

GENERAL FUND OPERATING BUDGET RESERVE

The Board of Education is committed to well-structured prudent fiscal management of the community's schools. Board of Education Policies and the Fiscal Beliefs statement require that the fiscal management of the School District recognize the need to ensure fiscal stability, avoid cash flow challenges that may result in short term borrowing, preserve the school district bond rating, to provide for unexpected expenditures due to natural disasters or emergencies, and to fund extraordinary one-time needs.

The Board of Education is committed to the best practices for budget development and management. K-12 education and local governments' best practices for ensuring fiscal stability, as well as recommended best practices by the Government Finance Officers Association (GFOA) and the Ohio Association of School Business Officials (OASBO) for establishing an operating budget reserve, have been used to validate the need to create a General Fund Operating Budget Reserve Fund. Recognizing the significant reliance of property tax revenue and the historically stable General Fund Reserve Base, the Board of Education has determined to establish a General Fund Operating Budget Reserve of 15% of the annual total general fund expenses.

Ohio Revised Code 5705.13(A)(3) limits the amount of a reserve fund to not more than five percent (5%) of the revenue credited in the preceding fiscal year. Therefore the General Fund Operating Budget Reserve Fund shall maintain five percent (5%) of the revenue credited in the preceding fiscal year and the Board of Education shall maintain a minimum general fund cash balance of fifteen percent (15%) of the annual total general fund expenses less the amount in the General Fund Operating Budget Reserve Fund.

The operating fund reserve and minimum general fund cash balance are to only be accessed with the authority of the Board of Education for: extraordinary one-time needs, unexpected expenditures due to natural disasters or emergencies, or to avoid cash flow borrowing.

In any fiscal year when total general fund revenues exceed general fund expenses, the surplus shall be deposited into the operating fund reserve and/or the general fund cash balance until the target balance is achieved. If the operating fund reserve balance fund falls below the target amount, the general fund shall transfer revenue into the operating reserve fund within three years. All investment income earned will be credited to the General Fund Operating Budget Reserve until the legally defined maximum amount is reached.