

FINANCIAL RESERVES

The School Board recognizes the importance of financial reserves to deliver sustainable and stable levels of instruction, staffing, number of instructional days, and operation of facilities. The reserves are necessary to:

1. Maintain financial stability for program continuity and public confidence;
2. Ensure budget and financial compliance with Oregon Revised Statutes and Oregon Administrative Rules;
3. Provide an emergency reserve to balance risk of availability and liquidity of resources in other funds as well as the potential drain upon general fund resources; liquidity; and designations. Such factors will be reviewed annually;
4. Protect the District from unnecessary borrowing in order to meet cash flow needs;
5. Provide prudent reserves to meet unexpected emergencies and protect against catastrophic events;
6. Meet the uncertainties of state and federal funding; and
7. 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.

District reserves include both a sufficient General Fund Ending Fund Balance and a Rainy Day Reserve.

General Fund Balance

The Board directs the Superintendent to manage the adopted budget in such a way as to ensure an Ending General Fund Balance of at least five (5) percent of total actual revenues.

Rainy Day Reserve

The Board also directs the Superintendent to develop a Rainy Day Reserve of five (5%) percent of the total resources of the General Fund within three years of the effective date of this policy.

Use of Reserves

The Board may authorize use of the General Fund Balance to address unanticipated, non-recurring needs and may authorize use of the Rainy Day Reserve to address adverse economic conditions which negatively affect the District's revenues and ability to meet the needs of students.

Replenishment of Reserves/Notice of Shortfall

In the event the Board authorizes use of reserves, the Superintendent shall propose a plan for the replenishment of the reserves as soon as practicable, within three years of use. Prior to the reserves becoming less than projected, the Superintendent will notify the Board of the possibility the reserves may fall below the minimum targeted level.