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## Financial Reserves

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The 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 and accommodate volatile PERS rates;
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 financial reserve [held outside the general fund](#).

### General Fund Balance

The board directs the superintendent to manage the adopted district budget in such a way as to ensure an ending general fund balance of at least ~~five~~ [eight](#) percent of total [budgeted general fund expenditures net of contingency actual revenues](#).

### Financial Reserve (PERS)

The board also directs the superintendent to maintain a financial reserve of five percent of the total [budgeted expenditures](#) ~~resources~~ of the general fund [net of contingency](#).

### Use of Reserves

The board may authorize use of the general fund balance to address unanticipated, nonrecurring needs and may authorize use of the financial reserve to address adverse conditions which negatively affect the district's revenues or ability to meet the needs of students.

### Replenishment of Reserves/Notice of Shortfall

~~If in the event~~ the board authorizes use of reserves, the superintendent shall, [as soon as practicable](#), ~~propose present~~ a plan for ~~the replenishing~~ [ment of](#) the reserves ~~as soon as practicable, considering state financial reserves~~ and [provide](#) annually ~~report~~ progress [reports to the board](#). ~~against the plan. Prior to the reserves becoming less than~~

~~projected, †~~The superintendent [shall provide timely notice to the board when projections indicate that](#) ~~will notify the board of the possibility the~~ reserves may fall below the minimum targeted level.

END OF POLICY

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**Legal Reference(s):**

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

[ORS 294.398](#)

[ORS 332.107](#)