

**MIDDLETON SCHOOL DISTRICT #134
POLICY AND PROCEDURE MANUAL
SECTION 7000 – Financial Management**

Unappropriated Fund Balance and Contingency POLICY 7001

A fund balance of not less than 5% of the estimated revenue shall be maintained for the General Fund. Any variance below the 5% must be specifically identified and reported to the Board for approval when the budget is presented; an outline of a plan to bring the unappropriated fund balance up to the 5% must also be presented at that time.

The purpose of the unappropriated fund balance is to allow the District to absorb any unpredicted revenue shortfall, to maintain cash flow, and to minimize the borrowing needs of the District.

Each year during the budgeting process, the administration will estimate the amount of fund balance to be available and the amount of the contingency to be available for the following year. This amount will always be an estimate and will vary because the exact amount of revenue and expenditures will not be known until after the close of the fiscal year. The estimate will be used to prepare the budget for the following year.

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LEGAL REFERENCE:

IC 33-801A
IC 33-506(1)

ADOPTED: 11/13/01