

Moose Lake Community Schools ISD #97

Resolution on Reserve Balances and Fiscal Management Policies

Section One: Introduction and Responsibilities

The Moose Lake Board of Education recognizes the struggles to achieve a healthy, viable, fiscal future amidst the fluctuations that occur from population shifts, program and client demands, unfunded mandates, 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 mindful of its obligation to the public trust and the rightful demand for accountability from its constituencies. Therefore, the Board of Education establishes a policy on fund balance reserves and fiscal management.

Section Two: General Operations Unreserved Fund Balance Goal

The Moose Lake Board of Education recognizes the need to establish a general operations unreserved/undesignated fund balance amount (balance code 422 in the state UFARS system, Funds 1, 3 and 5) to guard against unanticipated calamities, state hold-backs, and future obligations. The amount should be 8 weeks of general fund unreserved/undesignated expenditures.

Section Three: Retirement and Severance Fund

The Moose Lake Board of Education recognizes the need to be forthright in its accountability for conditions of any contract of any employee it approves, including those conditions that state future obligations for severance and retirement. This section addresses future obligation that is in addition to the current severance reserve account number 411 on the Compliance Table. Therefore, the Board will enact the following activities:

1. A special designation will be created to provide for the accounting of future obligations incurred by the Board of Education through the approval of any and all contracts for all employees of the District. This technique will be compliant with other fiscal statutes and accounting requirements.
2. The superintendent or his or her designee will create a calculation of all future obligations that result from severance and retirement contract conditions of all employees, on an individual and collective basis for each year and projections for future years.

Section Four: 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 Education, the management and the staff.

1. All funds will operate in a positive condition. No fund, including food service, community service and its sub parts and the general fund and its sub parts, will operate with a negative fund balance.
2. Approved budgets that guide the district will not allow for excess spending of reserves, except to adjust fund balances to meet previously established and acceptable targets or to comply with UFARS recommended removal of certain reserve accounts.

3. If a circumstance appears to force the Board to spend in excess of acceptable budget limits, the Board must have a companion plan to fund the expenditure.

The Board of Education assures that sufficient reserves exist in each fund balance meet the 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

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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