

Book Policy Manual
Section Pending Policy Committee Review
Title BUDGET PREPARATION
Code po6220
Status
Adopted September 12, 2001

6220 - BUDGET PREPARATION

The District's operation and educational plan is reflected in its budgets. Each year, the Board of Education will cause to have prepared and then review and approve the following Fund budgets:

- A. General Fund used to account for all financial resources not accounted for and reported in another fund.
- B. ~~School Services~~ Special Revenue Funds used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.
- C. Debt Retirement Service Funds used to account for all financial resources restricted, committed or assigned to expenditure for principal, interest and applicable fees.
- D. Fiduciary Capital Projects Funds used to account for all financial resources restricted, committed or assigned to expenditure for the acquisition or construction of capital assets.
- E. Proprietary Funds used in situations where the flow of economic resources is required to account for activities that involve providing goods or services to other funds or activities of the district.

Each budget shall be designed to carry out District operations in a thorough and efficient manner, maintain District facilities properly, and honor continuing obligations of the Board.

~~The Board shall maintain a secure financial position.~~ The Board shall ensure that adequate funds are reserved for the General Fund to maintain a secure financial position whereby the fund equity balance shall not fall below five percent (—5%) of total general fund revenues for each of the 2 most recently completed school fiscal years in accordance with State laws and regulations. ~~the preceding year's expenditures.~~

Fund balance measures the net current financial resources available to finance expenditures of future periods. Fund balance is the difference between assets and liabilities reported in a governmental fund. The purpose of the District's Fund Balance is to provide sufficient financial resources to provide a high level of stability in the financial operation of the Schools District. This policy will ensure that the District maintains adequate fund balances and reserves in order to:

- A. provide sufficient cash flow for daily financial needs;
- B. secure and maintain investment grade bond ratings;
- C. offset significant economic downturns or revenue shortfalls; and
- D. provide funds for unforeseen expenditures related to emergencies.

The Board realizes its responsibility under law to maintain a balanced, non-deficit, financial condition for the District. To this end, the Board will strive to maintain an appropriated and budgeted fund balance which properly considers known actual or estimated liabilities of each fund and the risk in the operating and state and local economic environment.

A proposed budget requires the critical analysis of every member of the Board prior to approval; once adopted, the budget deserves the support of all members of the Board regardless of their position before its adoption.

The Board directs the ~~Business Manager~~ Assistant Superintendent of Business and Finance to present the budgets to the Board along with all available information associated with each budget in sufficient time to allow for proper analysis and discussion prior to the hearing.

Legal

M.C.L. 141.434 et seq.