

## Title: Fund Balance Policy

### Control Information

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Owner/Curator	Elisa Fairbanks
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### Revision History

Revision	Date	Revision Description	Originator
A	5/9/13	Initial Release	Elisa Fairbanks
B	9/11/14	Numbering and format revision	

## 1.1. Objective:

The objective of this policy is to comply with Governmental Accounting Standards Board GASB 54 by establishing the following:

1. Minimum Fund Balance (General Fund)
2. Authorization for Specific Members of Management to Assign Fund Balances
3. Flow Assumption for Spending Priority (i.e., restricted before unrestricted)
4. Process for Committing Funds

## 1.2. Minimum Fund Balance (General Fund)

Muddy Creek Charter School (MCCS) considers it prudent to establish a reserve for economic uncertainties to safeguard MCCS's financial stability. We have determined a prudent reserve for a school our size is 10% of budgeted State School Fund (ADMw) revenues.

The ICP Board may appropriate unassigned fund balance for emergency purposes, as deemed necessary, even if such use decreases the fund balance below the designated percentage. Emergency purposes do not include the mismanagement of funds.

## 1.3. Authorization for Specific Members of Management to Assign Fund Balances

The Finance Manager (or bookkeeper) shall be responsible for monitoring and reporting MCCS's various reserves and fund balance categories. The Executive Director is directed to make recommendations to the ICP Board on the use of reserve funds both as an element of the annual operating budget submission and from time to time throughout the year as the need may arise. Annually the Finance Manager shall be responsible for identification of resource assignments within the proposed budget. The assignments contained within the adopted budget shall be considered approved by the ICP Board, and any changes in assignment shall be reported to the ICP Board at each regular meeting.

## 1.4. Flow Assumption for Spending Priority (i.e., restricted before unrestricted)

When both restricted and unrestricted fund balances are available for use, it is MCCS's policy to use the restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then

- unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used. Additionally, all spendable, unrestricted revenue amounts in special revenue funds are assigned to be used for the purpose for which the fund was established.

## **1.5. Process for Committing Funds**

Commitment of fund balance shall be done through adoption of a resolution by the ICP Board. Further, commitments of fund balance may be modified only through approval of the Board via resolution.