

February 12, 2015 Board Meeting

12.b. BUDGET UPDATE: SET RESERVE LEVEL (8:10 PM)

Debra M. Hendricks, Superintendent

Rationale

When setting a reserve level, a history of reserve balances in the district is helpful in determining an adequate reserve. Upon review of past reserve level, reserves were set at a lower level when the state and thus the district were experiencing expectations of positive economic certainty. On the other hand, when the state was experiencing a severe recession and revenue to schools was reduced by the state, the district increased its level of reserves. The higher level of reserves was necessary for not only economic uncertainty but for cash flow purposes.

In reviewing the history of reserve levels for the district, the Unappropriated Percent to Expenditures is the most appropriate factor to review. This percent level of reserves accounts for established budget set-asides that are essential to district operations for future obligations. For example, the district reserves funds for anticipated expenses for items including but not limited to annual textbook adoptions, and the state required 3% of its general fund for economic uncertainties.

The attached table provides a history of the district's fund balance over the last 13 years.

Recommended Motion

Staff recommends the Board of Trustees establish a reserve level for the 2015-2016 fiscal year budget.

Quick Summary / Abstract

The Board of Trustees to establish a reserve level for the 2015-2016 fiscal year budget.

Financial Impact

General Fund: Reduction/Increase to Reserve Level