INFORMATION SHEET 09/12/2023 TRUSTEES' MEETING

ATTACHMENT: 7.5

TO: Jim Bridges, Superintendent

FOR: Board of Trustees

FROM: Celli Coeville, CBO

ISSUE: Resolution 2023-09-03 Committed Fund Balance

In conformance with GASB 54 and Education Code section 33127 the District is able to commit a portion of the fund balance for future needs. This resolution would create a board-committed designation to prevent reduction of educational services resulting from temporary revenue shortfalls or unpredicted expenditures.

The Committed Funds requirement was triggered for the first time in 2022-23 for all school districts unless ADA was under 2,501. This requirement is triggered when the State's rainy day fund exceeds a certain percentage. When triggered, districts can only have a total Assigned/Unassigned fund balance of 10% or less. Jefferson was exempt from this requirement in 2022-23 because our ADA was under 2,501. In 2023-24, our projected ADA is 2,643.

The state only requires a three percent reserve which is $909,415 at the 2023-2024 budget. As in previous years, the state can defer revenues, but the District is obligated to meet its expenditures. Committing $4,500,000 of the fund balance will also eliminate the need for the $500,000 Board Assignment.

Recommendation: Approve Resolution 2023-09-03 Committed Fund Balance

BEFORE THE BOARD OF TRUSTEES
JEFFERSON ELEMENTARY SCHOOL DISTRICT
COUNTY OF SAN JOAQUIN STATE OF CALIFORNIA

RESOLUTION NUMBER 2023-09-03

RESOLUTION REGARDING COMMITTED FUND BALANCE

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

WHEREAS, GASB 54 established the category of committed fund balance in February, 2009;

WHEREAS, the purpose of creating the committed fund balance in GASB 54 is to improve financial reporting by providing fund balance categories that will be more easily understood;

WHEREAS, the governing board of the Jefferson Elementary School District wishes to establish a committed fund balance in the general fund in conformance with GASB 54 and the standards and criteria established by the State Board of Education pursuant to Education Code section 33127;

WHEREAS, the State Board of Education revised their criteria and standards for fiscal solvency for budget and interim financial reports in December 2013;

WHEREAS, the California Department of Education, in its website, 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 short falls or unpredicted expenditures;

WHEREAS, the governing board of the Jefferson Elementary School District wishes to commit funds in the general fund for technology standards, in the case of declining enrollment, cash flow, and mitigation of volatility in funding or expenditures,

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, the district can experience unexpected costs for special education students with highly specialized needs, emergency facility repairs, natural disasters that reduce school attendance and unanticipated litigation;

WHEREAS, the district is in need of replacing technology according to the district technology standards;

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, the Governing Board of the Jefferson Elementary School District hereby resolves, determines, and finds the following:

1. It is hereby determined that the amount of $4,500,000 is hereby committed from the General Fund.
2. The governing board of the school district reserves the right to modify this committed reserve in the future, by resolution, as the need arises.

PASSED AND ADOPTED by the Governing Board on September 12, 2023, by the

following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Clerk
Board of Trustees
Jefferson Elementary School District