

## **Economic Stabilization Account**

It is the policy of University Place School Board to maintain an economic stabilization account in the general fund to help protect against unforeseen circumstances.

The District created the Economic Stabilization Account (ESA) to fund activities that would otherwise be reduced in scope, suspended or eliminated due to unanticipated shortfalls in the General Fund revenues. Any use of the ESA shall be accompanied with a resolution approved by the School Board.

In an effort to provide fiscal stability for the District and allow District Administrators to apply fiscal prudence in managing the budgetary conditions of the District, a desired stabilization amount is established. The amounts for the desired stabilization account shall be specifically identified in a separate account code in the General Fund. The amounts committed in the Economic Stabilization Account (ESA) are to be used only for the purpose defined in this policy.

The School Board shall annually adopt a specific stabilization account percentage for the upcoming fiscal year. The ESA shall be informed by the economic climate and recommended between 2 and 4 percent of the total actual general fund expenditures of the most recently completed fiscal year.

In the event the ESA balance falls below the recommended minimum level of 2%, a plan to replenish the fund will be developed and provided with the resolution authorizing use to the fund. The repayment plan must be reviewed annually as part of the budget process until the funds are fully restored.

The Superintendent is granted the authority to establish procedures in order to implement this policy.

Management Resources:      Governmental Accounting Standards Board 54

Adoption Date: 11/8/17

Revised:

Classification: **Discretionary**