

Fund Balance

(MSBA/MASA Model Policy 701.2)

Adopted by Naytahwaush Community Charter School Board: February 9, 2010

I. PURPOSE

The purpose of this policy is to define a school financial posture of maintaining an adequate fund balance in the unreserved general operating funds. A fund balance allows the school to meet unforeseen contingencies such as enrollment shifts, unfunded state and federal mandates, economic downturns, increased utility costs, and inflation.

The unreserved general operating fund balance is defined as the sum of the balances in the general and food service funds.

II. GENERAL STATEMENT OF POLICY

It is the policy of this school that adequate fund balances be maintained in the unreserved general operating funds. It is the policy of this school to supplement the food service fund general fund money when those funds run a deficit.

III. FUND BALANCE ADEQUACY

The Board of Education's goal is to maintain an unreserved general operating fund balance of not less than 25% of the general operating expenditures for each fiscal year.

If, as a result of budget planning, administration projects that the unreserved general operating fund balance will decrease below the 25% goal, the director shall apprise the Board of this prior to budget adoption.

If the administration projects that the unreserved general operating fund balance will decrease below 15% threshold, the Board will initiate one of the following measures for the budget year in question to ensure that the balance does not fall below 15% reserve.

1. Reduce expenditures.
2. Study ways to generate additional revenue.
3. A combination of budget cuts and study to generate additional revenue.

IV. REPORT

This fund balance policy will be reviewed periodically.

Cross References: MSBA Service Manual, Chapter 9, Public School Finance