

Second Reading Board Policy BP 3100: Business and Noninstructional

Reserves for Economic Uncertainty

Current BP 3100:

The Governing Board accepts responsibility for adopting a sound budget that is compatible with the District's vision and goals. The Board shall establish and maintain a reserve that meets or exceeds the requirements of the law.

Current required percentage = 2%

Proposed:

Per BP 3100, the Board shall establish and maintain a general fund reserve for economic uncertainty that meets or exceeds the requirements of 5 CCR 15443. **The reserve for economic uncertainty for the District will be established at no less than 5% of total general fund expenditures. In the event that the District falls below the 5% level, the percentage level will be restored at a rate of no less than one percent per year until the five percent level is reached.** In the event that restoring the reserve at a rate of 1% per year will result in a negative impact to students due to reductions e.

Reserves for Economic Uncertainty

Benefits:

- Protect a district from a future fiscal crisis by providing a buffer against future funding reductions and/or unexpected increased liabilities
- Allow a district time to adjust the budget thoughtfully and strategically

Reserves for Economic Uncertainty

Current Reserve 2% = \$11.5M approximately

Proposed 5% = \$28M approximately

Average monthly cash flow for 10 months =

*\$49M approximately

Average monthly payroll for 10 months =

*\$40.5M approximately

*assuming current year budget

Use of One-Time Funds

Summary

- Board reviews revisions to Board Policy 3100