

# OSBA Policy Recommendations for Portland Public Schools

## Section D: Fiscal Management

**Board Policy Committee will begin review of the following highlighted policies in section DB at the 6/1/2020 committee meeting**

Contingencies and Reserves (Recommend delete policy)..... [DBDB](#)

(Proposed policy)..... [DBDB](#)

Budget Committee (Proposed policy)..... [DBEA](#)

Budget Reallocations-Post Budget Adoption (Recommend delete AD)..... [DBI](#)

Budget Amendments (Proposed policy)..... [DBI](#)

Budget Transfer Authority (Proposed policy)..... [DBK](#)

Grant Funding Proposals and Applications (Proposed policy)..... [DD](#)

Native American Impact Aid Funds (Proposed policy) ..... [DDB](#)

Native American Education Program Grants - Title VI Indian Education (Proposed policy) .. [DDC](#)

Educational Foundation (Revised policy)..... [DED](#)

Tax-Exempt Bond Post-Issuance Compliance and Continuing Disclosure Policy (Recommend delete AD)..... [DFA](#)

Cash Management (Recommend delete policy)..... [DFA](#)

Cash Management Program.(Proposed policy) ..... [DFA](#)

Investment of Funds (Proposed policy) ..... [DFA](#)

Investment of Funds (Proposed Administrative Rule)..... [DFA-AR](#)

Tickets (Recommend delete AD) ..... [DFE-AR](#)

Admissions to District Events (Proposed policy Version 1).....  
[DFEA](#)

Admissions to District Events(Proposed policy Version 2) ..... [DFEA](#)

Admissions to District Events (Proposed policy Version 3).....	<a href="#">DFEA</a>
Income from Program – Related Sales and Services (Proposed policy).....	<a href="#">DFG</a>
Authorized Signatures (Proposed policy).....	<a href="#">DGA</a>
Bonded Employees and Officers (Proposed policy).....	<a href="#">DH</a>
Financial Reports and Statements (Proposed policy).....	<a href="#">DI</a>
Ownership of Equipment (Recommend delete policy) .....	<a href="#">DID</a>
Property Inventories (Proposed policy).....	<a href="#">DID</a>
District performance auditing (Revised policy) .....	<a href="#">DIE</a>
District Purchasing (Proposed policy).....	<a href="#">DJ</a>
District Funds for Purchase of Meals and Refreshments for Meetings (Recommend delete policy).....	<a href="#">DJ-AR</a>
Expenditure of District Funds for Meals, Refreshments and Gifts (Proposed Administrative Rule).....	<a href="#">DJ-AR</a>
Public Contracting Rules, Payment of Claims, and Personal Liability (Recommend delete policy).....	<a href="#">DJC</a>
Public Contracting and Purchasing Rules (Recommend delete policy).....	<a href="#">DJC</a>
Bidding Requirements (Proposed policy).....	<a href="#">DJC</a>
Purchasing and Contracting Delegation of Authority ((Recommend delete AD).....	<a href="#">DJC-AR(1)</a>
Portland Public Schools Equity in Public Purchasing and Contracting (Recommend delete policy).....	<a href="#">DJC-AR(2)</a>
Equity in Public Purchasing and Contracting: Business Equity (Recommend delete AD).....	<a href="#">DJC-AR(3)</a>
Special Procurements and Exemptions from Competitive Bidding (Proposed Administrative Rule) .....	<a href="#">DJC-AR</a>
Personal Services Contracts (Proposed policy).....	<a href="#">DJCA</a>
Personal Services Contracts (Proposed Administrative Rule).....	<a href="#">DJCA-AR</a>

Salary advances (Recommend delete AD).....	<a href="#">DLBA</a>
Advance Salary Payments (Proposed policy).....	<a href="#">DLBA</a>
Reimbursement of expenses (Revised policy).....	<a href="#">DLC</a>
Mileage funds allocation (Recommend delete AD) .....	<a href="#">DLC-AR(1)</a>
Mileage funds allocation (Recommend delete policy) .....	<a href="#">DLC-AR(2)</a>
Staff Expense Reimbursement (Proposed Administrative Rule).....	<a href="#">DLC-AR</a>
District Real Property (Revised from policy to administrative rule with edits).....	<a href="#">DN-AR</a>
Disposal of District Property (Proposed policy).....	<a href="#">DN</a>
Process for disposing of surplus real property (Recommend delete AD).....	<a href="#">DN-AR</a>

OSBA: Recommend delete policy and replace with DBDB Fund Balance

PPS Staff: Keep current PPS policy 8.10.025-P, which was recently revised and adopted.


OSBA Code: DBDB  
PPS policy number: 8.10.025-P  
Adopted: 4/19/17

### Contingencies and Reserves

1. The Board understands that to avoid financial instability, continuing requirements should be insulated from typical fluctuations in revenues and expenditures.
2. It is the goal of the Board to fund and maintain an operating contingency in the general fund that at a minimum is 10% of annual expenditures. It is the policy of the Board to establish this contingency each fiscal year during the budget process.
3. The Board resolves to establish this minimum target of a 5% operating contingency in the general fund by June 30, 2020 and 10% operating contingency in the general fund by June 30, 2025.
4. When the minimum level of operating contingency has been established and maintained for at least three years, the Board will consider establishing an additional reserve. The Board may choose to establish such a reserve sooner.
5. Contingencies and reserves will be established pursuant to Oregon Revised Statute (ORS 294.388). Subsequent intrafund transfers from contingency will be made in accordance with ORS 294.463. Requests for use of contingency amounts up to a combined total of 15% of the total appropriations authorized in the fund are within the authority of the Board to authorize. Transfers that exceed 15% may be made only after Board approval and adoption of a supplemental budget for that purpose.
6. To achieve financial stability, when the contingency account is used, the Board will seek to restore the account as soon as possible.

END OF POLICY

Legal Reference(s):



[ORS 294.311\(18\)](#)

[ORS 294.398](#)

[ORS 332.107](#)

OSBA: Recommend adopt proposed policy

PPS Staff: Decline to adopt. Keep recently adopted Contingencies and Reserves 8.10.025-P

OSBA Code: DBDB

### Fund Balance

The Board recognizes its responsibility to establish an unrestricted fund balance<sup>[1]</sup> in an amount sufficient to:

1. Protect the district from unnecessary borrowing in order to meet cash-flow needs;
2. Provide prudent reserves to meet unexpected emergencies and protect against catastrophic events;
3. Meet the uncertainties of state and federal funding; and
4. Help ensure a district credit rating that would qualify the district for lower interest costs and greater marketability of bonds that may be necessary in the construction and renovation of school facilities.

Consequently, the Board directs the [superintendent] to manage the currently adopted district budget in such a way to ensure an ending fund cash balance of at least [8] percent of total adopted revenues.

In determining an appropriate unrestricted fund balance, the Board will consider a variety of factors with potential impact on the district's budget including the predictability and volatility of its expenditures<sup>[2]</sup>; the availability of resources in other funds as well as the potential drain upon general fund resources from other funds<sup>[3]</sup>; liquidity<sup>[4]</sup>; and designations<sup>[5]</sup>. Such factors will be reviewed annually.

END OF POLICY

#### Legal Reference(s):

[ORS 294.311\(18\)](#)

[ORS 294.398](#)

[ORS 332.107](#)

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[1] The Government Finance Officers Association (GFOA) recommends, at a minimum, that general-purpose governments, regardless of size, maintain an unrestricted fund balance in their general fund of no less than 5 to 15 percent of regular general fund operating revenues, or of no

less than one to two months of regular general fund operating expenditures. The Oregon Association of School Business Officials recommends, at a minimum, an unrestricted ending fund balance of no less than 3 to 8 percent of the general fund budget. In general practice, levels of fund balance, typically, are less for larger governments than for smaller governments because of the magnitude of the amounts involved and because the diversification of their revenues and expenditures often results in lower degrees of volatility.

[2] Higher levels of unrestricted fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile.

[3] The availability of resources in other funds may reduce the amount of unrestricted fund balance needed in the general fund, just as deficits in other funds may require that a higher level of unrestricted fund balance be maintained in the general fund.

[4] The disparity between when financial resources actually become available to make payments and the average maturity of related liabilities may require that a higher level of resources be maintained.

[5] The need to maintain a higher level of unrestricted fund balance to compensate for any portion of unrestricted fund balance already designated for a special purpose.

OSBA: Recommend adopt policy

PPS Staff: Decline to adopt because the statute requiring this for smaller districts does not apply to PPS.

OSBA Code: DBEA

## **Budget Committee**

### **Organization, Membership and Terms of Office**

The district budget committee will consist of the [five] [seven] members of the Board and [five] [seven] electors appointed by the Board as required by law. [The term of the appointed members of a budget committee in a district that prepares an annual budget, will each be three years, with appointments made so that, as nearly as practicable, the terms of one-third of the members end each year.] [The appointive members of a budget committee in a district that prepares a biennial budget shall be appointed to four-year terms. The terms shall be staggered so that as near as practicable, one-fourth of the terms of the appointive members end each year.] The Board will establish appropriate timelines and procedures for the appointment of budget committee members.

A majority of the constituted committee is required for passing an action item. Majority for a [14-member budget committee is 8] [10-member budget committee is 6]. Therefore, if only [8] [6] members are present, a unanimous vote is needed for passing an action item.

### **Presiding Officer and Orientation of Budget Committee**

1. Organization: The budget committee will hold its first regular organizational meeting on a day set by the Board. A presiding officer shall be elected from among its members at this meeting. Such meeting may be prior to or on the date the budget message and document are presented.
2. Background Information: Budget committee members will be provided with data for the ensuing year(s), such as the Board's educational plan, and other pertinent material bearing on the preparation of the district budget.

### **Meetings of the Budget Committee**

The district's budget committee shall hold one or more meetings to receive the budget message, the budget document and to provide members of the public with an opportunity to ask questions about and comment on the budget document. The budget officer shall announce the time and place for all meetings, as provided by law. All meetings of the budget committee are open to the public.



## **Function of the Budget Committee**

It is the function of the budget committee to approve budget estimates for an educational plan previously determined by the Board. No new program should be considered for the budget estimate that has not previously been submitted to the Board and approved as a part of the educational plan. The budget committee will determine levels of spending, but will not determine programs.

## **Final Action**

The budget committee will approve an estimated district budget document for submission to the Board.

END OF POLICY

## **Legal Reference(s):**

[ORS 174.130](#)

[ORS 192.610 to -192.695](#)

[ORS 294.305 to -294.565](#)

[ORS 433.835 to -433.875](#)

OSBA: Recommend delete Administrative Directive 8.10.025-AD

PPS Staff: Recommend delete Administrative Directive 8.10.025-AD

OSBA Code: DBI

PPS AD number: 8.10.025-AD

### **Budget Reallocations-Post Budget Adoption**

#### 1. Purpose

This policy establishes the guidelines to assure consistent and detailed communication between the superintendent and the Board regarding fiscal issues. Communication is essential under circumstances that could result in significant reductions or reallocations of funding after the Board has adopted the budget.

#### 2. General Provisions

The finance, audit, and operations committee will be apprised in a timely manner of significant changes in revenue expectations and cost/expenditure patterns. In particular, the finance, audit, and operations committee will be informed when fiscal circumstances may result in the need for transfers from the contingency fund.

#### 3. Provision of Information to the Board

a. Budget to actual financial reports and revenue reports will be provided to and discussed with the board finance, audit, and operations committee on a monthly basis.

b. Specific information regarding budget reductions will be provided to the committee when expenditure adjustments are considered significant. Criteria for judging the significance of a change can include:

- (1) Expenditure items or programs that are of priority to or of special interest to Board members as reflected in history of Board and committee meetings;
- (2) Expenditure items or program adjustments that exceed \$250,000;
- (3) Program changes expected to have direct and noticeable student or staff impact;
- (4) Any proposed reallocations from the contingency fund.

c. Upon request or as deemed appropriate, information will be provided to all Board members.

d. At the option of the finance, audit, and operations chair, particular expenditure reductions could be considered 'major' as defined below, triggering a more extensive review and submittal of information to the Board.

#### 4. Process for Determining Major Expenditure Reductions

Major budget reallocations are defined here as those that exceed .5% of the General Fund Operating Budget.

a. In the event that major expenditure reductions must be undertaken, the superintendent will consult with the finance, audit, and operations committee in preparation of recommendations for such reductions.

b. Subsequent to consultation with the finance, audit, and operations committee, the superintendent will report to the full Board regarding plans and recommendations for expenditure reductions. The following types of background information will be provided:

- (1) Superintendent's recommendations for reductions;
- (2) Criteria and policy assumptions that underlie the prioritization of the reductions;
- (3) Explanation of the procedure/process used in developing the recommendations for reductions;
- (4) Expected consequences/impact of the reduction on services.

c. The superintendent will submit the reduction recommendations to the Board for approval by resolution.

#### 5. Contingency Fund Transfers

a. If the superintendent recommends a transfer from the contingency fund, justification for this transfer will first be presented to the finance, audit, and operations committee for discussion.

b. After consultation with the finance, audit, and operations committee, the superintendent will submit the recommendation to the Board for approval by resolution.

END OF POLICY

Legal Reference(s):

[ORS 294.456](#)

[ORS 294.471](#)



OSBA: Recommend adopt policy DBI; Budget Amendments

PPS Staff: Recommend adopt policy with staff edits

OSBA Code: DBI

PPS policy number: TBD

### Budget Amendments

The budget estimates and proposed ad valorem property tax amount or rate of any fund as shown in the budget document may be amended by the Board prior to adoption. Such amendment may also be made following adoption if the amendments are adopted prior to the commencement of the budget period to which the budget relates.

The amount of estimated expenditures for each fund in an annual budget may not be increased by more than \$5,000 or 10 percent of the estimated expenditures, whichever is greater. ~~[The amount of estimated expenditures for each fund in a biennial budget may not be increased by more than \$10,000 or 10 percent of the estimated expenditures, whichever is greater.]~~

The ad valorem property tax amount or rate to be certified may not exceed the amount approved by the Board acting as the budget committee, unless the amended budget document is republished and another public hearing is held as required by law.

END OF POLICY

#### Legal Reference(s):

[ORS 294.456](#)

[ORS 294.471](#)

[ORS 294.473](#)

OSBA: Recommend adopt policy DBK; Budget Transfer Authority

PPS Staff: Recommend adopt policy with staff edits

OSBA Code: DBK

PPS policy number: TBD

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### **Budget Transfer Authority**

The adopted District budget is a financial plan which may be subject to change as a result of circumstances or events occurring during the ensuing budget period. All appropriation transfers shall be authorized when completed by official resolution of the Board. The authorizing resolution must state: the need for the transfer; its purpose; and the amount of the transfer.

Transfers of general operating contingency appropriations, which in aggregate during a fiscal year or budget period exceed 15 percent of the total appropriations of the fund, may be made only after the adoption of a supplemental budget prepared for that purpose.

The superintendent, or designee has the authority to approve transfers between programs (*i.e.*, elementary, middle school, high school) and or object codes (*i.e.*, 100-salaries, 200-benefits, 300-purchasing service, 400-supplies) within the same appropriation.

END OF POLICY

#### **Legal Reference(s):**

[ORS 294.463](#)