

## **RESOLUTION 14-15-17**

### **A RESOLUTION OF THE BOARD OF EDUCATION OF THE EUREKA UNION SCHOOL DISTRICT**

#### **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 Eureka Union 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 Eureka Union School District wishes to commit funds in the general fund for, major textbook adoptions including related supplemental materials and technology, deferred maintenance and emergency facility repairs, and a bus replacement plan;

**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**, California's current provision of funding to schools through the Education Protection Act (EPA) is dependent upon Prop 30 temporary tax increases;

**WHEREAS**, California's current provision of funding to schools increasingly includes substantial one-time funds which can create volatility and challenges with projecting future revenue;

**WHEREAS**, certain district expenditures such as statutory payroll benefits and pension contribution costs represent substantial ongoing expense increases;

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

**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**, 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 \$2,820,253 from the General Fund is hereby committed, based on the 2015-16 Adopted Budget Components of Ending Fund Balance, for the following purposes:
  - a. Textbook Adoptions – included necessary and related supplemental materials \$800,000
  - b. Deferred Maintenance and Emergency Repairs \$1,720,253
  - c. School Bus Replacement \$300,000
2. The governing board of the school district reserves the right to modify this committed reserve in the future as the need arises.

The following Resolution was duly passed and adopted by the Eureka Union School District Board of Education at a regular meeting held on June 25, 2015, by the following vote on roll call:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

Signed and approved by me after its passage.

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BOARD PRESIDENT  
BOARD OF EDUCATION

ATTEST:

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LINDA ROONEY  
SECRETARY/CLERK