

**Resolution: 1664.1/18**

**Authorizing the Establishment of Unrestricted General Fund Reserves**

**WHEREAS**, School district governing boards have the obligation to provide a quality education that is essential for an informed citizenry, a competitive economy, a fulfilling life for all students, and the foundation of our democratic society; and

**WHEREAS**, School district governing boards are responsible for maintaining fiscal solvency of the school systems they govern; and

**WHEREAS**, The Local Control Funding Formula (LCFF), based on the principle of subsidiarity, provides governing boards, working with interested stakeholders, with the authority to prioritize funds in order to provide quality education for all students, especially those who are English learners, from low income households and who are Foster Youth; and

**WHEREAS**, Funds for crucial services for school operations, such as payroll, classroom materials, textbook adoptions, school construction projects, technology, technology infrastructure, home-to-school transportation, declining enrollment considerations, deferred maintenance, and other considerations often require successful ongoing cash-flow management and disciplined planning, including the creation and maintenance of prudent financial reserves; and

**WHEREAS**, School district reserve levels are determined by governing boards to meet local priorities and to allow districts to save for potential future expected and unexpected expenditures, and to save for the eventual economic downturns and the uncertainty of LCFF funding; and

**WHEREAS**, Prudent budgeting raises expectations for school districts to establish and maintain reserves above the statutory minimum; and

**WHEREAS**, The governing board of the Mountain View Whisman School District currently budgets to maintain a minimum reserve of 3% consistent with the Criteria and Standards for fiscal solvency adopted by the State Board of Education, and 3% reserves is approximately 1.5 weeks of the district's annual expenditures; and,

**WHEREAS**, The State's Legislative Analyst Office, the Government Finance Officers Association and School Services of California recommend to maintain an unrestricted funds reserve level equal to two months of district-wide expenditures, or approximately 17%; and,

**WHEREAS**, The Strategic Plan 2021 Goal 5: Resource Stewardship, contains Desired Outcome: The District will maintain a balanced general fund; and,

**WHEREAS**, A balanced general fund shall be defined as the unrestricted general fund reserve level in the third year of any Board-enacted budget adoption or interim budget

report falls within the range of 17%-20%, and may include deficit spending in any or all of the three years included in the multi-year projection.

**THEREFORE LET IT BE RESOLVED** That the Board of Trustees of the Mountain View Whisman School District shall maintain an unrestricted general fund reserve level of 17%-20% in both adopted annual budgets and interim budget reports in the third year of the multi-year projection of that particular budget report will be considered a balanced general fund, including the possibility of deficit spending in any of the three years.

PASSED AND ADOPTED by the Board of Education of the Mountain View Whisman School District of Santa Clara County, State of California, this 4<sup>th</sup> day of January 2018, by the following vote:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSENT: \_\_\_\_\_

ABSTENTIONS: \_\_\_\_\_