

FUND BALANCE POLICY**UTILIZATION OF RESERVE FUNDS**

The amount allocated annually to the Basic Aid Reserve will be equal to fifty percent (50%) of the differential between the district's property tax revenue over the amount of the prior year's property tax revenue. The differential is to be calculated prior to adoption of the annual budget and recalculated and reconciled based on the actual property tax collected for the current fiscal year and the estimate of the property tax revenue for the subsequent fiscal year.

The transfer of funds into the Basic Aid Reserve will take place to the extent that funds are needed to bring the Basic Aid Reserve toward the target amount set forth in board policy 3111.

There may be times when the Board may need to draw on the BA reserve for extenuating circumstances or catastrophic occurrences that create a shortfall in the budget. Examples of such events could include:

1. An unexpected increase in enrollment.
2. A decrease in property tax revenue.
3. Loss of additional outside revenue sources.

If there is a need to utilize funds from a reserve, funds from the Basic Aid Reserve fund shall be used before funds from the General reserve fund.

In no event shall the combined unrestricted General Fund reserves (General and Basic Aid) fall below seven and one-half percent (7.5%) in the current fiscal year budget.