

**Jefferson County
School District 509J**

Code: **DBDB**
Adopted: 4/27/09
Readopted: 7/23/18
Orig. Code(s): DBDB

Fund Balance

The Board recognizes its responsibility to establish 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. Meet the 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.

Consequently, the Board directs the superintendent to manage the currently adopted district budget in such a way as to ensure an ending fund balance of at least 8 percent of total actual revenues when stable funding is anticipated from federal, state and local sources, and upwards to a maximum of 15 percent when funding from the same sources is uncertain.

The Board recognizes that the state does not maintain adequate reserves to protect school districts and it is the responsibility of the district to provide an adequate ending fund balance to ensure long-term stability for the district.

In determining an appropriate unrestricted fund balance, the Board will consider a variety of factors with potential impact on the district's budget including the predictability and volatility of its expenditures²; the

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.

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.

availability of resources in other funds as well as the potential drain upon general fund resources from other funds³; liquidity⁴; and designations⁵. Such factors will be reviewed annually.

END OF POLICY

Legal Reference(s):

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

[ORS 294.398](#)

[ORS 332.107](#)

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 unrestricted 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 unrestricted fund balance already designated for a special purpose.