

**CORVALLIS SCHOOL DISTRICT 509J**

**Code: DA**

**Adopted: 7/12/99**

**Revised/Readopted: 12/10/07**

**FISCAL POLICIES**

1. General Fund Ending Fund Balance

The Corvallis School District 509J Board works to ensure that the district delivers the best educational program available within the constraint of well-managed resources. To offer such a program the Board recognizes the importance of a budget that delivers sustainable levels of instruction, staffing, number of instructional days and maintenance of facilities.

The State of Oregon has a volatile tax structure which results in unstable levels of school funding. This instability can cause a significant variance in the level of programs school districts are able to financially support. Until such time that the state creates a stable tax system or a funding mechanism such as a Rainy Day Fund that will see Oregon schools through recessionary periods, the Board directs the superintendent to propose a budget that will allow for sustainability over a two year period.

The proposed budget will create fund balances in an amount sufficient to:

- a. Allow the district to deliver a sustainable level of programs through anticipated recessionary periods;
- b. Protect the district from unnecessary borrowing in order to meet cash-flow needs;
- c. Provide prudent reserves to meet unexpected emergencies and protect against catastrophic events;
- d. Meet the uncertainties of state and federal funding; and
- e. 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 Board believes these guidelines support prudent fiscal planning. Reserves and ending fund balance designations include:

- a. Appropriated Contingency Reserve of 2.5 percent of the General Fund total resources net of the beginning fund balance. The Contingency may be used unanticipated expenditures or for emergencies as approved by formal Board resolution;

- b. Appropriated Rainy Day Reserve of five percent of the General Fund total resources net of beginning fund balance. These funds may be released for use in any year by an affirmative vote of a majority of the Board. Access to the fund will be triggered when the State School Fund, based on per ADMw estimates from the state for k-12 education fail to increase above prior school years or when the Board declares a financial emergency;
- c. Unappropriated Ending Fund Balance of five percent of the General Fund total resources net of the beginning fund balance (unavailable for expenditures as not appropriated); and
- d. Targeted Reserves Ending Fund Balance as may be allocated and designated for special purposes.

The Superintendent shall develop a budget plan to establish the reserves and ending fund balance designations; or as directed by the Board.

2. One-time Nonrecurring Revenues

The budget should match ongoing expenditures to ongoing revenues. One-time resources should be used for one-time expenditures that will not create a continuing obligation for the district or an unsustainable level of expenditures, and should not be expended before revenues are received.

3. Budget Accountability

Accountability to the public to demonstrate the effective use of public funds is a district goal. The district provides information to the public in a variety of methods to accomplish this goal. Budget accountability is a key component of this goal.

The district will incorporate budget accountability as part of performance management for administrators and holds individual managers accountable for ensuring program expenditures stay within budgeted limitations. Budget performance will be a criteria for evaluating management effectiveness. The Superintendent will require managers to report discrepancies in their plans versus what was budgeted. Managers will report on the status of their budgets and actions that they have taken to stay within limits at regular intervals to the business manager and superintendent. The business manager is accountable to the superintendent whom is ultimately responsible for the budget.

4. Financial Reports

The Board will receive regular financial reports that include estimates of expenditures for the district's various funds in comparison to budget appropriations, actual receipts in comparison to budget estimates and provide an update on the district's overall financial condition. Reports will keep the Board informed of significant changes impacting the district's overall financial condition due to changes such as state funding, demographics

or other key factors. Supplementary reports will be furnished as needed or upon request by the Board or superintendent.

5. Revenue Estimation Policy

All revenue forecasts shall be conservative, though reflective of the latest, best information available. Revenue estimates shall be made through an objective, analytical process. The district will not include revenue in budget preparation that cannot be verified with documentation of its source and amount. Key assumptions will be presented in the budget document.

6. Equipment Replacement Reserves

The district recognizes the need for ongoing equipment replacement to effectively deliver educational services. Equipment includes technology, maintenance, major software or other equipment like items deemed critical to operations.

This district may establish a separate fund to manage these funds. Replacement funding cycles and designated funds will be identified by major equipment type and noted in the annual budget document.

7. Capital Improvements

Major facility and ground improvements will be funded through the most viable and economical method appropriate for the improvements. To assist in funding projects that are more significant in nature but not eligible for bond funding due to the scope or timing, the District may elect to budget an amount each year designated for this purpose. A reserve may be built to carry over from year to year to assist in funding stability.

Capital Improvements are defined within the following guidelines:

- a. Cost \$20,000 or more, and
- b. Be a permanent addition to the fixed assets of the District, and
- c. Purchase land, and
- d. Construct a new facility, or
- e. Remodel or add to an existing facility, or
- f. Construct/install public infrastructure, or
- g. Replace existing infrastructure including facility HVAC systems.

Any debt instruments proposed for capital improvements will be approved by the board.

8. Early Retirement Benefits

Early retirement benefits will be funded on a pay-as-you-go basis. The program will be valued by an actuary at least every other year for planning purposes.

9. Cash Carryover

To encourage responsible expenditure of budgets, up to 50 percent of unused budget appropriations for the General Fund may be made available to managers in the following year upon approval of the Superintendent. The Board believes that the current budget allocations should benefit primarily current year students.

END OF POLICY

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Legal Reference:

ORS 332.107