

Minimum Fund Balance

The Chimacum Board of Directors recognize the importance of maintaining a sufficient fund balance in each of its funds to assure sound financial practices and provide program stability. Additional reasons to maintain a fund balance include:

- to cover collections of State and Federal grants, co-op agreements
- to provide for capital equipment failure
- maintain excellent bond ratings for our taxpayers,
- provide for enrollment fluctuations that result in revenue loss,
- unanticipated changes in tax and appropriation levels by State and Federal agencies,
- legislative mandates having financial impacts on school systems,
- passage/failure of voter referendums and levies,
- financial impacts of labor agreements, including arbitration judgments, and unexpected legal costs,
- energy costs increases and weather related damages,
- provide for future liabilities like accrued vacation and sick leave, and
- to allow for unexpended carryovers by schools and departments.

In addition, attempts should be made to provide sufficient cash reserve to assure a positive cash flow and to take care of unanticipated legislative changes and/or financial emergencies that allow the district to operate without borrowing money and provides a resource for earning investment interest.

A minimum restricted fund balance of five percent (5%) of the proposed expenditures not including the contingency provisions or restricted fund balances of budget categories should be maintained. When fund balance is budgeted for expenditures, it should be used for non-recurring costs.

The superintendent shall have the responsibility of maintaining a fund balance reserve of 5% of annual expenditures. The superintendent shall notify the board in a timely manner if the fund balance reserve were to drop below 5%. Should the fund balance reserve drop below 5%, the superintendent shall prepare a plan to identify how to return the fund balance reserve to 5%.

Cross References: 6040 - Expenditures in Excess of Budget
 6020 - System of Funds and Accounts

Legal References: RCW 28A.320.070 School district as self-insurer - Authority
 RCW 28A.505 School Districts' Budgets
 28A.505.130 Budget - Requirements for balancing estimated
 expenditures

CHIMACUM SCHOOL DISTRICT

Adoption Date: April 27, 2011

Classification: **Discretionary**

Revised Dates: 10.17