

## Section 3000 – Fiscal Management

3150 Budget Fund Balance

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The Board realizes its responsibility under law to maintain a balanced, non-deficit, financial condition for the District so that the District does not find itself in a serious financial problem. Adopting a budget which would result in a negative fund balance is prohibited by law.

The Board shall ensure on an annual basis that adequate funds are reserved for the District to maintain a secure financial position. It is the Board's goal that audited general fund total fund balance shall be 10% of the projected annual unrestricted general fund operating revenues. A variance of up to 5% greater (15%) or lower (5%) is allowable. A temporary change to this policy can be made during emergency situations beyond the control of the Board allowing for the fund balance to go below 5% for a minimum of 0%. These changes should be of a temporal nature. Should the audited fund balance projections fall outside these parameters, the Board shall direct the Superintendent to develop a plan of action to modify the budget.

Fund balance reporting will be according to the most recent authoritative pronouncements and may include the following categories:

1. Non-Spendable – Amounts that are either not in spendable form or legally or contractually required to be maintained intact. This would include, but is not limited to, inventory, prepaid expenses and non-current receivables.
2. Restricted – Net asset amounts where constraints have been imposed externally such as by grantors, contributors or laws or regulations. This would include, but is not limited to bonded capital project funds, debt service funds, food service and community services.
3. Committed – Amounts that are committed for specific purposes by formal action of the Board. Creation, amendment or modification to the committed fund balance must also be approved by formal action of the Board. Committed fund balance does not lapse at year end.

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4. Assigned – Amounts that are intended by the district to be used for specific purposes. The Board authorizes the Superintendent, or designee to determine the assigned fund balance(s) on an annual basis for the year-end financial reporting. These can include, but are not limited to, the following:
  - Budgeted use of fund balance for the next fiscal year
  - Building or department carryover budgets
  - Other items allowable under generally accepted accounting principles.Specific amounts will be determined during the year-end closing and financial statement preparation process. Assigned fund balance does not lapse at year end. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
5. Unassigned – Any remaining fund balance.

Approved: June 29, 2009  
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LEGAL REF: MCL 141.1201; 141.1231 – 1244; 141.2101; 380.1211 – 1227