

Board Adopts Fund Balance Policy

A revised Fund Balance Policy was unanimously adopted by the Community Consolidated School District 64 Board of Education at the January 9, 2006 Board of Education meeting. The new policy states that the District's operating fund balance shall end each fiscal year with four months (33%) of operating expenses. The previous policy had set a fund balance goal of at least 20% of total annual expenditures to be achieved by the end of a five-year projection.

The revised Fund Balance Policy is needed to ensure that the District maintains adequate funds to cover monthly expenses, thus minimizing the need to borrow money from outside sources in order to meet payroll and other ongoing operating expenses. This is particularly important given that property taxes are primarily paid in two installments (fall and spring) while expenses are incurred throughout the year.

In addition, the timing of property tax receipts varies, and often occurs later than expected, thus requiring the District to have sufficient funds on hand to cover operating expenses until taxes are received.

The revised Fund Balance Policy better reflects the financial reality of operating a school district in today's environment and its adoption is an important step in District 64's goal to continually improve the financial health of the District.