

# Memo

**To:** Board of Trustees  
**From:** Jeff Lippstreu, C.B.O.  
**Date:** 6/11/2021  
**Re:** Approval of Excess of Minimum Reserve Requirements

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**Background:**

Education Code 42127(a)(2)(B) requires an explanation of balances that are in excess of Minimum Reserve requirements on an annual basis. The District is to substantiate the need for assigned and unassigned ending fund balances in excess of the minimum reserve standard for economic uncertainties identified in the budget. The formulated document is to be made available to the public at the same location the Proposed Budget is available for viewing and hold a public hearing with the budget. Hearings were held on June 3, 2021.

**Quick Summary / Abstract:**

The attached document provides the calculation for the supplemental 3% Reserve for Economic Uncertainty due to Basic Aid status.

**Recommended Motion:**

Approve District Need for Assigned and Unassigned Ending Fund Balances in Excess of Minimum Reserve Budget Standards.

## 2021-22 Budget Adoption Reserves

### *Lagunitas School District*

Substantiation of need for reserves greater than the state required minimum reserve for economic uncertainty

The governing board of a school district that proposes to adopt a budget that includes a combined assigned and unassigned ending fund balance in excess of the minimum recommended reserve for economic uncertainties, shall, at the Budget Adoption public hearing, provide:

The minimum recommended reserve for economic uncertainties;

The combined assigned and unassigned ending fund balances that are in excess of the minimum recommended reserve for economic uncertainties for each fiscal year identified in the budget; and

A statement of reasons to substantiate the need for reserves that are higher than the minimum recommended reserve.

	2021-22
Total General Fund Expenditures & Other Uses	\$ 4,369,301
Minimum Reserve requirement	5% \$ 218,465
General Fund Combined Ending Fund Balance	\$ 882,821
Special Reserve Fund Ending Fund Balance	\$ -
Components of ending balance:	
Nonspendable (revolving, prepaid, etc.)	\$ 5,000
Restricted	\$ 335,096
Committed	\$ -
Assigned	\$ 193,181
Reserve for economic uncertainties	\$ 349,544
Unassigned and Unappropriated	\$ -
Subtotal of Assigned, Unassigned & Unappropriated	\$ 542,725
Total Components of ending balance	\$ 882,821
Assigned & Unassigned balances above the minimum reserve requirement	\$ 324,260

#### Statement of Reasons

**The District's Fund Balance includes assigned, unassigned and unappropriated components, that in total are greater than the Minimum Recommended Reserve for Economic Uncertainties because:**

*District is a Community Funded (Basic Aid) district, with revenues closely tied to property values, which can be volatile in economic Board has downturns or when properties are transferred into public agency inventory.*

*As a small district, preparation must be made for unanticipated costs of special education placements.*

*Community Funded districts require greater reserves to provide cashflow to meet monthly payroll and expenses, due to revenues posting in December, April, & June.*

*The Board has designated the following supplemental reserves:*

-Supplemental reserve for economic uncertainties of 3%	\$131,079	
-Special Education reserve	\$96,000	
-STRS/PERS reserve	\$59,170	
-Lottery reserve	\$17,397	Total: \$303,646