

Hood River County School District

Code: **DBDB**
Adopted: 9/09/15
Orig. Code(s): DBDB

Fund Balance

The Hood River County School Board works to ensure that the district delivers the best educational program available within the constraint of well-managed resources. To offer such a program the Board recognizes the importance of a budget that delivers sustainable levels of instruction, staffing, number of instructional days, and maintenance of facilities.

Currently, the state of Oregon has a highly volatile tax structure, which results in unstable levels of school funding. This instability can cause a significant variance in the level of program school districts are able to financially support. Until such time that the state creates a stable revenue system, or a funding mechanism such as a rainy day fund that will see Oregon schools through recessionary periods, the Board directs the superintendent to propose a budget that will allow for sustainability.

The proposed budget will create fund balances in an amount sufficient to:

1. Allow the district to deliver a sustainable level of program through anticipated recessionary periods; and
2. Protect the district from unnecessary borrowing in order to meet cash-flow needs; and
3. Provide prudent reserves to meet unexpected emergencies and protect against catastrophic events; and
4. Meet the uncertainties of state and federal funding; and
5. Make possible a district credit rating that would qualify the district for lower interest costs and greater marketability of bonds, assuring our community gets the highest possible return on investment from approved levies that may be necessary for the maintenance, construction and renovation of school facilities.

Consequently, the Board directs the superintendent to include in the annually proposed budget, designations in such a way to ensure an ending fund balance as follows:

1. Biennial Reserve Fund - a minimum of one (1 %) percent of the total State School Fund Formula revenues in which the legislature allocates more funds than 49% of the State School Fund in the first year of the biennium. These funds may be released for use in the second year of a biennium by an affirmative vote of a majority of the Board. Access to the fund may be triggered when the State School Fund fails to provide an adequate level of revenue increase to maintain the current service level established in the 1st year of a biennium.

2. Unappropriated Ending Fund Balance - a minimum of five (5.0%) percent of the General Fund operating revenue, net of the beginning fund balance.
3. Contingency Reserve - a minimum of one-half of one (0.5%) percent of the General Fund operating revenue, net of the beginning fund balance.

The superintendent is charged with developing a budget, or a budget plan, to establish these reserves. The School Board, by resolution, must approve any deviation from the designations prior to the adoption of the budget. Such a resolution, if approved, may be valid for only one year.

END OF POLICY

Legal Reference(s):

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

[ORS 294.371](#)

[ORS 332.107](#)