

Reserves and Contingencies Fiscal Year 2008-2009

The Corvallis School District has established a number of Reserves, Contingencies, and a new Unappropriated Ending Fund Balance. The following describes the reasons for each.

<u>Description</u>	<u>Amount</u>
Reserves for Next 3 Years of 5-Year Spending Plan: See details of the 5-Year Spending Plan in this Introduction Section.	\$1,350,000
Reserve for future years stability/Local Option Levy The Local Option Levy Expenditure Plan provides for a reserve to help the District sustain current classroom academic programs in the future. This reserve will build at \$840,000 per year for three years and be used for programs in 2010-12.	1,680,000
Board Fiscal Policy-Related Contingencies	
Operating Contingency District Board Policy establishes a minimum 2.5% Operating Contingency. This Contingency is to provide for unanticipated expenditures or for fluctation in state formula factors. This is 2.5% of operating revenues, net of the beginning fund balance.	1,350,000
Rainy-Day Reserve District Board Policy establishes a 5% Rainy-Day Reserve. This Reserve is for use in any year in which the State School Fund, based on per ADMw estimates from the state for K-12 education, fails to increase above prior school years or when the Board declares a financial emergency. This is 5% of General Fund resources, net of the beginning fund balance.	2,700,000
Unappropriated Ending Fund Balance District Board Policy establishes a 5% undesignated General Fund ending balance. This reserve is not available for use during the budgeted year, but is a critical element of a stable credit rating. This is the second year the District has an Unappropriated Ending Fund Balance, and it is 0.5% of operating revenues.	250,000
Total	<hr/> \$7,330,000