



SAGE Academy

Policy # 212 – Policy on Fund Balance and Fiscal Management Practices

Section One: Introduction and Responsibilities

The Board of Directors recognizes the struggles to achieve a healthy, viable, fiscal future amidst the shifts that occur in population, program and client demands, and state finance arrangements. It embraces its responsibility to adhere to Minnesota Statutes and Generally Accepted Accounting Practices (GAAP). The Board further understands the need to be 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

The Board of Directors recognizes the need to establish a general fund unreserved balance amount in code 422 of the state Uniform Financial Accounting and Reporting Standards (UFARS) to guard against unanticipated events. The minimum amount in this fund is to be 17% of the yearly general fund expenditures in any given year or at least. This balance goal is projected to be reached by June 30, 2014. This reserve for emergencies, though it is not technically labeled 'reserved funds.'

Section Three: Special Fiscal Practices

In addition to other 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 or designated funds, 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, expansion plans, personnel compensation talks, community education offerings or enrollment declines.

Section Four: Board Assurances

The Board of Directors assures that sufficient balances exist in each fund 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, and,

Obligations from personnel and program initiatives.

Calculations for appropriate balances needed for each fund will be made following each annual audit. Calculations will enter into the process for budget approval in any given year as well as enter into the design of the subsequent year budget building process. Current and estimated future unreserved balances will be reported by fund at the board meeting for final approval of the current budget and any meetings where subsequent revisions to the budget are addressed.

If there is a recommended deviation from this policy during the building of any budget in any given year, only a unanimous roll call vote of the Board can be used to set the policy aside, and the, only after a formally publicized and conducted public forum on the single issue at a special meeting of the Board. Deviations cannot be in conflict with any statute or prior approved Statutory Operating Debt plan.

Adapted from School Business Solutions, Inc.

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