

Fund Balance Policy Review

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Finance Advisory Council: March 8, 2016

Fund Balance Agenda



- GASB Reference
- GFOA Recommendations
- ISD 194 Policy Review
- FB Policy Comparison
- Change



- Defines operating terminology for FB calculations
- Recommend to add language: “The policy of this school district is to comply with GASB Statement No. 54. To the extent a specific conflict occurs between this policy and the provisions of GASB Statement No. 54, the GASB Statement shall prevail.”

GFOA Recommendation



- No less than two months of expenditures
- FY16 – approximately \$19.6m FB (16.6%)

Current 194 FB Policy



- No reference to GASB
- “Excludes categorical”
- Minimum = 4%
- Maximum = 8%

Fund Balance Policy Comparison



District	Min	Max	Guidelines for over/under?	GASB No. 54	GFOA (~2 months expenditures)
Lakeville	4%	8%	(Under) reduce expenditures, seek opportunities to increase revenue - fees increase when appropriate, levy to voters when permitted, combo of the three options	No	No (would be ~16.6%)
Anoka-Hennepin	5%	NA	Requires majority vote of school board	Yes	No
Bloomington	5%	8%	(Under) action must be temporary, resolved w/in next budgetary cycle and next FY end audit. Initiate measures to either generate additional revenue or reduce expenditures through budget reduction, or combo of both	Yes	No
Burnsville	8%	NA	(Over) may be committed to future years (Under) majority vote to waive goal, subsequent budgets shall reflect an effort to restore to desired level	Yes	No
Eden Prairie	8%	NA	NA	NA	No
Edina	6%	NA	(Over) FB reserves are not intended to be used for ongoing personnel or operational expenditures, majority vote of school board to commit FB	Yes	No
Farmington	6%	NA	Majority vote of school board required to commit FB and subsequently remove/change any constraints adopted	Yes	No
Minneapolis	8%		(Over) Majority vote of school board required to commit FB. (Under) district shall replenish FB w/in 2 FYs through use of regular fund & additional sources	Yes	No
Minnetonka	6%	NA	(Under) reduce expenditures, seek opportunities to increase revenue - fees increase when appropriate, levy to voters when permitted, combo of the three options	Yes	No
Rosemount-Apple Valley-Eagan	5%	NA	(Over) Majority vote of school board required to commit FB and subsequently remove/change any constraints adopted (Under) when Supt aware might fall below 5%, alert SB and recommend short term actions to maintain desired balance	Yes	No
Saint Paul	5%	NA	(Under) Supt alert BOE and recommend appropriate short term actions to maintain desired balance	Yes	No

Change Recommendation



- Set minimum at 5% (estimated \$6.7m in FY17)
 - \$120k = .1% in FY17 Projection
- Remove maximum from policy
 - Only one other district has a maximum in policy
- Remove “exclude categorical” to follow GASB recommendation for categories
 - Allows Auditors to present on GASB FB that would match District Policy
- Add time frame to resolve if FB below minimum, recommend within the next budgetary cycle



Questions?



Lakeville
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