

**Billings School District 2**

**FINANCIAL MANAGEMENT**

Budget and Financial

To ensure the long-term economic stability of the organization, the Billings Public Schools has developed a series of financial and budgetary policies. Using both operational guidelines and quantitative standards, these policies strive to maintain a stable and a positive financial position for the foreseeable future. Moreover they provide guidelines to the Chief Financial Officer/Business Manager in planning and directing the District's day-to-day financial affairs, and in developing recommendations to the Superintendent and Board. The overall debt management policy of the District is to ensure that financial resources of the District are adequate in any general economic situation to not preclude the District's ability to pay its debt when due.

The following outline provides an overview of the fiscal management policies followed within the Billings Public Schools.

**Fund Balance Objectives**

***General Fund Undesignated Fund Balance:***

- Will be maintained to provide the District with sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing.
- Should not be used to support recurring operating expenditures.
- The upper goal for the fund balance is 10%, but not less than 5% of the budgeted General Fund revenues for the fiscal year.
- Funds in excess of upper goal may be considered to supplement "pay as you go" capital outlay expenditures or prepay existing debt.

***Enterprise Funds:***

- Operating cash reserves are maintained to provide the District with sufficient working capital and to offer a comfortable margin of safety to address emergencies and unexpected declines in revenue.
- The goal for each enterprise fund reserve is 20% of the average actual operating revenues for the preceding five fiscal years.

**Contingency Appropriation**

***Annual Budget:***

- Each operating budget will include a contingency appropriation sufficient to provide for temporary financing of unanticipated needs of an emergency nature for that year.

***Replacement Funds:***

- Provisions will be made in annual operating budgets for sufficient maintenance and replacement dollars to ensure that all capital acquisitions computer hardware and software, and other equipment are properly maintained and replaced in accordance with approved capital and equipment replacement schedules.

**Capital Improvements**

***Long Range Planning:***

- A five year long-range financial forecasting system will be used that incorporates both revenue and expenditure estimates for all District funds. The long-range forecast will be updated annually.
- A five year capital improvement program will be updated annually and include the cost of construction and operating expenditures. No capital improvement projects will be authorized until full cash funding has been established to finance the project.
- Operating cost of new capital will be reviewed as part of the five-year capital improvement program. Annual expenditure increases will include the cost of maintaining and operating new capital improvement projects brought on-line during the previous fiscal year.

**Control Measures and Compliance**

***Disclosure:***

- The District's annual financial statements and bond representations shall fully disclose all significant events and financial and related issues as provided by the departments to the Chief Financial Officer/Business Manager. Accounting and budgeting functions will comply with standards issued by the Governmental Accounting Standards Board, the National Council on Governmental Accounting, American Institute of Certified Public Accountants, and the Government Finance Officers Association.

- The District shall comply with all state and federal regulations concerning financial management and reporting.

**Debt Management Policy**

***Objectives:***

- To improve the District's current underlying bond ratings with the major municipal rating services.
- To maintain regular contact with rating agencies through meetings and visits on and off-site.
- To secure ratings on all bonds issued if economically feasible.
- To develop a balanced "pay-as-you-go" and "pay-as-you-use" capital improvement program as an element of the annual budget process.
- To update the District's Five-Year Capital Improvement Program in conjunction with the annual budget development process.
- To develop and maintain with the assistance of the District's Financial Advisor a "Financial Indicator Analysis" to be used to track financial trends and warning signals.
- To develop and maintain an assessment of the debt management key ratios for the purpose of comparing with other local governments and rating agencies credit criteria.

Cross References: 7000 Goals

Legal References: Title 20, Chapter 9, MCA Finance

Procedure History:

Issued by Superintendent on: June 20, 2011

Presented to Board on: June 20, 2011

Revised on: