

**Burbank Unified School District
Administrative Services**

REPORT TO THE BOARD

TO: Members of the Board of Education

FROM: Debbie Kukta, Assistant Superintendent, Administrative Services

PREPARED BY: Alyssa Low, Director Fiscal Services

SUBMITTED BY: Ruthie DiFonzo, Senior Administrative Assistant

DATE: June 25, 2020

SUBJECT: Report on Excess Reserves

Background:

Per Education Code Section 42127(a)(2)(B), districts that propose to adopt a budget that includes a combined assigned and unassigned ending fund balance in excess of the minimum recommended reserve for economic uncertainties (REU) must provide the following information at the public hearing for their proposed budget prior to budget adoption:

- The minimum reserve for REU level required in each year identified in the budget
- The amount of assigned and unassigned ending fund balance that exceeds the REU in each year
- Reasons for the REU being greater than the minimum

District's required REU level:

The District is required to retain a 3% REU, the Board of Education recognizing their duty to maintain fiscal solvency set Board policy to reserve an additional 3%.

District's Assigned and Unassigned Ending Fund Balances:

	2020-21	2021-22	2022-23
Beginning Balance	\$6,911,802	\$5,977,261	\$5,998,099
Revenue	\$153,944,207	\$152,077,948	\$152,147,314
Expense	\$161,781,947	\$166,641,838	\$172,402,848
Reductions for Fiscal Solvency	(\$9,000,000)	(\$14,401,762)	(\$21,701,762)
Non-Spendable	\$100,060	\$100,060	\$100,060
Vacation Liability	\$272,000	\$272,000	\$272,000

CSEA Job Study	\$390,000	\$390,000	\$390,000
BASA 18-19 & 19-20 1%	\$420,000	\$560,000	\$700,000
Reserve (REU) 3%	\$4,619,110	\$4,603,890	\$4,558,110
Board REU up to 3%	\$176,091	\$72,149	\$188,241
Unassigned Fund Balance	-0-	-0-	-0-

District's Reasons for Unassigned Ending Fund Balance in Excess of REU:

It is prudent for the District to carry an amount over the required and Board approved reserved to protect against the volatility of state revenues.

Financial Impact:

None

Recommendations:

Debbie Kukta, Assistant Superintendent, Administrative Services, will report on the Ending Fund Balance in Excess of reserve for economic uncertainties (REU), as presented.