

FINANCIAL MANAGEMENT

Fund Balance

The Shoreline Board of Directors recognize the importance of maintaining a sufficient fund balance in each of its 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 in these funds enables the district to establish an appropriate budgeted fund balance.

The complexities of funding and other economic uncertainties in the operation of the General Fund require a different approach in setting the fund balance level. Some of the reasons requiring the establishment of the budgeted fund balance for the General Fund include:

1. maintaining excellent bond ratings for our taxpayers,
2. enrollment fluctuations that result in revenue loss,
3. unanticipated changes in tax and appropriation levels by State and Federal agencies,
4. legislative mandates having financial impacts on school systems,
5. passage/failure of voter referendums and levies,
6. financial impacts of labor agreements, including arbitration judgments,
7. unexpected legal costs,
8. energy costs increases and weather related damages,
9. providing for future liabilities like accrued vacation and sick leave, and
10. allowing for unexpended carryovers by schools and departments.

FINANCIAL MANAGEMENT

Fund Balance (continued)

To provide stability of the instructional program and maintain sound financial practices, the district will establish a prudent fund balance level in the General Fund. This will be accomplished through two components of the budgeted fund balance:

1. Reserved Fund Balance
2. Unreserved Fund Balance

The budgeted reserved fund balance will provide sufficient funds for:

1. Inventory
2. Carry Over
3. Equipment Replacement

The budgeted unreserved fund balance is held to compensate for economic uncertainties and should be targeted at a range between 4.0% and 5.0% of budgeted General Fund expenditures.

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| Legal reference: | RCW | 28A.320.070 | School District as Self-Insured--Authority |
| | | 28A.505 | School Districts Budgets |
| | | 28A.505.130 | Budget - Requirement for Balancing Estimated Expenditures |

Adopted August 3, 1998