
Policy: Fund Balance

Date: August 2019

PURPOSE

Becker Township recognizes that the use of best management practices is necessary when dealing with public funds. In accordance with GASB Statement No. 54, Becker Township's Fund Balance Policy is meant to provide clearer fund balance classifications and clarify the Township fund type definitions. The following policy illustrates the specific guidelines the Township will use to classify fund balances into categories based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts these funds can be spent.

POLICY

Becker Township maintains several types of funds:

1. Unrestricted

- **Committed** – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the Township Board through resolution. Fund balances can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority. The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to commit those amounts.
 - **Road and Bridge Fund:** This fund accounts for activity related to highways, streets and roadways.
 - **Fire Fund:** This fund accounts for costs associated with fire protection.
 - **Town Hall Fund:** This fund accounts for costs associated with the physical structure of the Township Hall
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- **Assigned** – These are amounts that are constrained by the Township's intent to be used for specific purposes but are neither restricted nor committed
 - **New Fire Hall:** This fund accounts for the costs associated with the Bond issued for the Fire Hall.
 - **Park Acquisition and Developments:** This fund accounts for the funds collected from developments for the purpose of park acquisition and development.
- **Unassigned** – These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of non-spendable, restricted and committed fund balances exceed the total net resources of that fund.

- **General Fund:** This fund is the Township’s primary operating fund. It accounts for all financial resources of the general Township, except those required to be accounted for in another fund
- 2. **Restricted** - These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments or B) imposed by law through enabling legislations.
 - **Fines and Fees:** This fund accounts for monies distributed from the State of Minnesota to be used for signs and signing purposes.
 - **Development Funds:** These funds are custodial in nature and do not represent results of operations or have a measurement focus. The Township’s fiduciary fund is used to account for assets for the various developments in an agency capacity.
 - **Permits:** These funds are from permit fees received by the Township and can only be spent for activities related to permits.
 - **Parks Acquisition:** This assigned fund is held at the County level. Sherburne County must approve any disbursement of these funds
 - **Retainage Fund:** These funds are amounts anticipated to be due sometime in the next year. They are set aside at the time of planned budget year for payment in a future budget cycle so as to not impact future budgets.

Order of Resource Use

When both restricted and unrestricted resources are available for use, it is the Township’s policy to use restricted resources first, then unrestricted resources as they are needed. The Township applies unrestricted funds in this order if various levels of unrestricted fund balances exist: Committed, assigned, and unassigned.

Minimum Fund Balance


The Township will strive to maintain a minimum unassigned overall Township fund balance of six months of operating expenses. This will assist in maintaining an adequate level of fund balance to provide for cash flow requirements and contingency needs, because major revenues, including property taxes and other government aides are typically received in the second half of the year.

Monitoring and Reporting

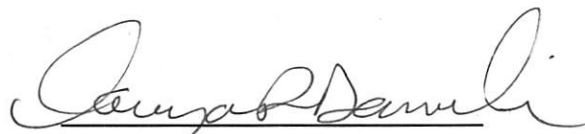
The Township Treasurer shall monthly prepare the status of fund balances in relation to this policy and present to the Town Board in conjunction with the monthly Treasurer’s report.

Prepared by: Lucinda Messman

Reviewed by:



 Township Attorney
 Kelli Bourgeois, Esq



 Township Treasurer
 Tanya Danielson

Approved this 19th day of August, 2019.

Becker Town Board



Brian Kolbinger, Chair




Brad Wilkening, Vice Chair



Luke Babler

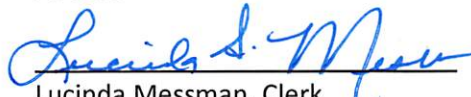
absent

Joe Danielson



Gary Gilbert

ATTEST



Lucinda Messman, Clerk