

**South Coast Education
Service District**

Code: DBDB
Adopted: 3/10/15
Reviewed: 8/1/17
Reviewed: 4/20/21
Readopted: 6/8/21

Fund Balance

The Board recognizes its responsibility to maintain a fund balance in an amount sufficient to:

1. Provide prudent reserves to meet unexpected emergencies and protect against catastrophic events;
2. Meet the uncertainties of state and federal funding;
3. Protect the South Coast ESD from unnecessary borrowing in order to meet cash-flow needs;
4. Help ensure a credit rating that would qualify the ESD for lower interest costs and greater marketability of bonds that may be necessary in the construction and renovation of ESD facilities.

Consequently, the Board directs the Superintendent to propose the annual budget with a minimum of 5% of total General Fund revenue as unappropriated ending fund balance.

In determining the unappropriated ending fund balance to approve, the Board will consider a variety of factors including the predictability and volatility of its revenues and expenditures; the availability of resources in other funds as well as the potential drain upon general fund resources from other funds; liquidity; and designations. Such factors will be reviewed annually during the budget planning process.

The proposed annual budget should have the remainder of estimated General Fund ending fund balance budgeted as operating contingency. The budgeted operating contingency should be no less than 3% of total General Fund revenue. The estimate for general operating contingency shall be budgeted and appropriated to cover expenditures that may become necessary in the fiscal year of the budget which cannot be foreseen or planned in the budget. An expenditure may not be made directly from the general operating contingency, the amount must be transferred by board action from the operating contingency to another existing appropriation. The amount, in aggregate, that may be transferred by resolution is limited to 15 % of the original total appropriations made in the fund, per current ORS statutes. Transfers in excess of the 15 % limit must be done by adoption of a supplemental budget.

END OF POLICY

Legal Reference(s):

ORS 294.311 (18) ORS 294.371
ORS 332.107 ORS 294.463(2)