

GASB 54 and RESERVE CAP

June 15, 2021 Board Meeting

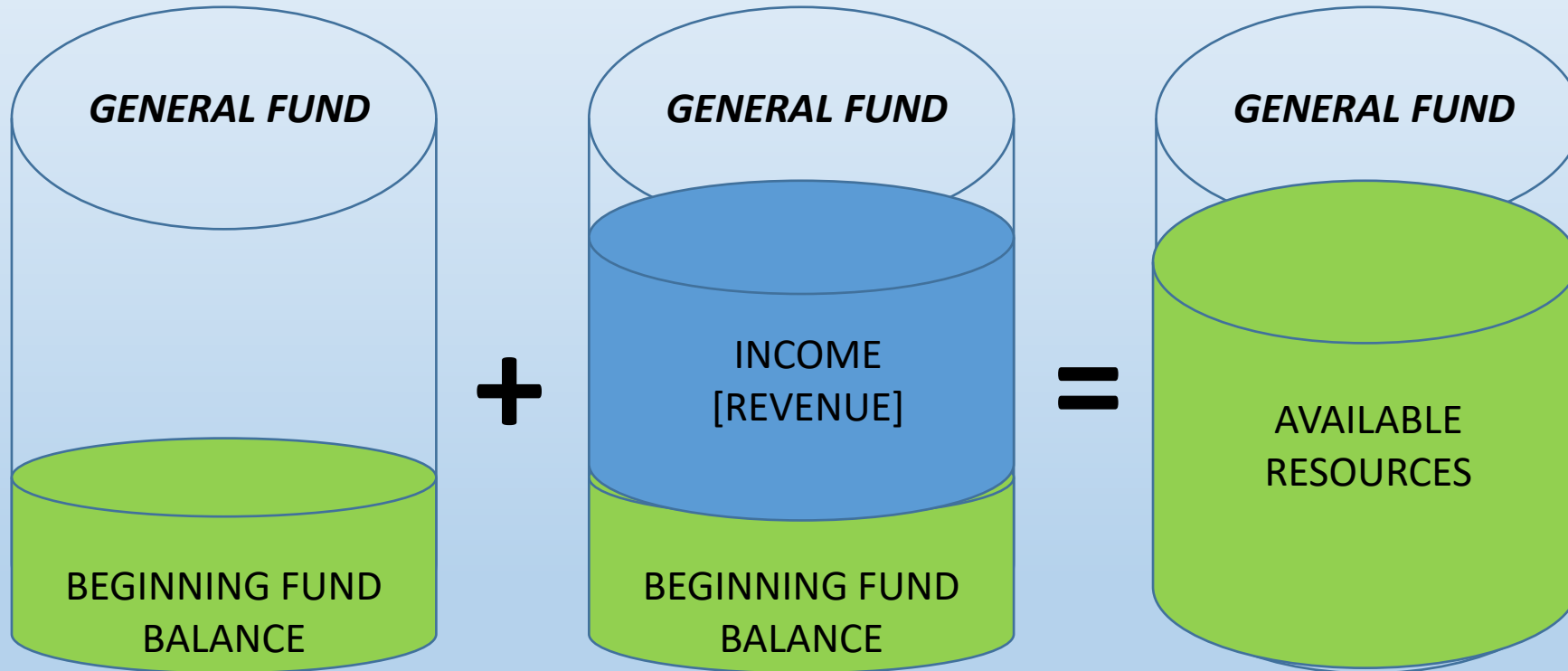
GASB 54 and RESERVE CAP

- GASB 54 requires reporting of specific components of ending fund balance
 - Financial statements beginning after June 15, 2010
- Components:
 - **Non-Spendable** = amounts not in spendable form or required to be maintained intact
 - **Restricted** = amounts for which the donor/grantee or legislation requires spending only on particular purposes
 - **Committed** = amounts subject to internal constraints self-imposed by the Governing Board
 - **Assigned** = amounts intended to only be spent on particular purposes designated by the Superintendent or Assistant Superintendent, Business Services
 - **Unassigned** = fund balance remaining after subtraction of all above components = BUDGET RESERVES
- Proposition 2, enacted in 2014, established a State “Rainy Day” Reserve and a separate “Rainy Day” reserve for public school funds (Prop 98)
 - Included provision requiring school districts to not have more than X% of “Assigned and Unassigned” fund balance in Adopted Budget for year following when all criteria for reserve cap trigger were met
 - LAO and DOF project the criteria will be met with the 2021-22 State Budget
 - CAP will be required for the 2022-23 Adopted Budget = **no more than 10%**

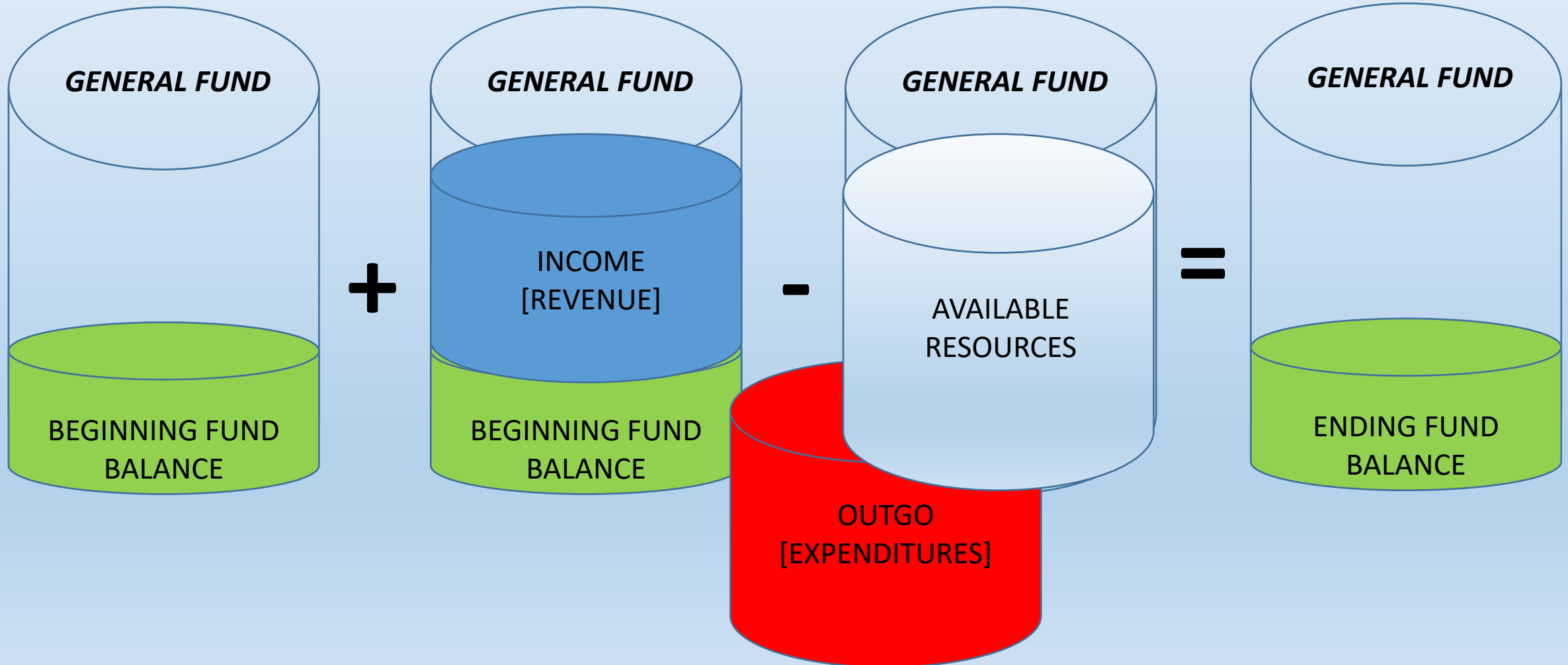
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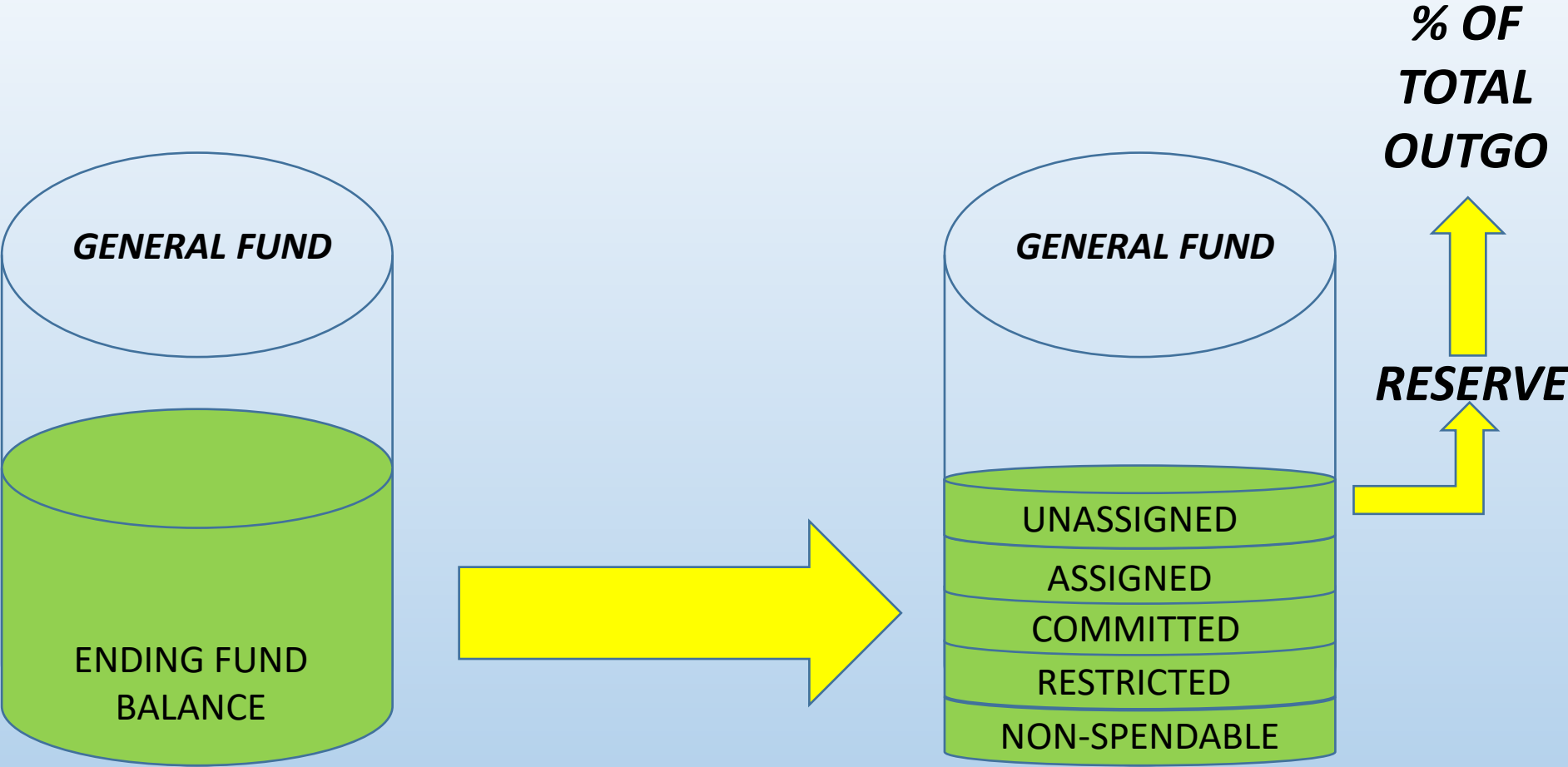
District Budget Fundamentals



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Complying with Reserve Cap Requirement

1. Goal: Comply with reserve cap requirement while continuing to maintain sufficient fund balance to ensure fiscal stability and flexibility
2. Methods:
 1. Increase expenditures
 2. Transfer amounts to Fund 40
 3. Commit funds

Item	2022-23		2023-24		2024-25	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Beginning Fund Balance	\$18,501,941	\$3,505,152	\$9,694,986	\$100,000	\$5,342,105	\$100,065
Fund Balance Adjustments						
Total Income	\$62,594,122	\$12,441,785	\$63,506,122	\$12,435,024	\$64,618,247	\$12,435,024
Total Outgo	\$71,401,077	\$15,846,937	\$67,859,003	\$12,434,959	\$69,536,537	\$12,434,959
Change in Fund Balance	(\$8,806,955)	(\$3,405,152)	(\$4,352,880)	\$65	(\$4,918,291)	\$65
Ending Fund Balance	\$9,694,986	\$100,000	\$5,342,105	\$100,065	\$423,815	\$100,130
Total Reserves	\$8,722,775		\$4,357,531		(\$573,199)	
Budget Reserve as % of Expenditures	10.00%		5.43%		-0.70%	

QUESTIONS?