

715 MANAGING FUND BALANCE RESERVES

I. PURPOSE

The purpose of this policy is to set forth guidelines for maintaining and managing fund balance reserves for the school district's budget.

II. GENERAL STATEMENT OF POLICY

The school district recognizes that maintaining adequate fund balance reserves is critical to being fiscally responsible and ensures the school district's long-term ability to meet its financial obligations in order to provide appropriate educational services and programs to all.

III. PROCEDURES AND REQUIREMENTS

- A. The school district will identify and maintain both designated and undesignated fund balance reserves. The designated fund balance reserves may only be used for the defined areas of designation.
- B. Fund balances reserves are required to meet and manage operating expenses and to provide adequate cash flow throughout the school year.
- C. On an annual basis, the school board will approve a targeted undesignated fund balance reserve during the budget development process. This undesignated amount will be based on recommendations from the district's auditor, the Minnesota Department of Education, and the district administration. The undesignated fund balance reserve will be based on a percent of the budgeted revenues.
- D. Fund balance reserves are also important in providing additional revenue through the interest earned from the reserve.
- E. The use of fund balance reserves can be effective in both providing a fiscally responsibly developed budget and as an asset in providing the necessary financial resources to meet the educational services and programs of the district and the established district goals.
- F. The use of fund balance reserves must be approved by the school board and can successfully be used to fund:
 - Targeted expenditures
 - Unexpected/emergency expenditures
 - Technology hardware
 - Staff training
 - Research and development projects
 - Annual goal initiatives
 - One-time personnel expenditures

- G. Fund balance reserves are not intended to be used for ongoing personnel or operational expenditures.

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Alexandria Public School District - No. 206

Alexandria, Minnesota