

## Operational Services

### **Administrative Procedure- Fiscal Philosophy and Fund Balance**

The Superintendent or his designee shall develop the district budget within the following guidelines:

1. The budget shall provide for the continued delivery of high-quality educational programs aligned with long-range priorities without deficit spending.
2. The budget shall provide for educating students in safe and secure facilities, which are maintained and updated to best serve the learning needs of students.
3. The district shall maintain staffing patterns that align with class size targets and state or federally mandated requirements.
4. The unreserved fund balance as of June 30 of each fiscal year on a fully accrued basis (Education, Tort, Working Cash, Operations and Maintenance and Transportation) shall be maintained at a range of 25% - 35% of operating expenses in order to continue to provide the community with uninterrupted programs or services, to maintain the highest financial rating the state offers, and to maintain a high investment rating of Aa or higher. Under no circumstances should the fund balance be maintained at less than 10% of the preceding year's operating expenditures without approval of the Board of Education, a written rationale for reducing the reserve below 10%, and a plan to increase the fund within the approved range.

If fund balances are reduced below 25% of operating expenses:

- The administration shall recommend a financial strategy to the Board of Education to replenish the balance to a level above the minimum threshold in an expeditious time period that should not exceed three to five years.
- The maximum balance will be measured on a three-year rolling average to account for exceptional revenue or expenditure activities. Examples of exceptional items may include, but are not limited to make-up payments from State or Federal sources, one-time programming expenses, or legislatively driven factor.
- If a one-time expenditure is requested, requiring the use of the fund balances, a written rationale for the expenditure first must be presented to the Board of Education Finance and Facilities Committee for review of the expenditure using an established criterion-based rubric, which includes a plan to restore the fund balance, and then to the full Board of Education for approval. If the unreserved fund balances cannot be maintained at the specified levels due to changes in anticipated revenues the administration shall provide the board with alternative operating recommendations.
- Early tax revenues received by the District prior to July 1 of the fiscal year for which they are intended shall not be expended until the new fiscal year commences.

If the fund balance exceeds 35% of operating funds:

- Administration will present a plan to the Board of Education aligned to Board Strategic Priorities. The Board of Education may set aside funds above the 35% threshold for a specific amount to be segregated for a specific purpose over a specific timeframe, through

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action on an annual basis. The purpose of said funds shall be to fund future capital projects that will support the District's needs.

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