

BOARD AGENDA ITEM

October 26, 2021

SUBJECT:

Revision of Policy DA Fiscal Management Goals/Priority Objectives, First Reading

BACKGROUND INFORMATION:

Policy DA Fiscal Management Goals/Priority Objectives establishes the board's vision for sound fiscal management of the district. Policy DA outlines the process to ensure decisions are made to provide the most effective educational program for the district.

ADMINISTRATIVE CONSIDERATION:

Administration recommends revisions to Policy DA Fiscal Management Goals/Priority Objectives to establish a General Fund balance that ensures reserve fund for two or more months.

RECOMMENDATION:

Approve Policy DA Fiscal Management Goals/Priority Objectives, First Reading

ATTACHMENTS:

Policy DA Fiscal Management Goals/Priority Objectives

PREPARED BY:

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FISCAL MANAGEMENT GOALS/ PRIORITY OBJECTIVES

Code **DA** Issued **2/4/611/21**

Purpose: To establish the board's vision for the sound fiscal management of the district.

The quantity and quality of learning programs are directly dependent on the funding provided and the effective, efficient management of those funds. Therefore, achievement of the district's purposes can best be made through excellent fiscal management.

As trustee of local, state and federal funds allocated for use in public education, the board will be vigilant in fulfilling its responsibility to see that these funds are used wisely.

Because of resource limitations, it is essential that the board and district administration take specific action to optimize the allocation of available resources in order to provide the most effective educational program. A strong educational program is corollary to prudent fiscal management. The board will incorporate this concept into all aspects of board and district operations.

To achieve this vision for the management of fiscal resources, the board will do the following:

- Engage in thorough advance planning in order to develop budgets and to guide expenditures in ways that achieve the greatest educational returns as well as the greatest contributions to the educational program.
- Establish levels of funding within available resources that will provide high quality education for the students of the district.
- Monitor inflows and outflows of resources throughout the year to ascertain whether actual results are in line with expected results. Significant fluctuations should be appropriately addressed, as necessary.
- Use the best available techniques and processes for budget development and management.
- Provide timely and appropriate information to the board and all staff with fiscal management responsibilities.
- Maintain an unassigned ~~general~~**General fund** Fund balance of no less than ~~eight percent of the two months' reserves, based on~~ budgeted expenditures for the year ending June 30 (except in extraordinary circumstances) with a desired level of ~~at least 16 percent~~ **three months' reserves** in order to manage finances on a cash basis (as provided by law), or as near a cash basis as circumstances permit, and also to provide reasonable resources to cover non-budgeted contingencies and/or state (and other) funding shortfalls during the school year in accordance with sound financial standards and procedures. A sufficient and healthy fund balance will help maintain a high bond rating to reduce the cost of long-term borrowing. Should fund balance levels decrease to or near ~~eight percent levels~~ **two months' reserves, which would be the equivalent of one month's operational reserves,** the board and administration will take **appropriate** steps to address the declining fund balances. Such steps would include reducing expenditures, increasing revenue, or some combination of each. **Use of fund balance may be considered on occasion to address one-time, non-recurring type needs, including instances when unassigned fund balance exceeds three-month threshold.**

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- Establish and implement efficient procedures for accounting, reporting, investing, purchasing and delivery, payroll, payment of vendors and contractors, and all other areas of fiscal management.

Adopted 6/10/75; Revised 10/9/01, 10/25/11, 2/9/16, 11/9/21

Legal references:

A. S.C. Code, 1976, as amended:

1. Section 59-69-110 - Authorization for creation of reserve fund to place schools on cash basis.

B. Other:

1. Governmental Accounting Standards Board, generally accepted accounting principles, as well as the Financial Accounting Standards Board.