

## **Minimum Fund Balance**

The district recognizes that reserves in the General Fund serve to protect the financial stability of the district in the event of unforeseen liabilities. However, the resources of the district are primarily intended to meet the current needs of students and the expectations of the community, and a fund balance that is higher than necessary limits the funds available for the educational program and operating budget in any given fiscal period. Accordingly, the district adopts this policy in regards to those portions of fund balance that are in spendable form but are not legally restricted as to their use from outside sources.

To provide an adequate but not excessive reserve, the Board of Directors has established a target committed to minimum fund balance of 4% of total expenditures in the General Fund for the ending fiscal period.

In the event carryover committed to minimum ending fund balance in any given fiscal period is less than the targeted minimum of 4% of total actual expenditures, district staff shall make every effort to prepare an operating budget proposal for board consideration for the next fiscal period to restore the ending fund balance to that minimum level.

Final authority for the approval of a financial plan rests with the Board of Directors, who may adopt an operating budget with an estimated total ending fund balance at the level they deem appropriate for any fiscal period.

### **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

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