

## **POLICY 730 – FUND BALANCE**

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- I. Purpose  
The purpose of this policy is to establish the terms and maintenance of the various funds of the school district.
- II. General Statement of Policy  
The policy of the school district is to classify its fund balances based on the nature of the particular net resources reported in the separate funds of the district. Nonspendable fund balance will be identified first followed by restricted fund balance, assigned fund balance, and lastly unassigned fund balance as per the guidelines in Governmental Accounting Standards Board (GASB) Statement No. 54.
- III. Definitions
  - A. Nonspendable Fund Balance  
Amounts that cannot be spent because they are not in spendable form, such as prepaid items and inventory.
  - B. Restricted Fund Balance  
Amounts subject to externally enforceable legal restrictions as mandated by the State of Minnesota.
  - C. Assigned Fund Balances
    1. For all funds other than the general fund, the assigned fund balance represents any remaining positive balances not already classified as nonspendable or restricted.
    2. Assigned fund balances cannot result in a residual deficit.
  - D. Unassigned Fund Balances
    1. For the general fund, amounts are the residual amounts in the general fund not reported in any other classification.
    2. Unassigned amounts in the general fund are available for expenditures for any purpose.
    3. For all other governmental funds the amount of a residual deficit would be classified as unassigned.
- IV. Classification of Fund Balances  
The school district shall classify its fund balances in its various funds in one or more of the following four classifications: nonspendable, restricted, assigned, and unassigned.
- V. Minimum Fund Balance  
To insure the financial stability of the District, to provide a sound basis to justify continuation of the strong financial rating, and to provide a reserve enabling the District to deal with unforeseen budget expenditures, the Board will endeavor to maintain an unassigned fund balance that will not fall below 5% of the District's general fund operating expenditure budget, excluding operating capital programs.
- VI. Order of Resource Use  
The school board hereby establishes the following order for resource use: Nonspendable funds shall be spent first followed by restricted funds, assigned funds, and then unassigned funds.

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School Board  
INDEPENDENT SCHOOL DISTRICT 279  
Maple Grove, Minnesota