

Canby School District 86

Code: **DBDB**
Adopted: 1/27/10
Readopted: 5/17/18
Orig. Code(s): DBDB

Fund Balance

The Board has a responsibility to prudently manage the resources of the district. In that context, the Board shall designate an unrestricted fund balance¹ in an amount sufficient to:

1. Protect the district from unnecessary borrowing in order to meet cash-flow needs;
2. Provide prudent reserves to meet unexpected emergencies and protect against catastrophic events;
3. Mitigate the effect of uncertainties of state and federal funding; and
4. Help ensure a district credit rating that would qualify the district for lower interest costs and greater marketability of bonds that may be necessary in the construction and renovation of school facilities.

The Board directs the superintendent to develop an operating budget with an ending fund balance no less than 5 percent of the expected general fund annual revenues. As part of the budget development, the superintendent will provide the Board with a comprehensive review of the variances between the budgeted and actual use of general funds. This review will help inform the Board as they develop future budgets.

If during the year there is significant deviation (either shortfall or excess) from the budget in projected ending fund balance, the superintendent will meet with the Board to determine if actions are warranted.

Prior to developing the future multi-year budgets, the Board will review the projected current year ending fund balance, future year forecasts, the educational needs of the students and a variety of other factors to determine the appropriate ending fund balance to be used in developing the budget. These factors may

¹The Government Finance Officers Association (GFOA) recommends, at a minimum, that general-purpose governments, regardless of size, maintain an unrestricted fund balance in their general fund of no less than 5 to 15 percent of regular general fund operating revenues, or of no less than one to two months of regular general fund operating expenditures. The Oregon Association of School Business Officials recommends, at a minimum, an unrestricted ending fund balance of no less than 3 to 8 percent of the general fund budget. In general practice, levels of fund balance, typically, are less for larger governments than for smaller governments because of the magnitude of the amounts involved and because the diversification of their revenues and expenditures often results in lower degrees of volatility.

include the predictability and volatility of expenditures²; the availability of resources in other funds as well as the potential drain upon general fund resources from other funds³; liquidity⁴; and designations⁵.

END OF POLICY

Legal Reference(s):

[ORS 294.311\(18\)](#)

[ORS 294.398](#)

[ORS 332.107](#)

²Higher levels of unrestricted fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile.

³The availability of resources in other funds may reduce the amount of unrestricted fund balance needed in the general fund, just as deficits in other funds may require that a higher level of unreserved fund balance be maintained in the general fund.

⁴The disparity between when financial resources actually become available to make payments and the average maturity of related liabilities may require that a higher level of resources be maintained.

⁵The need to maintain a higher level of unrestricted fund balance to compensate for any portion of unreserved fund balance already designated for a special purpose.