



Independent School District 152



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Fund Balance Procedures

Administrative Procedure: 714.1

Section: 700 Non-Instructional Operations
and Business Services

Date Adopted: 01/26/2009

Date Revised: 02/22/2022

Date Reviewed: 02/22/2022

Fund Balance Procedures:

A. Regular updating of the long-range budget projection by the administration is an important component to the management of fund balance. Update of the budget may help identify resources available for program enhancement or may help determine if cost-containment efforts are required.

B. The Moorhead Area Public Schools budget is tied to a variety of unpredictable and uncontrollable factors which are to be monitored in the long-range budget projection, including the following:

1. Receipt of state revenue is subject to change by the legislature.
2. Receipt of revenue from state and local sources is irregular when compared to the expenditure of funds, thereby creating periodic cash flow deficits during the year.
3. Higher than usual tax delinquencies may occur during periods of economic downturns, thus reducing school district property tax receipts.
4. Unexpected events can alter the budget by unexpectedly reducing revenues or adding costs. Examples include:
 - Rescission of state revenue
 - Mandated, but not funded, state or federal programs
 - Increased utility costs due to abnormal price increases or unusually cold weather
 - Greater than expected inflation
 - Higher than expected wage and salary settlements

- Unexpected deficits in other operating funds (Food Service, Transportation, and Community Education and Services)
- Decrease in projected enrollment

C. The following are consequences related to fund balances in a school district's General Fund:

1. School districts without sufficient funds on hand must borrow money on a short-term basis to cover cash flow deficits.
2. Maintenance of an adequate, stable fund balance decreases interest expense on bonded debt through an approved bond rating.
3. When cash is not needed to meet operating expenses, cash on hand will be invested to generate additional income for the school district.