

Vernonia School District 47J

Code: **DBDB**
Adopted: 3/8/05
Orig. Code(s): DBDB

Fund Balance

The Board recognizes its responsibility to establish an unreserved 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 administration and business office to manage the currently adopted budget in such a way to ensure an ending fund cash balance of at least five percent (5%) of total adopted general fund revenues.

In determining an appropriate unreserved 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 availability of resources in other funds³ as well as the potential drain upon general fund resources from other funds . Such factors will be reviewed annually.

END OF POLICY

Legal Reference(s):

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

[ORS 294.371](#)

[ORS 332.107](#)

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 to 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.

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

³Higher levels of unreserved fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile.