

## MINIMUM FUND BALANCE

The Board of Directors recognizes the importance of maintaining a sufficient fund balance in each of the district's funds to assure sound financial practices, provide program stability, and obtain excellent bond ratings.

The fund balance in the Debt Service Fund, Transportation Vehicle Fund, Capital Projects Fund, and Associated Student Body Fund is primarily a function of the scope of the projects and activities found within the operation of each fund. Stability of revenue and predictability of expenditures enables the district to establish an appropriate budgeted fund balance in these funds.

The complexities and uncertainties in the operation of the General Fund require a different approach in setting the fund balance level.

It shall be the goal of the district to maintain a minimum unassigned fund balance for unforeseen expenses in the amount of 12-14% of expenditures in each year's budget.

The superintendent shall develop the budget each year with the intent to meet this goal or attain it as soon as practicable. If the goal is not met in the submitted budget, the superintendent shall include in the submittal an explanation of why such a fund balance is not practicable under existing revenue and expenditures and a projected timeline for reaching the fund balance goal of 12-14%. Should the projected unassigned fund balance for unforeseen expenses fall below 7% at any time during the fiscal year; the board may declare a state of financial emergency. The declaration of a financial emergency authorizes the superintendent to take all legal measures necessary to restore the undesignated, unreserved operating fund balance to the identified minimum level, without significantly affecting the education of students.

Cross Reference:	Board Policy 6020	System of Funds and Accounts
	Board Policy 6040	Expenditures in Excess of Budget

**Adoption Date: December 13, 2017**

**Orondo School District**

**Revised:**