



THE GUIDANCE CHARTER SCHOOL

To: The Guidance Charter School Board Members, Palmdale School District.

FROM: Kamal Al-Khatib, Executive Director of Guidance Charter School.

CC: LACOE Accounting and Finance Services-Division of School Financial Services; Terry Macalalad, Enterprise Financial System Consultant. **Attn: Ms. Joanne Joe**

DATE: June 5, 2015

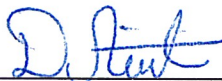
RE: 2015-2016 REU

Per Education Code Section 42127(a)(2)(B), the following district Reserve for Economic Uncertainties (REU) information was presented at a public hearing on Tuesday May 5, 2015:

1. The district's minimum required REU \$193,331.19
2. The district's projected Unassigned/ Unreserved balance at June 30, 2016, per multi-year projection (MYP) \$273,410 from 2015-16 budget. Reserve exceeding minimum REU \$193,331.19 (or 3% of projected revenue in the amount of \$6,444,373).
3. Reason for reserves in excess of minimum: The assigned REU for FY 2015-16 from 2015-16 budget is \$273,410 from FY2015-16 budget revenue. Additional funds from prior year carryover estimated at \$1.5 Million per multiyear projection are also available for REU. The amount of REU is greater than the required REU in order to be able to manage unfunded LCFF gap for FY2015-16 and future years as recommended by LACOE. This is also as a measure to help school to maintain a positive balance in our cash flow and avoid the borrowing cost for our charter school. Additional points considered for REU are: To maintain financial flexibility to absorb unanticipated.

If you have any questions, please contact me at 661-285-1600 and e-mail address dreyes@thegcs.org.

Sincerely,

Signature: 

Authorized Officer Name: Dora Avitia Reyes

Authorized Officer Position: School Business Manager

Employer: The Guidance Charter School

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