

NATOMAS UNIFIED SCHOOL DISTRICT

Resolution No. 20-06

IN THE MATTER OF: COMMIT GENERAL FUND BALANCE, 2019-2020 SECOND INTERIM

The following RESOLUTION was duly passed by the Board of Trustees of the Natomas Unified School District, at a regular meeting held on the 11th of March 2020, by the following roll call vote:

Jag Bains	_____
Scott Dosick	_____
Micah Grant	_____
Susan Heredia	_____
Lisa Kaplan	_____

Signed and approved by me after its passage:

Lisa Kaplan, President

Attest:

Micah Grant, Clerk

WHEREAS, school district governing boards are responsible for maintaining the fiscal solvency of the schools they govern;

WHEREAS, the Governing Board of the Natomas Unified School District has adopted budget criteria and standards as outlined in Board Policy 3100;

WHEREAS, the Governing Board of the Natomas Unified School District wishes to establish a committed fund balance in the general fund in conformance with the standards and criteria established by the state board of education pursuant to Education Code section 33127;

WHEREAS, the California Department of Education urges school districts to commit to maintaining a prudent level of financial resources to protect against the need to reduce services because of temporary revenue shortfalls or unpredicted expenditures;

WHEREAS, the California Department of Education and the Government Finance Officers Association recommend that school districts maintain committed, assigned, and unassigned reserves of at least two months of operating expenditures or approximately a 17 percent reserve to mitigate revenue shortfalls and unanticipated expenditures;

WHEREAS, the Governing Board of the Natomas Unified School District wishes to commit funds in the general fund for emergency facility repairs, major textbook adoptions, unexpected costs, management of cash flow, mitigation of volatility in funding or expenditures, unexpected costs for special education students with highly specialized needs, a natural disaster that reduces student attendance and associated state funding, deferred maintenance, or a lawsuit that results in a costly judgment or settlement against the district;

WHEREAS, maintaining positive cash flow will diminish the need for borrowing and its associated costs;

WHEREAS, California's tax system relies heavily on income taxes paid by individuals and businesses, which are volatile revenue sources;

WHEREAS, certain district expenditures such as pension costs can be difficult to predict precisely and are anticipated to increase in costs;

WHEREAS, healthy reserves can address these cost increases rather than immediately reducing spending, staffing, and other areas of the budget;

WHEREAS, the district can experience unexpected costs for special education students with highly specialized needs, emergency facility repairs, natural disasters that reduce school attendance, and associated school funding for lawsuits that result in costly settlements or judgments against the district;

WHEREAS, the district is in need of replacing textbooks and related curriculum, computers, school buses and equipment and facility components that have reached the end of their useful lives such as flooring, or heating and cooling systems;

WHEREAS, the district may need to finance the construction of school buildings and other capital projects and cannot rely completely on bond measures or state funding;

WHEREAS, in the event that the school district needs to borrow money, healthy reserves will provide the district with a higher rating from the credit rating agencies and lower interest rates;

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

1. It is hereby determined that the amount of \$10,723,203 is hereby committed from the 2019-2020 General Fund Second Interim ending balance for the following purposes:
 - a. Stabilization Arrangements: \$ 8,723,203
 - i. To plan for the increasing pension costs associated with STRS and PERS and/or potential up and downs in enrollment and State Budget (LCFF Revenue)
 - ii. To implement Board Policy 3100 requirement of a 9% minimum reserve for future economic uncertainties
 - b. Other Commitments: \$2,000,000
 - i. Science Textbook Adoption - \$1,500,000
 - ii. SELPA Stabilization - \$500,000
2. The governing board of the school district, reserves the right to modify these committed funds in the future as the need arises.