SUMNER-BONNEY LAKE SCHOOL DISTRICT
A GREAT PLACE TO LEARN.

Policy No.
6022
Management Support

MINIMUM FUND BALANCE POLICY

The District recognizes the importance of maintaining a prudent fund balance in the general fund to ensure operational cash flow needs are met, to set aside resources for known obligations and to help protect against unforeseen circumstances.

The District must be prepared to continue essential operations in critical times to address emergency situations for life, health or public safety such as the following;

1. The failure of the State to meet the monthly apportionment payment schedule for any reason including lack of budget authorization by the legislature by midnight June 30.
2. Significant unforeseen revenue decline in excess of 5% of original estimates where no appropriation, transfers or other new revenue is available to offset to maintain services (legislative action, double levy failure).
3. Major disasters such as fire, earthquake and lahar.
4. Acts of Violence or terrorism.

Accordingly, the district adopts this policy and establishes the Minimum Fund Balance Policy account to set aside an amount based on total current year expenditures minus GASB 87 Lease accounting transactions. Annually, the superintended or designee will present a general fund budget that includes a commitment of at least 5 % of the current year's operating expenses towards a minimum fund balance That is categorized in the Unassigned Accounts.

Non-Spendable Accounts – These amounts refer to inventory values, pre-paid items and the long-term portion of loans and notes receivables (if any).

Restricted Accounts – These amounts are restricted to specific purposes. The restrictions may either be: (1) Externally imposed by creditors, grantors, contributors, laws or regulation of other governments, or (2) Imposed by law through constitutional provision or enabling legislation.

Committed Accounts – These amounts represent funds that can only be used for specific purposes pursuant to formal action by the Board of Directors or school board policy. Once created, a commitment cannot be changed without a similar action on the part of the Board ending the commitment.

Assigned Accounts – These amounts represent funds that are constrained by the school district's intent to be used for specific purposes. Authority for making these assignments rests with the Superintendent or designee with the knowledge of the Board of Directors.

Unassigned Accounts –This amount is the residual fund balance designation for the General Fund. The amount contained in this account within the General Fund represents the amount of fund balance that is spendable but has not been restricted, committed or assigned to specific purposes within the General Fund.

Revised 9/2010 Previously Policy No. 7110

Reserves in the School Budget Revised 5/2022

Adopted: 7/6/22