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## Oxnard Union High School District

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**TO:** Bob Carter, Ed.D.,  
Superintendent

**DATE:** December 8, 2010

**VIA:** Randy Winton  
Asst. Superintendent, Business Services

**FROM:** Patsy Thomas  
Chief Accountant

**SUBJECT: FIRST INTERIM REPORT, FISCAL YEAR 2010-2011**

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Education Code sections 42130 and 42131, as amended by AB 1200, require each district superintendent to prepare and submit interim financial reports to the governing board so the governing board can certify to the County Superintendent of Schools, the State Controller, and the State Superintendent of Public Instruction whether or not the school district is able to meet its financial obligations for the remainder of the fiscal year.

The Board can certify, in staff's opinion, that the district is able to meet its current year financial obligations and will end the year with a positive fund balance. Copies of the First Interim Financial Reports are available for public inspection at the district office.

### **I. Major Conclusions**

The major conclusions to be drawn from this report are as follows:

- The First Interim report for the fiscal year 2010-11 indicates that the district will end the year with a positive ending balance as required by state law, and it is recommended that the Board of Trustees certify to that effect.
- The undesignated fund balance has declined by \$7,834,819 due to increasing funds set aside as "designated" by \$10,194,982 from \$200,815 to \$10,395,797 (state categorical sweep money and insurance premium overpayments) and due to changes in revenues, expenditures, encroachment, the reserve for economic uncertainties that together net to a favorable \$2,360,163 change.
- The current OUHSD General Fund budget includes \$3,945,405 in Adult Education expenditures. Adult Education funding and other categorical funding was eliminated to allow the state to increase unrestricted general fund revenues to help offset the 17.963% state school deficit. This deficit reduced OUHSD revenue limit income by \$19,876,967 this year.

## II. The First Period Interim Report – Methodology and Impact

Modifications included are: inclusion of unrestricted carry forward amounts and adjustments to reflect the previous fiscal year financial closing process.

The following schedule displays the change in projected balances, revenues and expenditures from the adopted budget.

<b>Unrestricted General Fund</b>			
<b>Summary of Balances, Revenue and Expenditures</b>			
	<u>Adopted Budget</u>	<u>First Interim</u>	<u>Changes</u>
Beginning Balance	\$ 26,238,750	\$ 24,671,256	\$ (1,567,494)
Revenues	94,615,065	99,495,136	4,880,071
Other Financing Sources	-	19,068	19,068
	<u>94,615,065</u>	<u>99,514,204</u>	<u>4,899,139</u>
Expenditures	89,903,633	93,832,902	3,929,269
Transfers Out	4,900,429	2,019,572	(2,880,857)
Encroachment	12,240,022	11,847,686	(392,336)
	<u>107,044,084</u>	<u>107,700,160</u>	<u>656,076</u>
Excess/(Deficit)	(12,429,019)	(8,185,956)	4,243,063
Ending Balance	<b>13,809,731</b>	<b>16,485,300</b>	<b>2,675,569</b>
Reserves & Designated Balances	4,402,813	14,913,201	10,510,388
Undesignated Balance	<u>\$ 9,406,918</u>	<u>\$ 1,572,099</u>	<u>\$ (7,834,819)</u>

## III. Forecast Ending Balance

Historically, actual year-end ending balances are more favorable than those forecasted during the fiscal year. While there is no assurance that the district will realize a higher ending balance as the year progresses, it is a possibility because of the district's conservative approach to budget development.

The components of the Ending Balance, as reflected in the schedule below, include a reserve for economic uncertainties, reserves for warehouse stores inventory and revolving funds, reserves unit share formula amounts, other designations and undesignated balances.

Not included are restricted balances related to categorical programs, special education and continuation high school. The District budgets restricted programs to use all revenues and prior year carry forwards in the current budget year thru the next two years.

Since the Adopted Budget, the ending balance has increased by \$ 2,675,569 and the undesignated balance has decreased by \$ 7,834,819. The schedule on page 4 details the changes that affect the unobligated fund balance.

<b>Unrestricted General Fund</b>			
<b>Components of the Ending Balance</b>			
	<u>Adopted Budget</u>	<u>First Interim</u>	<u>Changes</u>
Beginning Balance	\$ 26,238,750	\$ 24,671,256	\$ (1,567,494)
Operating Surplus (Deficit)	(12,429,019)	(8,185,956)	4,243,063
Ending Balance	<u>13,809,731</u>	<u>16,485,300</u>	<u>2,675,569</u>
3% Reserve	3,971,561	4,243,621	272,060
Reserve for Certificated BU	-	-	-
Reserve for Classified BU & Other	-	-	-
Revolving Cash Fund and Stores	230,437	273,783	43,346
*Other Designations	200,815	10,395,797	10,194,982
Total Reserves and Designations	4,402,813	14,913,201	10,510,388
<b>Undesignated Balance</b>	<u>9,406,918</u>	<u>1,572,099</u>	<u>(7,834,819)</u>
Ending Balance	<u>\$ 13,809,731</u>	<u>\$ 16,485,300</u>	<u>\$ 2,675,569</u>

<b>*Other Designations</b>	
<b>Description</b>	<b>Amount</b>
SBX 3-4 Sweep 2008-2009	\$ 3,465,626
SBX 3-4 Sweep 2009-2010	5,772,610
Health, Vision, Dental Over	757,561
Workers Comp Over	400,000
<b>Total Designations</b>	<u>\$ 10,395,797</u>

The schedule below displays changes to the undesignated fund balance.

<b>UNRESTRICTED GENERAL FUND UNDESIGNATED FUND BALANCE AT</b>	<b>Adopted Budget</b>	<b>9,406,918</b>
<b><u>Items Contributing to the increase in Undesignated Fund Balance of</u></b>	<b><u>1,572,099</u></b>	
PY closing changes in the projected beginning balance at the adoption		(1,567,494)
Net increase in Revenue Limit Source		4,453,536
Increase in Other Local Revenue		
<i>Adult Ed Interest, Fees and Misc Revenue</i>		426,535
Net Other Transfer In:		
<i>Adult Education</i>	3,501,802	
<i>Cafeteria Fund</i>	(620,945)	2,880,857
Net Other Transfer Out: -Adult Ed		19,068
Net Support to Restricted Fund (Encroachment)		392,336
<b>TOTAL INCREASE</b>		<b>(+) <u>6,604,838</u></b>
<b><u>Items Contributing to the Decrease in Undesignated Fund Balance of</u></b>	<b><u>1,572,099</u></b>	
Net Change in Certificated Salaries		(1,613,412)
Net Change in Classified Salaries		(405,959)
Net Change in Benefits		(723,322)
Net Change in Supply Expenditures		(236,977)
Net Change in Other Services/Operating Expenditures		(889,543)
Net change in Capital Outlay		(11,000)
Net Change in Indirect Cost Transfer		(49,056)
Net Change in the amount of the reserved:		
<i>Stores</i>		(43,346)
Change in Designated for Economic Uncertainties		(272,060)
Net Change in Other Designation:		
CMS Retiree Drug Subsidy	200,815	
SBX3 4	(9,238,236)	
Health, Vision, Dental & Life Surplus	(757,561)	
Workers Compensation	(400,000)	
		(10,194,982)
<b>TOTAL DECREASE</b>		<b>(-) <u>(14,439,657)</u></b>
<b>Unrestricted General Fund Undesignated Fund Balance at</b>	<b>First Interim</b>	<b>(=) <u><u>1,572,099</u></u></b>

**IV. Forecast Income**

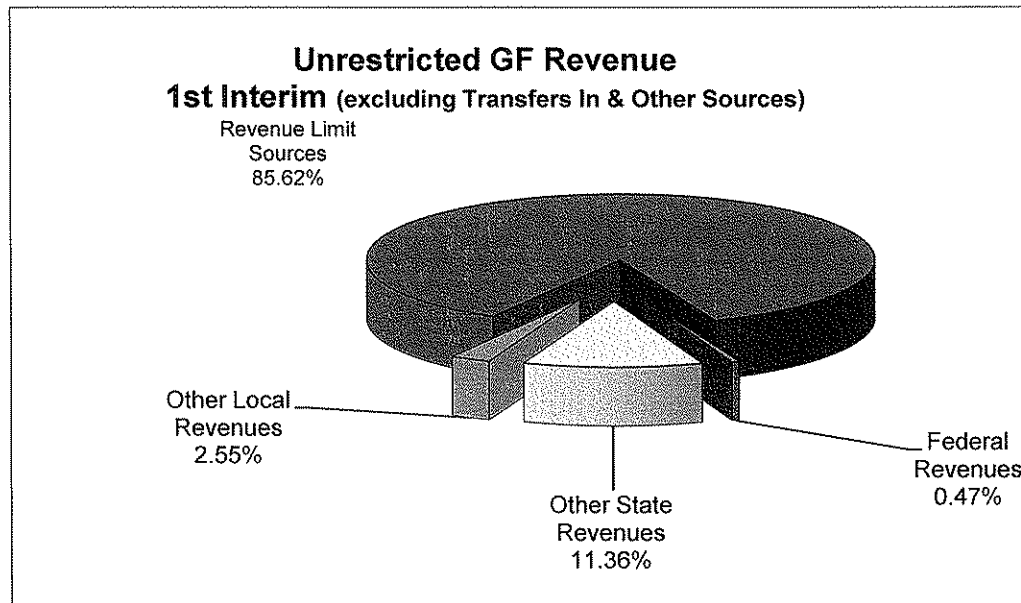
The total Unrestricted General Fund revenues are forecast to increase by \$ 4,880,071 due to the following major changes:

Revenue Limit: The net increase of \$ 4,453,536 in revenue limit funding is mainly due to the elimination of the 3.85% reduction \$4,214,880, decrease in deficit factor from 18.3557% to 17.963%, and increase in ADA funding due to declining enrollment.

Other Local Revenues: The net increase of \$426,535 is largely due to Adult Education fees, rental, interest and miscellaneous revenue being reported in the general fund. Adult Education is part of the SBX3 4 funding and will be accounted for in the general fund and not transferred to fund 11.

The following schedule displays revenue source.

<b>Unrestricted General Fund Summary of Revenue</b>			
	<b>Adopted Budget</b>	<b>First Interim</b>	<b>Changes</b>
<b>Revenues</b>			
Revenue Limit Sources	\$ 80,734,496	\$ 85,188,032	\$ 4,453,536
Federal Revenues	470,185	470,185	-
Other State Revenues	11,301,142	11,301,142	-
Other Local Revenues	2,109,242	2,535,777	426,535
	94,615,065	99,495,136	4,880,071
Transfers In	-	-	-
Other Sources	-	-	-
<b>Total Revenues</b>	<b>\$ 94,615,065</b>	<b>\$ 99,495,136</b>	<b>\$ 4,880,071</b>



## V. Forecast Expenditures

The total Unrestricted General Fund expenditures are forecast to be \$3,462,321 more than the adopted budget due to the following major changes:

Certificated salaries are forecast to increase by \$1,613,412, mainly due to Adult Education salaries of \$1,573,053 originally budgeted in fund 11. Miscellaneous changes of \$40,359 in staffing from the adopted budget to projected budget.

Classified personnel are estimated to increase by \$405,959, due to Adult Education salaries of \$402,149 originally budgeted in fund 11. The net difference of \$3,810 is the total of other miscellaneous budget transfers.

The projected increase in employee benefits corresponds to the estimated increase in salaries.

The increase in Books and Supplies of \$236,977 is due to Adult Education in which \$251,985 was originally budgeted in fund 11. The net difference of \$(15,008) is the total of other miscellaneous budget transfers.

The projected increase in Other Services and Operating Expenditures of \$889,543 is due to Adult Education in which \$880,435 was originally budgeted in fund 11. The net difference of \$9,108 is the total of other miscellaneous budget transfers.

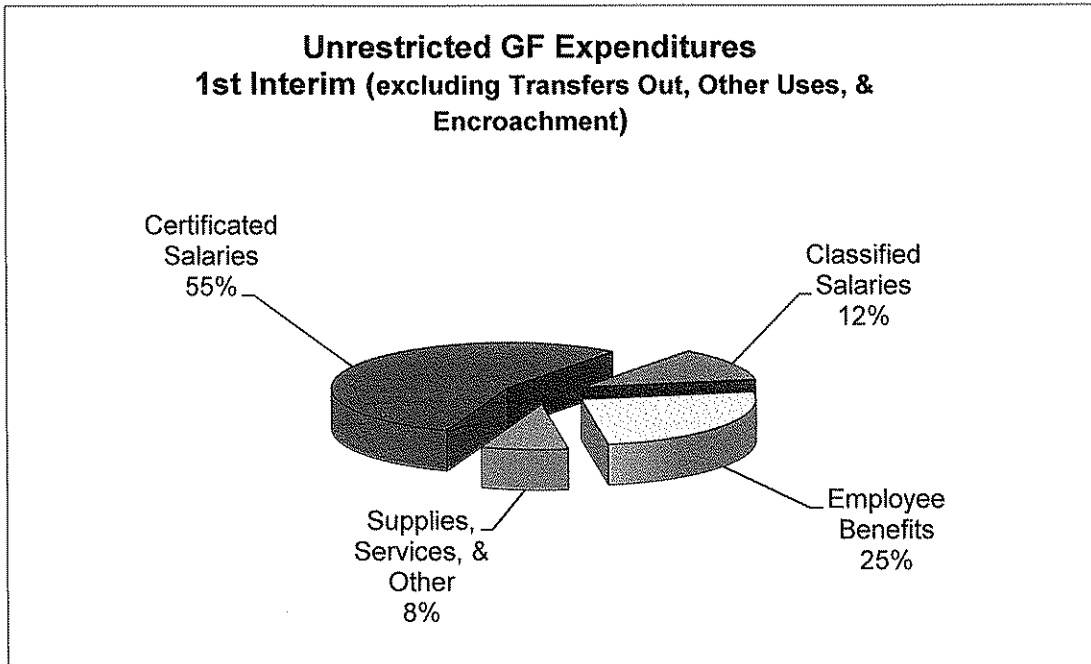
The projected increase in Capital Outlay in the amount of \$11,000 is due to Adult Education originally budgeted in fund 11.

The transfer out decrease in the amount of \$2,880,857 is due to Adult Education Funding in the amount of \$(3,501,802) which no longer needs to be transferred due to budget remaining in the general fund and the Cafeteria transfer in the amount of \$620,945.

Categorical programs are budgeted and perpetually monitored to balance revenues to expenditures. Categorical programs are not included on this schedule.

The schedule below shows Unrestricted General Fund expenditures by type.

<b>Unrestricted General Fund Summary of Expenditures</b>			
<b>Expenditures</b>	<b>Adopted Budget</b>	<b>First Interim</b>	<b>Changes</b>
Certificated Salaries	\$ 49,746,805	\$ 51,360,217	\$ 1,613,412
Classified Salaries	10,918,288	11,324,247	405,959
Employee Benefits	22,943,634	23,666,956	723,322
	<u>83,608,727</u>	<u>86,351,420</u>	<u>\$ 2,742,693</u>
Books and Supplies	1,547,403	1,784,380	236,977
Services, Other Operating Expenses	6,033,014	6,922,557	889,543
Capital Outlay	152,122	163,122	11,000
Other Outgo (Excluding Support)	411,207	411,207	-
Direct Support/Indirect Costs	(1,848,840)	(1,799,784)	49,056
	<u>89,903,633</u>	<u>93,832,902</u>	<u>\$ 3,929,269</u>
Transfers-out	4,900,429	2,019,572	(2,880,857)
Encroachment	12,240,022	11,847,686	(392,336)
<b>Total Expenditures</b>	<u>\$ 107,044,084</u>	<u>\$ 107,700,160</u>	<u>\$ 656,076</u>



## VI. Contributions to Restricted Programs

The following table shows Unrestricted General Fund support to restricted programs.

### Unrestricted General Fund Summary Unrestricted Support to Restricted Programs

	<u>Adopted Budget</u>	<u>First Interim</u>	<u>Changes</u>
<b>Support to Restricted Programs</b>			
Continuation HS	\$ 1,246,261	\$ 1,084,077	\$ (162,184)
Special Ed	7,128,057	6,759,615	(368,442)
Transportation	1,059,462	1,197,752	138,290
Routine Restricted Maintenance	2,806,242	2,806,242	
<b>Total Support</b>	<u>\$ 12,240,022</u>	<u>\$ 11,847,686</u>	<u>\$ (392,336)</u>

## VII. Multi-Year Projection

In our opinion, economic uncertainties in California and the world should cause users to minimize reliance on any multi-year projections (MYP).