

Document Status: Draft Update

OPERATIONAL SERVICES

4:20 Fund Balances

The Superintendent or designee shall maintain fund balances adequate to ensure the District's ability to maintain levels of service and pay its obligations in a prompt manner in spite of unforeseen events or unexpected expenses. The Superintendent or designee shall inform the Board whenever it should discuss drawing upon its reserves or borrowing money.

The School District seeks to maintain a year-end fund balances to revenue ratio of no less than the range of 30% (thirty percent) as calculated under the Ill. State Board of Education's *School District Financial Profile* PRESSPlus1 of the unrestricted reserves in each fund.

CROSS REF.: 4:10 (Fiscal and Business Management), 4:80 (Accounting and Audits)

ADOPTED: April 22, 2019

Question 1. Has the Board adopted the default sentence, the alternative sentence, or deleted the sentence regarding year-end fund balance to revenue ratio? Type "default," "alternative," or "delete."

Answer:

PRESSPlus Comments

PRESSPlus 1. PRESSPlus Comments

PRESSPlus 1. Optional. Pursuant to its authority under 105 ILCS 5/1A-8, the Ill. State Board of Education (ISBE) developed the School District Financial Profile to help monitor the finances of school districts and identify those districts moving toward financial difficulty. A district's total profile score (and corresponding profile designation) is based on four weighted indicators: (1) fund balance to revenue ratio (35%), (2) Expenditure to Revenue Ratio (35%), (3) days cash on hand (10%), and (4) percent of short-term and long-term borrowing ability remaining (10% each). See www.isbe.net/Documents/OEPP-PCTC-Profile.pdf for a

detailed explanation of the calculation of the School District Financial Profile and designations. This policy addresses the first factor in a district's Financial Profile, which, according to ISBE, "reflects the overall financial strength of the district." A target of 25% or higher for a district's fund balance to revenue ratio would result in a school district being in the lowest risk category for this factor of the district's Financial Profile.

The following alternative is for a district with fund balances deemed not currently adequate:

"The School District will seek to establish year-end fund balances representing percent of the annual revenues for each operating fund by budgeting a surplus in each fund."

See **Questions** to indicate whether the board has adopted the default sentence, the alternative sentence, or if they have deleted the sentence. To change the percentage currently listed, strike it and replace it with the percentage adopted by the Board. Then select "Adopted with Additional District Edits" as the Save Status.

Issue 101, June 2019