

General Fund Minimum Balance

The Board of Directors of the Green Mountain School District recognizes the importance of maintaining a prudent unrestricted 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 operational expenditures. Accordingly, the district adopts this policy in regards to those portions of the general fund balance that are in spendable form but are not legally restricted as to their use.

The District will maintain a minimum unrestricted fund balance in the general fund at a level sufficient to provide funds for needs of an emergency nature such as adverse changes in the economic environment, natural disaster, emergency repairs, extraordinary staffing expenses, and unexpected fluctuations in student enrollment. A sufficient fund balance may also be necessary to facilitate an orderly adjustment to changes resulting from the reduction and/or termination of revenue sources through the actions of the federal and state governments, financial impacts of labor agreements, legislative mandates having financial impacts on school systems, litigation, employee related costs, and failures of local maintenance and operations levies, capital project levies, or bond measures.

The Superintendent or his/her designee, in preparing annual budgets, shall propose a General Fund budget that reserves within the fund balance an amount equal to no less than 60 days of expenditures calculated using an average of the previous fiscal year's annual average. Whenever the ending fund balance of the current year is projected to fall below the 60-day level, the superintendent and board shall develop and implement a plan to replenish the unrestricted fund balance in no less than three (3) years. Said plan for replenishment shall be included in the 4-year budget projection of the district.

The district may reserve additional amounts for other specific purposes and future needs.

If the ending fund balance falls under the targeted amount, the Superintendent will notify the Board of Directors for the purpose of planning a course of action that will address the shortfall or overage of revenue. The Board may elect to adjust the ending fund balance based on district need.

Cross References:

- 6020 Systems of Fund and Accounts
- 6040 Expenditures in Excess of Budget

Legal References:

- RCW 28A.320.070 School district as self-insurer
- RCW 28A.505 School districts' budget
- RCW 28A.505.130 Budget – Requirements for balancing estimated expenditures

Management Resources:

Classification: Essential

Adopted by the Board of Directors: 4/24/2012

Revised by the Board of Directors: 7/24/2018