



Adopted: January 6, 1999

EMID 6067 Board Policy 714

Revised: September 21, 2005; June 24, 2009; May 20, 2015

714 FUND BALANCE

I. PURPOSE

The purpose of this policy is to establish parameters that will guide the EMID Board and administration in setting and maintaining unreserved and appropriated fund balances.

II. GENERAL STATEMENT OF POLICY

A stable unreserved fund balance is critical for EMID's overall financial stability and sound financial management. It allows EMID to meet unexpected expenses resulting from unforeseen factors in the District's operation and changes in revenue due to fluctuating member district participation. Since EMID has no revenue raising authority by statute, a designated fund balance is essential to funding future student programming, professional development, administrative costs, and education grants. and .

III. REQUIREMENTS

- A. The EMID Board shall strive to maintain a balanced budget for the, integration outreach programs and other approved programs and services.
- B. EMID shall strive to maintain a sufficient unreserved general fund balance to provide necessary cash flow reserves for budget, payroll obligations, and education grants on a regular and current basis without the need for short term borrowing. Additional reserves may be needed to accommodate foreseen changes in EMID membership and State funding.
- C. In concert with the fiscal services provider, the Executive Director will recommend actions to provide unreserved and appropriated fund balances within guidelines identified in this policy.

IV. CLASSIFICATION OF FUND BALANCES

The district shall classify its fund balances in its various funds in one or more of the following five classifications: non-spendable, restricted, committed, assigned, and unassigned.



V. MINIMUM FUND BALANCE

The district will strive to maintain a minimum unassigned general fund balance of 3-6 months of operating expenses.

VI. ORDER OF RESOURCE USE

If resources from more than one fund balance classification could be spent, the school district will strive to spend resources from fund balance classifications in the following order (first to last): restricted, committed, assigned, and unassigned.

VII. COMMITTING FUND BALANCE

A majority vote of the Board is required to assign a portion of the fund balance to a specific purpose and subsequently to remove or change any constraint so adopted by the Board.

VIII. ASSIGNING FUND BALANCE

The board, by majority vote, may assign portions of the fund balance to be used for specific purposes when appropriate.

An appropriation of an existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance.

IX. REVIEW

The board will conduct an annual review of the sufficiency of the minimum unassigned general fund balance level.

Legal References: Statement No. 54 of the Governmental Accounting Standards Board

Cross References: MSBA Service Manual, Chapter 7, Education Funding