

Policy # 799 Resolution on Fund Balances and Fiscal Management Practices

Adopted 3.10.2011

Beacon Academy Dist #4124

Section One: Introduction and Responsibilities

The Board of Directors recognizes the struggles to achieve a healthy, viable, fiscal future amidst the fluctuations that occur from population shifts, program and client demands, and state finance formulas. It embraces its responsibility to adhere to Minnesota statutes and Generally Accepted Accounting Practices (GAAP). The Board further understands the need to be ever mindful of its obligation to the public trust and the rightful demand for accountability from the Board. Therefore, the Board of Directors establishes a policy on fund balance reserves and fiscal management principles.

Section Two: General Operations Reserve Fund

The Board of Directors recognizes the need to establish a general operations reserve fund balance amount in balance code 422 of the state Uniform Financial Accounting and Reporting Standards (UFARS) to guard against unanticipated calamities and future Statutory Operating Debt (SOD) circumstances. The Board's target fund balance objective is 25% of the annual general fund expenditures or 13 weeks of operational expenditures.

Section Three: Special Fiscal Practices

In addition to other generally accepted accounting principles and sound fiscal management and business practices, the following principles of operation are enacted for special attention by the Board of Directors, the management and the staff.

1. All funds will operate with a positive balance. No fund, including food service, community education and its sub parts and the general fund and its sub parts, will be allowed to operate in the negative.
2. Approved budgets that guide the school will be balanced, never allowing for excess spending of reserves, except to adjust fund balances to meet previously established and acceptable targets.
3. Any time an event, situation or circumstance appears to force the Board to spend in excess of acceptable budget expenditure targets, the Board must have a companion plan to increase revenues or reduce expenditures to accommodate the excess, at the time of the approval of the excess. This is particularly applicable during events including, but not limited to, negotiations, community education offerings or enrollment declines.

The Board of Directors assures that sufficient reserves exist in each fund balance to equal or exceed the balances needed 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:

- ✓ Obligations to overcome all negative balances in all funds
- ✓ Obligations from capital, transportation, and technology initiatives
- ✓ Obligations from personnel and program initiatives

If there is a recommended deviation from this policy during the building of any budget in any given year, only a 2/3 vote of sitting board members can be used to set the policy aside. Deviations cannot be in conflict with any statute or prior approved SOD plan.

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Statutory References: Minn. Statute 123A. 73-Reorganization; Minn. Statute 123B.10-Publication of financial information; 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