government Accounting Standards Board (GASB)'s statement number 54. Fund balance categories to be maintained are non-spendable, restricted, committed, assigned, and unassigned.

II. GENERAL STATEMENT OF POLICY – NON-SPENDABLE FUND BALANCES

Brooklyn Center ISD 286's non-spendable fund balance will consist of non-cash assets such as pre-paid expenditures, inventories, endowments and long-term receivables.

III. GENERAL STATEMENT OF POLICY – RESTRICTED FUND BALANCES

Brooklyn Center ISD 286 will place funds in a restricted fund balance if there are constraints on how resources are spent either by statute, grantors or creditors.

IV. GENERAL STATEMENT OF POLICY – COMMITTED FUND BALANCES

The School Board may elect to establish fund balances that are committed for a specific purpose. Such designations will be approved by a majority vote of the School Board. Committed fund balance cannot be used for any other purpose until the commitment is removed. The School Board may also, by a majority vote, remove dollars from a committed fund balance and place those dollars back into the unassigned fund balance.

V. GENERAL STATEMENT OF POLICY – ASSIGNED FUND BALANCE

The School Board designates that the Board Chair, Superintendent, Finance Committee or Business Manager may opt to assign general fund balance for a specific purpose. The School Board will approve the fund assignment, purpose of the assignment, and amount. Funds can be unassigned by the same four parties with School Board approval.

For all funds other than the general fund, any positive balances not already classified as non-spendable, restricted or committed would also be classified as assigned fund balances.

VI. GENERAL STATEMENT OF POLICY – UNASSIGNED FUND BALANCE

Brooklyn Center ISD 286’s budget will be developed to maintain an adequate fund balance in the school’s unassigned general fund. The school budget will be constructed to maintain a minimum of 7% of the prior fiscal year’s expenditures and a maximum of 15% of the prior fiscal year’s expenditures.

- A. Should the Unassigned General Fund balance drop below 7%, the following criteria must be met:
 - 1. The action must be temporary and be resolved within the next budgetary cycle and next fiscal year end audit.
 - 2. The district shall initiate measures to either generate additional revenue or to reduce expenditures through a budget reduction, or a combination of both.

- B. If there is a need to move above the set reserve maximum the following criteria must be met:
 - 1. The Finance Committee along with the School Board will develop a plan to spend down the excess fund balance in a manner that benefits the district, such as program enhancement.
 - 2. If there is a situation in which a fund balance of greater than 15% must be maintained, the increase must be approved by a majority vote of the School Board stipulating the amount of the increase and the duration of time it is to be maintained.

In funds other than the general fund, the negative balances of these funds would be classified as unassigned fund balances.

VII. PRIORITY OF SPENDING

The School Board of Brooklyn Center ISD 286 will make its priority to spend fund balances in the following order: restricted, committed, assigned. Unassigned funds will be used only if the expenditure does not fit into any of the other categories.

Legal References: Statement No. 54 of the Governmental Accounting Standards Board
MSBA Service Manual, Chapter 7, Education Funding