

Operational Services

Fund Balances¹

The Superintendent or designee shall maintain fund balances adequate to ensure the District’s ability to maintain levels of service and pay its obligations in a prompt manner in spite of unforeseen events or unexpected expenses. The Superintendent or designee shall inform the Board whenever it should discuss drawing upon its reserves or borrowing money.

The School District seeks to maintain year-end fund balances no less than the range of 15-20 percent of the annual expenditures in each fund.²

The School District seeks to maintain year-end fund balances no less than the range of 25 percent of the annual expenditures in each fund.

The School District shall pass a balanced budget each year.

Jason Lind 5/29/2018 2:07 PM
Comment [1]: This is our current language.

CROSS REF.: 4:10 (Fiscal and Business Management), 4:80 (Accounting and Audits)

¹ A target of 25% or higher would result in a school district receiving the highest category of financial recognition from ISBE. The following alternative is for a district with fund balances deemed not currently adequate:

The School District will seek to establish year-end fund balances representing _____ percent of the annual expenditures for each fund by budgeting a surplus in each fund.

The board should ask the administration to prepare a multi-year cash flow projection to validate the sufficiency of the target figure. This figure is one of two components used to compile the ISBE *School District Financial Profile*, which includes a category called “Days Cash on Hand,” among others. For more information, see www.isbe.net/Documents/profile.pdf and www.isbe.net/Pages/School-District-Financial-Profile.aspx.

Note: If the board maintains a fund balance at the start of a fiscal year that is two or more times the average expenditures of that fund (over the past three fiscal years), it may face a tax rate objection based on excess accumulation of funds. See e.g., Central Ill. Public Service Co. v. Miller, 42 Ill.2d 542 (1969); Allegis Realty Investors v. Novak, 379 Ill.App.3d 636 (2nd Dist. 2008). Whether such an objection has merit depends on a number of factors, including the type of fund at issue and/or reason(s) for the excess accumulation. Consult the board attorney for further guidance regarding fund balances and related tax rate objections.