

# Klamath Falls City Schools

Code: **DBDA**  
Adopted: 5/13/02  
Readopted: 10/09/06; 11/15/10  
Orig. Code(s): 30204.01

## General Operating Contingencies

General operating contingencies will be established at an amount deemed sufficient by the Board to responsibly enable the district to meet unforeseen financial needs due to emergencies and changing district needs. The amount will be established by the Board during the budget development process.

General operating contingency targets will be established at a range of five-to-ten percent of the operating budget when financially feasible to responsibly enable the district to meet unforeseen financial needs due to emergencies and changing district needs.<sup>1</sup>

General operating contingencies may be recommended by the superintendent for Board approval. The need, purpose and amount of the transfer shall be duly recorded.

END OF POLICY

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### Legal Reference(s):

[ORS 294.305 - 294.565](#)

[OAR 150-294.352\(8\)](#)

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<sup>1</sup>The Government Finance Officers Association (GFOA) recommends, at a minimum, that general purpose governments, regardless of size, maintain an unreserved 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 or two months of regular general fund operating expenditures. The Oregon Association of School Business Officials recommends, at a minimum, an unreserved 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.

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

The availability of resources in other funds may reduce the amount of unreserved 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.

The 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.

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