

Springfield School District 19

Code: **DBD**
Adopted: 6/28/10

Budget Priorities

The district will maintain an adequate ending fund balance in the general fund in order to provide stable services and employment, as well as offset cyclical variations in revenues and expenditures. The Board recognizes the responsibility to establish an adequate 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.

The targeted (minimum) floor for the ending fund balance will be at four percent (4%) of annual operating revenues. Annually, the board will allocate an appropriate portion of the projected ending fund balance to the unappropriated ending fund balance (UEFB) in the annual budget, taking into consideration revenue and expenditure volatility² and other district needs.

In the event that the ending fund balance is projected to fall below the four percent (4%) floor, the Board will:

1. Discuss the rationale for the shortfall during a public meeting;
2. Consider the financial condition of the district and discuss financial options available to re-establish the identified floor (4%) of ending fund balance;

¹The 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 amount involved and because the diversification of their revenues and expenditures often results in lower degrees of volatility.

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

3. Adopt a plan to rebuild reserves to the four percent (4%) targeted level within one-year.

END OF POLICY

Legal Reference(s):

[ORS 294.305 - 294.565](#)