



**Action Item**

TO: Board of Trustees and Superintendent

PREPARED BY: Patsy Thomas, Director Fiscal Services

PRESENTED BY: Stephen Dickinson, Assistant Superintendent – Administrative Services

BOARD AGENDA ITEM: Consideration of Approval of the Adopted Budget, Fiscal Year 2014-2015

BOARD MEETING DATE: June 25, 2014

**BACKGROUND:**

California Education Code Sections 52062 requires that governing board of a school district shall adopt a Local Control and Accountability Plan (LCAP) or annual update to the LCAP in a public meeting. This meeting shall be held after, but not on the same day as, the public hearing. This meeting shall be the same meeting as that during which the governing board of the school district adopts a budget pursuant to paragraph (2) of subdivision (a) of Section 42127.

The District is highly dependent on funding from the State of California. At the time of the preparation of the District’s budget, the State of California had not adopted a 2014-2015 budget. Therefore, some of the assumptions contained in the District’s proposed budget may change. In accordance with the Education Code, the District may revise the adopted budget to reflect changes in projected income or expenditures within 45 days of the adoption of the State budget.

**ADMINISTRATIVE DISCUSSION:**

The proposed 2014-2015 budget has been prepared and a summary of the proposed revenues, expenditures, transfers, and fund balances is attached. The proposed budget shows a \$780,005 unrestricted surplus for 2014-2015, which has been “Assigned” for future budget adjustments, if authorized by the Board. At a budget study session on June 10<sup>th</sup> the Board discussed possible uses for these funds, including:

1) Increase sub pay from \$100 to \$115 =	\$150,000	Included
2) FHS Nurse 0.5 FTE =	\$42,500	Included
3) ACHS Counselor 0.2 FTE		\$20,000
4) Coordinator of Special Ed. 1.0 FTE		\$136,000
5) IT Site Technician 1.0 FTE (all sites FT)		\$70,000
6) Add 2 hrs/day to all Career Techs		\$85,000
7) Re-roofing of portables		\$180,000
8) Subflooring at CIHS rooms #95-#98		\$75,000
9) Replace windscreens district-wide		\$75,000
10) FHS nutrition services room		\$75,000
11) Replace maintenance and IT vehicles		<u>\$60,000</u>
TOTAL		\$776,000

If the Board wishes to add any of the above expenditures to the 2014-2015 budget adoption, they must specifically include them by name and amount in the motion for action.

Staff will make a presentation about the budget at the June 25, 2014 Board of Education meeting .

**FISCAL IMPACT:**

None.

**RECOMMENDATION:**

It is the recommendation of District administration that the Board of Trustees approve the 2014-2015 Adopted Budget Financial Report, including the eleven items listed above totaling \$776,000, and authorize the Superintendent or designee to sign the Adopted Budget Certification.

## **2014-2015 Budget and MYP**

During fiscal years 2009-2010 through 2012-2013, the district endured major funding cuts from the state which included double digit deficit factors and COLA's not being funded. With the passing of Proposition 30 in November 2012 and the implementation of the Local Control Funding Formula implemented in fiscal year 2013-2014, the district funding has moved into a positive direction.

For the first time in five years, the Adopted budget does not project deficit spending. The current estimated surplus is \$789,005.

With the expiration of Proposition 30 taxes in fiscal years 2016-2017 and 2018-2019 and future economic uncertainties, the district will continue to work on increasing the fund balance.

### **The Adopted General Fund Budget 2014-2015 Assumptions**

#### **State Assumptions**

- .85% COLA
- LCFF funding gap target is 28.06%
- LCFF Base Grant is \$8,491
- LCFF 9-12 Career-Technical Educate (CTE) Grade Span Adjustment is 2.6% or \$221
- LCFF 20% Supplemental Grant is \$1,742 times the percent of eligible students
- LCFF 50% Concentration Grant is \$4,356 times the percent of eligible students
- CalSTRS employer contribution is 9.5%
- CalPERS employer contribution is 11.771%
- Mandated Block Grant at \$56 per ADA
- Lottery funds-unrestricted at \$126 per ADA
- Lottery funds-restricted at \$30 per ADA
- Elimination of apportionment deferrals

#### **Local Assumptions**

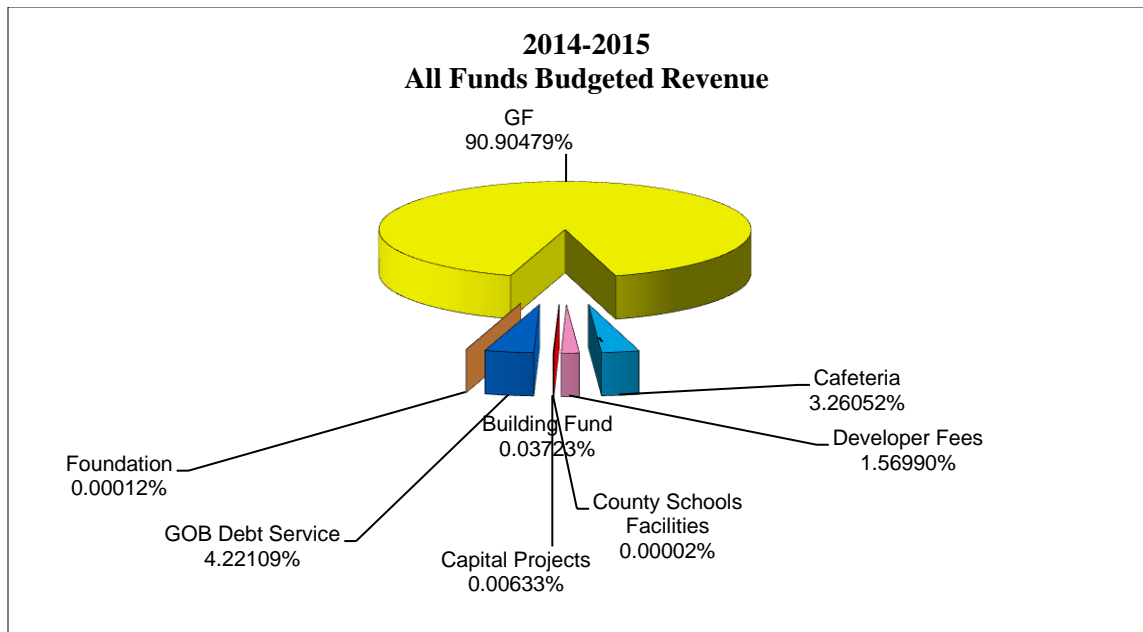
- Unduplicated count for Supplemental and Concentration 67.51%
- Half percent increase in enrollment
- 93.4% holding power for CBEDS/ADA
- Increase staff costs related to additional three student days
- Increase staff costs related to two professional development days
- Increase staff costs related to normal step/column movement
- Increase health benefit premium cost by 5% over 2013-2014
- Employee and retiree Health and Welfare contributions unchanged from 2013-2014
- Teacher Student ratio staffed at 28:1 based on projected enrollment
- School site allocation is \$141 per CBEDS

#### **Special Purpose Funds Assumptions**

- Cafeteria Fund contribution from the general fund is budgeted at \$537,390

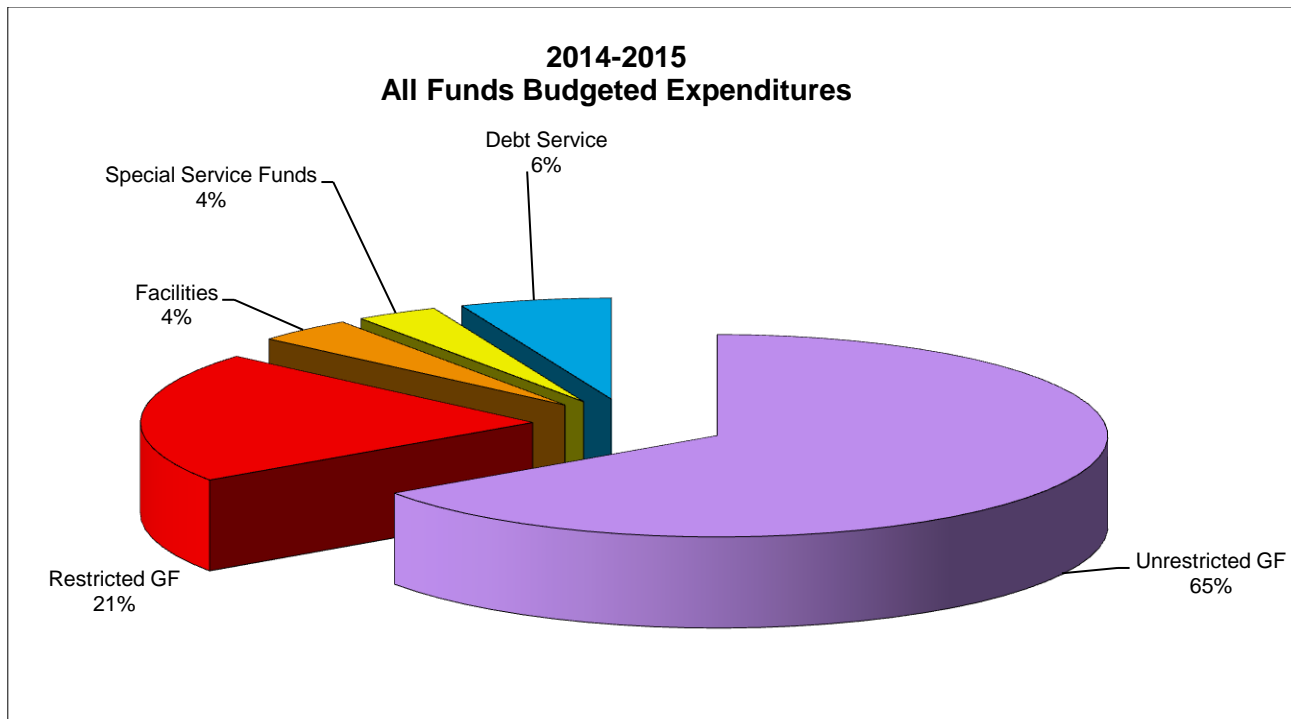
## District Revenue Totals

		PROJECTED REVENUES			
Fund		Estimated Actuals 2013-14	Proposed Budget 2014-15	Difference	% Change
010	General Fund-Unrestricted	116,372,692	130,376,058	14,003,366	12.0%
010	General Fund-Restricted	21,941,194	16,123,086	(5,818,108)	-26.5%
	<b>Total General Fund</b>	<b>138,313,886</b>	<b>146,499,144</b>	<b>8,185,258</b>	<b>5.9%</b>
130	Cafeteria Fund	5,613,264	5,254,554	(358,710)	-6.4%
214	Measure H	50,115,449	60,000	(50,055,449)	-99.9%
250	Developer Fee Fund	2,376,361	2,530,000	153,639	6.5%
350	County Schools Facilities Fund	52	25	(27)	-51.9%
401	COP Repayment	5,731	5,000	(731)	-12.8%
402	Rancho Campana Startup	1,971	200	(1,771)	-89.9%
407	QECB	100	-	(100)	-100.0%
408	E-Rate	5,000	5,000	0	0.0%
510	GOB Debt Service-Measure Q	3,722,190	3,621,271	(100,919)	-2.7%
514	GOB Debt Service-Measure H	7,163,933	3,181,298	(3,982,635)	-55.6%
730	Foundation Trust	610	198	(412)	-67.5%
	<b>All Funds Total</b>	<b>207,318,547</b>	<b>161,156,690</b>	<b>(46,161,857)</b>	<b>-22.3%</b>

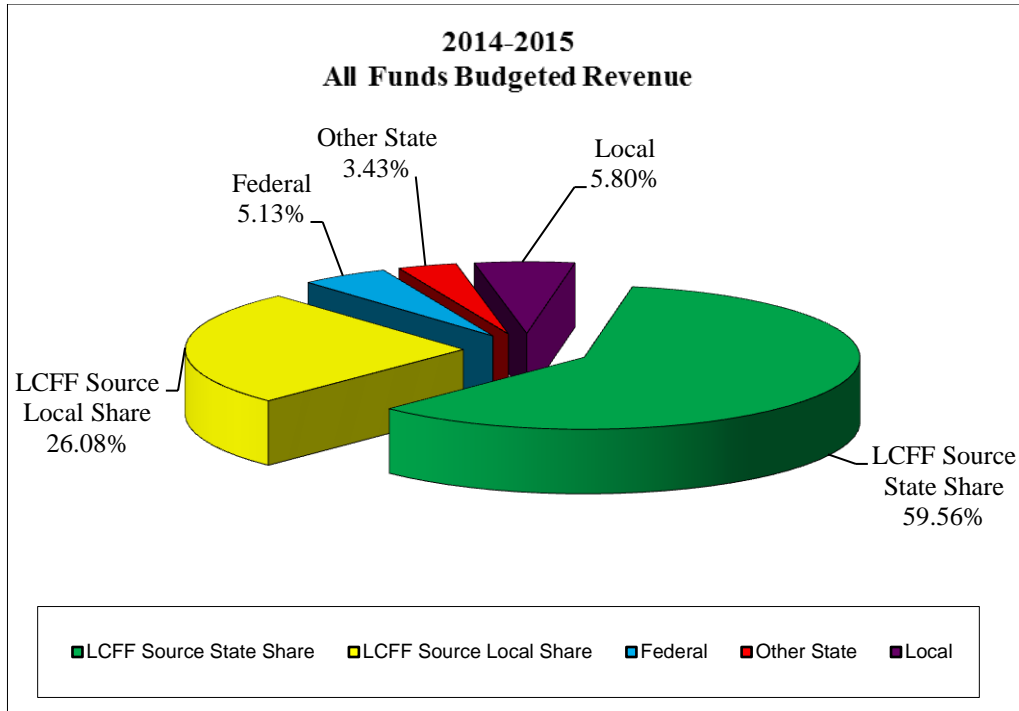


## District Expenditure Totals

Fund		Est. Actuals 2013-2014	Proposed Budget 2014-2015	Difference	Change %
010	General Fund Unrestricted	103,410,755	111,894,794	8,484,039	8.20%
010	General Fund Restricted	36,216,169	35,935,109	(281,060)	-0.78%
	<b>Total General Fund</b>	<b>139,626,924</b>	<b>147,829,903</b>	<b>8,202,979</b>	<b>5.87%</b>
214	Measure H	21,963,478	1,503,300	(20,460,178)	-93.16%
250	Developer Fee Fund	4,153,367	3,281,403	(871,964)	-20.99%
350	County School Facilities Fund	2,773	600	(2,173)	-78.36%
401	COP Repayment	0	0	0	
402	Rancho Campana Start Up	0	1,235,175	1,235,175	
407	Qualified Energy Construction Bond	30,233	0	(30,233)	-100.00%
408	E-Rate	60,976	840,000	779,024	1277.59%
130	Cafeteria Fund	6,129,921	5,791,944	(337,977)	-5.51%
730	Foundation Trust	0	0	0	
510	GOB Debt Service-Measure Q	3,839,951	3,848,476	8,525	0.22%
514	GOB Debt Service-Measure H	3,325,241	6,828,848	3,503,607	105.36%
	<b>All Funds Total</b>	<b>179,132,864</b>	<b>171,159,649</b>	<b>(7,973,215)</b>	<b>-4.45%</b>



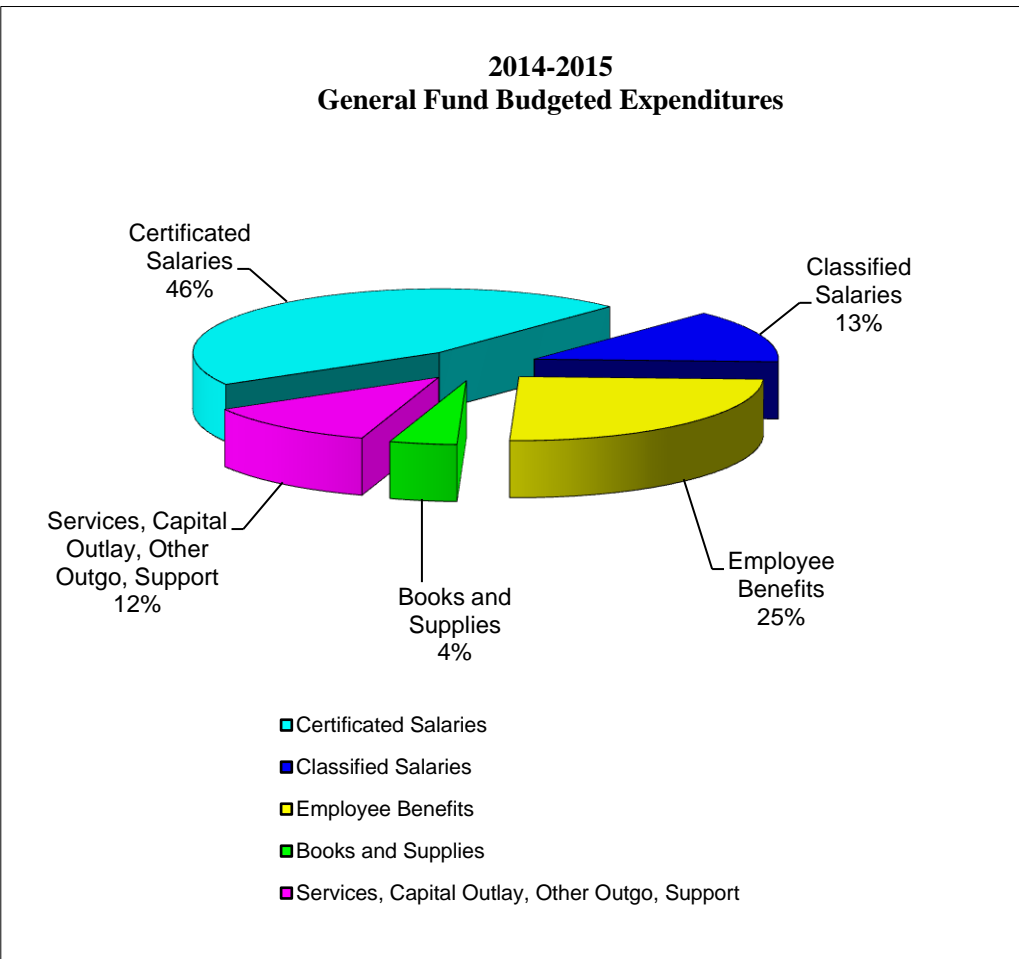
**Summary of Projected Revenues and Expenditures in the General Fund**



General Fund revenue is projected to be \$146,499,144.

LCFF Sources in the amount of \$125,462,631 is the primary source of General Fund Revenue.

LCFF income is combined, state and local share. The local share is projected to be \$38,208,521 and the state share is \$87,254,110.



General Fund expenditures total \$147,829,903. Salary and fringe benefits account for 84% of General Fund Expenditures.

Restricted General Fund expenditures total \$35,935,109.

Restricted totals include Special Education, State and Federal Categorical Programs, and Routine Restricted Maintenance.

Not included are contributions from the general fund for a total of \$17,031,567. This is 11.52% of General Fund Expenditures.

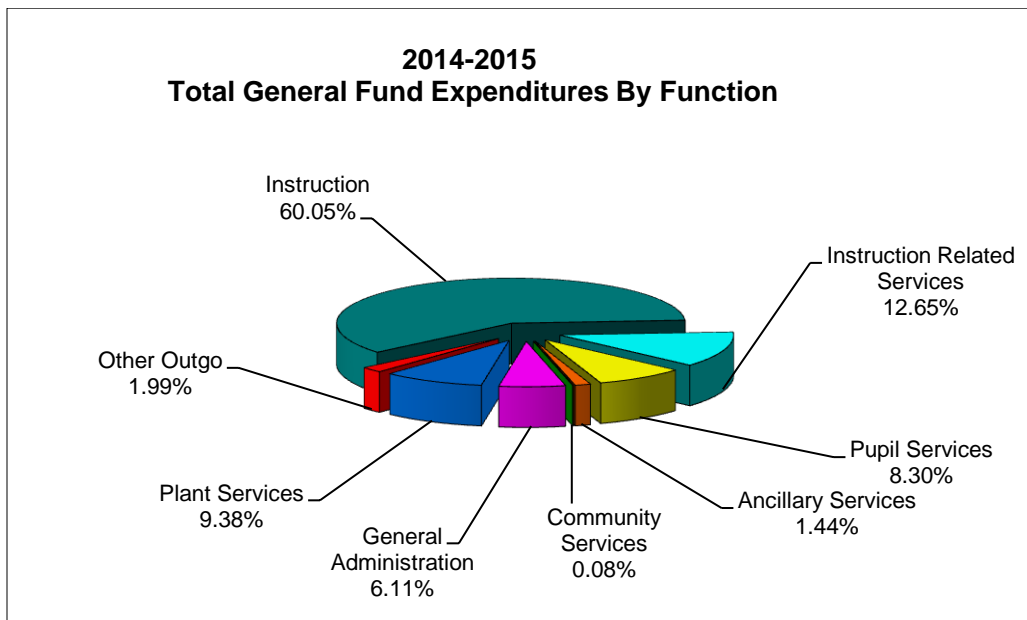
## General Fund (Unrestricted and Restricted) Expenses by Function

A Function represents a general operational area in the district. Functions are defined by the state to promote consistent accounting and reporting throughout the state.

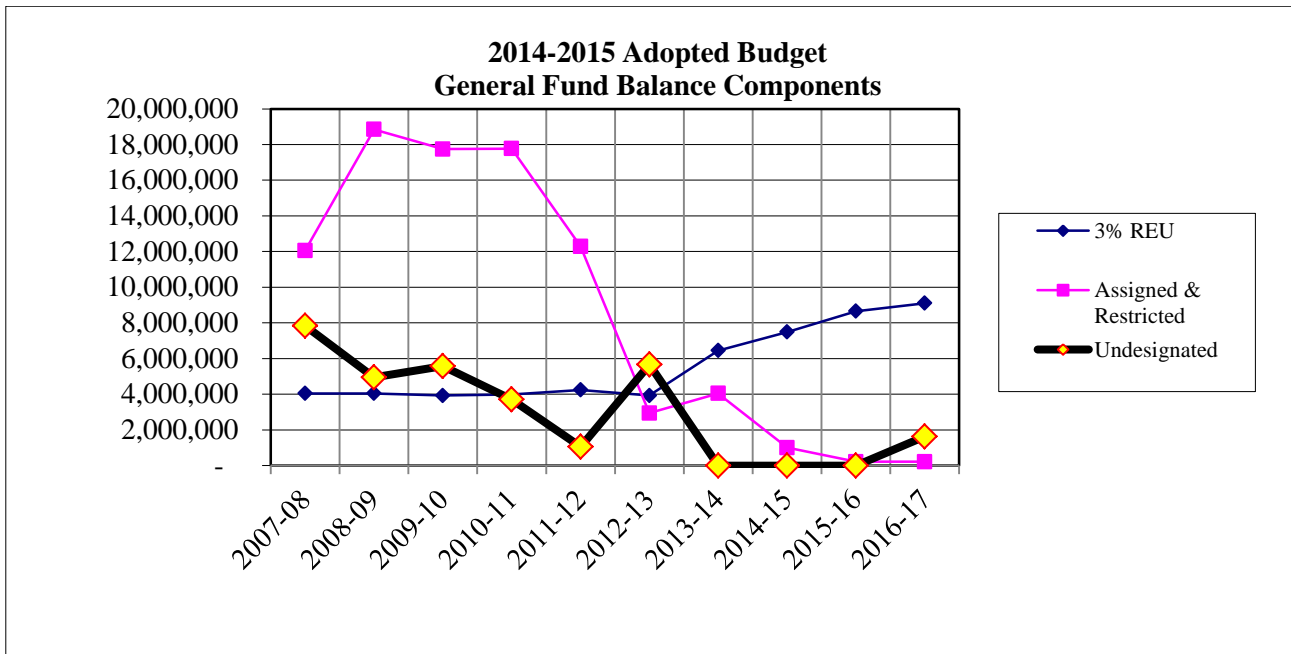
Following are the main function areas included in the Unrestricted General Fund.

Function	2014-2015 Amount	% of Total
Instruction	\$ 88,764,541	60.05%
Instruction Related Services	18,705,172	12.65%
Pupil Services	12,267,804	8.30%
Ancillary Services	2,135,408	1.44%
Community Services	118,544	0.08%
General Administration	9,030,390	6.11%
Plant Services	13,859,852	9.38%
Other Outgo	2,948,192	1.99%
<b>Total</b>	<b>\$ 147,829,903</b>	<b>100.00%</b>

- **Instruction**--Activities dealing directly with the interaction between students and teachers.
- **Instructional Related Services**--Activities that provide administrative, technical and logistical support to facilitate and enhance instruction and community services.
- **Pupil Services**--Activities involving counseling for students or parents.
- **Ancillary Services**--School sponsored activities during or after school that are not essential to instruction. These activities generally are for motivation and enjoyment of skills in a competitive or non-competitive setting.
- **Community Service**--Activities that provide community services to participants other than students.
- **General Administration**--Expenses related to district wide or countywide administrative activities.
- **Plant Services**--Activities that maintain and safeguard buildings, grounds, and equipment.
- **Other Outgo**--Debt service and transfers out to other funds and agencies.



**Ending General Fund Balance**



The chart above shows a ten year history of the components of the ending General Fund balance.

The **undesignated** fund balance is the black line with yellow squares, the **assigned** fund balance is the pink line and **reserve for economic uncertainties (REU)** is the blue line. The state requires a minimum 3% reserve for economic uncertainties, but the Board has a goal of 5% or greater. The district is working to increase the fund balance for any future economic downturns.

The current year 2013-2014 projection estimates the REU at 4.6% which is an increase of 1.6% over the minimum state requirement. The projection for 2014-2015 REU is 5.04% which is an increase of .04% over the district's board policy.