

North Lakes Academy

Policy #: 201

Policy Name: Reserve Balance and Fiscal Management Practices

Adopted: May 13, 2008

Reviewed: August 4, 2009

I. Purpose

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.

II. 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 will act to maintain this fund balance within a target range of 10-20% of the yearly general fund expenditures in any given year.

III. 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. 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.
2. 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.
3. Calculations for appropriate balances needed for each fund will be made following each annual audit. Calculations will enter into the process for final budget approval in any given year (October/November) as well as enter into the design of the subsequent year budget building process. Current and estimated future reserves 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.
4. 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 then, 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 SOD plan.

IV. Special Reporting Requirements

None