

RESOLUTION
2024-63
REGARDING COMMITTED FUND BALANCE

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

WHEREAS, the governing board of the Lodi 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, 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 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 short falls and unanticipated expenditures;

WHEREAS, the governing board of the Lodi Unified School District wishes to commit funds in the general fund for Declining Enrollment Commitment, to be used for the following, but not limited to: negotiated salary settlements, 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, emergency facility repairs related to a leaky roof, malfunctioning fire system or gas leak, 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, Basic Aid districts rely heavily on local property taxes, and have no protection from fluctuations in student attendance;

WHEREAS, certain district expenditures such as health care benefits or pension costs can be difficult to predict precisely;

WHEREAS, healthy reserves can address these cost increases rather than immediately reducing spending and other parts 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 needs 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 \$ 124,492,842 is hereby committed from the General Fund for the following purposes:

Negotiated salary settlements, 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, emergency facility repairs related to a leaky roof, malfunctioning fire system or gas leak, 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

2. The governing board of the Lodi Unified School District, reserves the right to modify this committed reserve in the future, as the need arises.

Dated: June 18, 2024

Board President

Board Vice President

Board Clerk