

New City School

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Fund Balance Policy

Reason for Policy

The New City School Board recognizes that money management comprises the foundational support of the whole school system. To make that support as effective as possible the Board will provide for advance budget planning.

The Board recognizes that fund balances must be maintained in accordance with the Government Accounting Standards Board (GASB)'s statement number 54. Fund balance categories to be maintained would be non-spendable, restricted, committed, assigned, and unassigned.

Policy Statement

Non-Spendable Fund Balances

New City School's non-spendable fund balance will consist of non-cash assets such as pre-paid expenditures, inventories, endowments, and long-term receivables.

Restricted Fund Balances

New City School will place funds in a restricted fund balance if there are constraints on how resources are spent either by statute or creditors.

Committed Fund Balances

The Board may elect to establish fund balances that are committed for a specific purpose. Such designations will be approved by a majority vote of the School Board. Committed fund balance cannot be used for any other purpose until the commitment is removed. The School Board may also, by a majority vote, remove dollars from a committed fund balance and place those dollars back into the unassigned fund balance.

Assigned Fund Balance

The Board designates that the Board Chair, Executive Director, and Business Manager may opt to assign general fund balance for a specific purpose. Such assignment will only be made upon the agreement of the Board Chair, Executive Director, and Business Manager. The Board will be informed when funds are assigned, purpose of the assignment, and amount. Funds can be unassigned by the same parties.

If New City School were to have a positive balance in the food service fund, that positive balances would also be classified as assigned fund balances.

Unassigned Fund Balance

New City School's budget will be developed to maintain an adequate fund balance in the school's unreserved general fund. The school budget will be constructed to maintain

a minimum of 20% of the prior fiscal year's expenditures and a maximum of 25% of the prior fiscal year's expenditures.

If there is a need to move below the set reserved figure the following criteria must be met:

1. The action must be temporary;
2. There will be no action below the 20% level unless the Board declares an emergency exists and this action is approved by a majority vote.

If there is a need to move above the set reserve maximum the following criteria must be met:

1. The Director along with the Board will develop a plan to spend down the excess fund balance in a manner that benefits New City School;
2. If there is a situation in which a fund balance of greater than 25% should be maintained, the justification of the increase must be approved by a majority vote of the Board stipulating the justification of the amount of the increase and the duration of time it is to be maintained.

Priority of Spending

The Board of New City School will make its priority to spend restricted, committed, and assigned fund balances first. Unassigned funds will be used only if the expenditure does not fit into any of the other categories.

Adopted by the NCS Board of Directors, January, 16, 2019