



Oxnard Union High School District

TO: Bob Carter, Ed.D.,
Superintendent

DATE: March 9, 2010

VIA: Randy Winton
Asst. Superintendent, Business Services

FROM: Patsy Thomas
Chief Accountant

SUBJECT: SECOND INTERIM REPORT, FISCAL YEAR 2010-2011

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 Second 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 Second 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 increased by \$1,106,905 due to changes in revenues, expenditures, encroachment and the reserve for economic uncertainties.
- The current OUHSD General Fund budget includes \$3,919,410 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 Second 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.

| Unrestricted General Fund | | | | |
|------------------------------------------------------|-----------------------|----------------------|-----------------------|--------------------------------------------------------|
| Summary of Balances, Revenue and Expenditures | | | | |
| | Adopted Budget | First Interim | Second Interim | Changes from 1st Interim to 2nd Interim |
| Beginning Balance | \$ 26,238,750 | \$ 24,671,256 | \$ 24,671,256 | \$ - |
| Revenues | 94,615,065 | 99,495,136 | 99,556,918 | 61,782 |
| Other Financing Sources | - | 19,068 | 25,464 | 19,068 |
| | <u>94,615,065</u> | <u>99,514,204</u> | <u>99,582,382</u> | <u>80,850</u> |
| Expenditures | 89,903,633 | 93,832,902 | 93,322,914 | (509,988) |
| Transfers Out | 4,900,429 | 2,019,572 | 1,443,172 | (576,400) |
| Encroachment | 12,240,022 | 11,847,686 | 12,002,664 | 154,978 |
| | <u>107,044,084</u> | <u>107,700,160</u> | <u>106,768,750</u> | <u>(931,410)</u> |
| Excess/(Deficit) | (12,429,019) | (8,185,956) | (7,186,368) | 999,588 |
| Ending Balance | 13,809,731 | 16,485,300 | 17,484,888 | 999,588 |
| Reserves & Designated Balances | 4,402,813 | 14,913,201 | 14,805,884 | (107,317) |
| Undesignated Balance | <u>\$ 9,406,918</u> | <u>\$ 1,572,099</u> | <u>\$ 2,679,004</u> | <u>\$ 1,106,905</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 Second Interim Budget, the ending balance has increased by \$ 999,588 and the undesignated balance has increased by \$ 1,106,905. The schedule on page 4 details the changes that affect the unobligated fund balance.

| Unrestricted General Fund Components of the Ending Balance | | | | |
|-----------------------------------------------------------------------|-----------------------|----------------------|-----------------------|-------------------------------------------------------|
| | Adopted Budget | First Interim | Second Interim | Change from 1st Interim to 2nd Interim |
| Beginning Balance | \$ 26,238,750 | \$ 24,671,256 | \$ 24,671,256 | \$ - |
| Operating Surplus (Deficit) | (12,429,019) | (8,185,956) | (7,186,368) | 999,588 |
| Ending Balance | <u>13,809,731.00</u> | <u>16,485,300.00</u> | <u>17,484,888.00</u> | <u>999,588.00</u> |
| 3% Reserve | 3,971,561.19 | 4,243,621.44 | 4,143,703.02 | (99,918.42) |
| Reserve for Certificated BU | - | - | - | - |
| Reserve for Classified BU & Other | - | - | - | - |
| Revolving Cash Fund and Stores | 230,437 | 273,783 | 266,384 | (7,399) |
| Other Designations | 200,815 | 10,395,797 | 10,395,797 | - |
| Total Reserves and Designations | <u>4,402,813</u> | <u>14,913,201</u> | <u>14,805,884</u> | <u>(107,317)</u> |
| Undesignated Balance | <u>9,406,918</u> | <u>1,572,099</u> | <u>2,679,004</u> | <u>1,106,905</u> |
| Ending Balance | <u>\$ 13,809,731</u> | <u>\$ 16,485,300</u> | <u>\$ 17,484,888</u> | <u>\$ 999,588</u> |

| *Other Designations | |
|-----------------------------|----------------------|
| Description | Amount |
| 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 |
| Total Designations | <u>\$ 10,395,797</u> |

The schedule below displays changes to the undesignated fund balance.

| | | | |
|----------------------------------------------------------------------------------|-------------------------|------------|----------------------------|
| UNRESTRICTED GENERAL FUND UNDESIGNATED FUND BALANCE AT | First Interim | \$ | 1,572,099 |
| <u>Items Contributing to the increase in Undesignated Fund Balance of</u> | <u>2,679,004</u> | | |
| Net increase in Revenue Limit Source | | | 84,125 |
| Net Change in Certificated Salaries | | | |
| <i>Counselors transferred to Categoryals</i> | 132,588 | | |
| <i>Class change less than budgeted</i> | 82,298 | | |
| <i>Reduction in Adult Ed teacher costs</i> | 30,416 | | |
| <i>Misc</i> | 17,383 | | 262,685 |
| Net Change in Benefits | | | 56,989 |
| Net Change in Other Services/Operating Expenditures | | | |
| <i>Reduced utilities, repairs & services - Maintenance</i> | 324,778 | | |
| <i>Increase SPED direct costs</i> | (30,453) | | |
| <i>Transfer other services to capital outlay -SBX3 4 Def. Maint</i> | 200,000 | | |
| <i>Increase Student Services for e-Truancy contract</i> | (70,000) | | |
| <i>Misc</i> | 21,072 | | 445,397 |
| Net Change in Indirect Cost Transfer | | | 78,989 |
| Net Other Transfer In: Adult Education | | | 6,396 |
| Net Other Transfer Out: - Cafeteria | | | 576,400 |
| Net Change in the amount of the reserved: | | | |
| <i>Stores</i> | | | 7,399 |
| Net Change in the amount of Economic Uncertainties | | | 99,918 |
| TOTAL INCREASE | | (+) | <u>1,618,298</u> |
| <u>Items Contributing to the Decrease in Undesignated Fund Balance of</u> | <u>2,679,004</u> | | |
| Increase in Other Local Revenue | | | |
| <i>Adult Ed Interest, Fees and Misc Revenue</i> | | | (22,343) |
| Net Change in Classified Salaries | | | |
| <i>Increase interns & hours for IT</i> | (77,695) | | |
| <i>Additional clerical position HHS</i> | (31,276) | | |
| <i>Misc</i> | 8,009 | | (100,962) |
| Net Change in Supply Expenditures | | | (33,110) |
| Net change in Capital Outlay | | | |
| <i>Improvement to RMHS Quad</i> | (10,000) | | |
| <i>ACHS snack bar improvement for DSA Approval</i> | (190,000) | | (200,000) |
| Net Support to Restricted Fund (Encroachment) | | | (154,978) |
| TOTAL DECREASE | | (-) | <u>(511,393)</u> |
| Unrestricted General Fund Undesignated Fund Balance at | Second Interim | (=) | <u>\$ 2,679,004</u> |

IV. Forecast Income

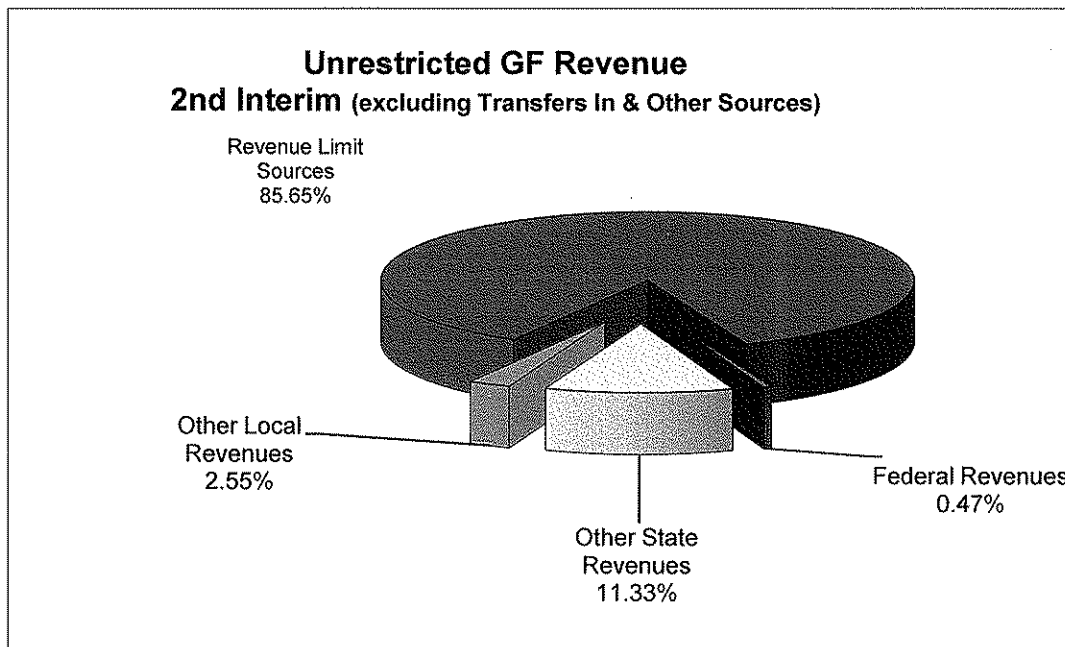
The total Unrestricted General Fund revenues are forecast to increase by \$ 61,782 due to the following changes:

Revenue Limit: The net increase of \$ 84,125 in revenue limit funding is mainly due to the Meals for Needy and Beginning Teacher Salary Incentive Program AB851 recalculation which is now an add on to the base revenue limit.

Other State Revenues: The net decrease of \$(22,342) is due to the adjustment of \$(25,995) to the SBX3 4 allocation for Adult Education to the actual and the increase of \$3,653 in the SBX3 4 Deferred Maintenance allocation.

The following schedule displays revenue source.

| Unrestricted General Fund Summary of Revenue | | | | |
|---------------------------------------------------------|-----------------------|----------------------|-----------------------|------------------|
| | <u>Adopted Budget</u> | <u>First Interim</u> | <u>Second Interim</u> | <u>Changes</u> |
| Revenues | | | | |
| Revenue Limit Sources | \$ 80,734,496 | \$ 85,188,032 | \$ 85,272,157 | \$ 84,125 |
| Federal Revenues | 470,185 | 470,185 | 470,185 | 0 |
| Other State Revenues | 11,301,142 | 11,301,142 | 11,278,800 | (22,342) |
| Other Local Revenues | 2,109,242 | 2,535,777 | 2,535,776 | (1) |
| | <u>94,615,065</u> | <u>99,495,136</u> | <u>99,556,918</u> | <u>61,782</u> |
| Transfers In | 0 | 19,068 | 25,464 | 6,396 |
| Other Sources | 0 | 0 | 0 | 0 |
| Total Revenues | <u>\$ 94,615,065</u> | <u>\$ 99,514,204</u> | <u>\$ 99,582,382</u> | <u>\$ 68,178</u> |



V. Forecast Expenditures

The total Unrestricted General Fund expenditures are forecast to be \$931,410 less than the First Interim due to the following major changes:

Certificated salaries are forecast to decrease by \$ 262,685, due to the cost of class changes in teacher salaries being less than projected, counselor salaries reallocated to categorical programs and reduction of Adult Education teachers.

Classified personnel are estimated to increase by \$100,962, due to additional hours for IT support staff, an additional clerical position at Hueneme High School and miscellaneous transfers.

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

The increase in Books and Supplies of \$33,110 is due to an increased need for furniture (desks and stools) needed at the school sites.

The projected decrease in Other Services and Operating Expenditures of \$445,397 is due mainly to budget saving reductions in the maintenance budget for utilities, repairs and services, also included is the reallocation of other services to capital outlay.

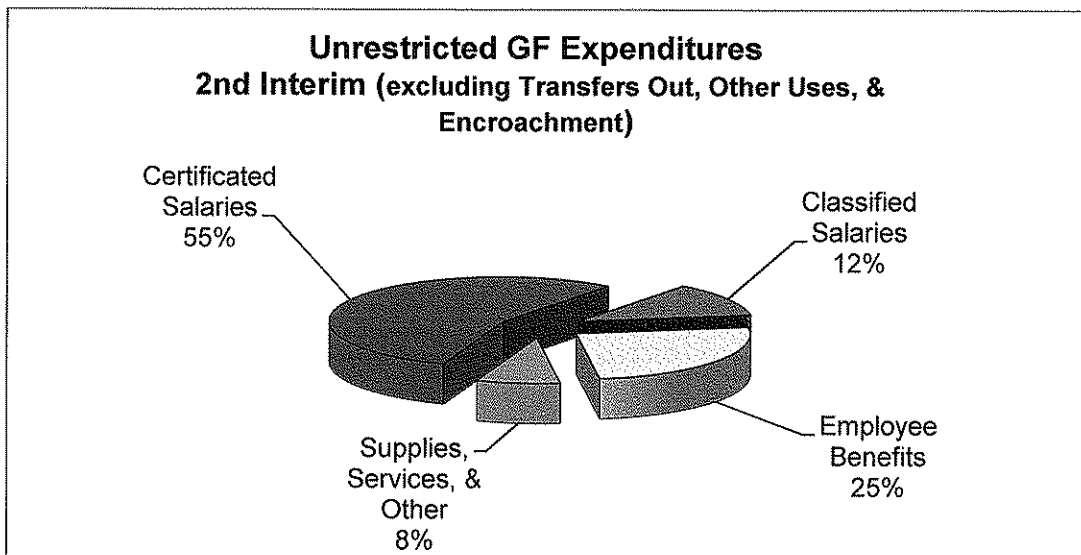
The projected increase in Capital Outlay in the amount of \$200,000 is due to the improvement of the RMHS quad and ACHS snack bar improvements to meet DSA approval.

The transfer out decrease in the amount of \$576,400 is due to the increase in food sales.

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.

| <u>Unrestricted General Fund</u> <u>Summary of Expenditures</u> | | | | |
|----------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Expenditures | Adopted Budget | First Interim | Second Interim | Changes |
| Certificated Salaries | \$ 49,746,805 | \$ 51,360,217 | \$ 51,097,532 | \$ (262,685) |
| Classified Salaries | 10,918,288 | 11,324,247 | 11,425,209 | 100,962 |
| Employee Benefits | 22,843,634 | 23,666,956 | 23,609,967 | (56,989) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 83,508,727 | 86,351,420 | 86,132,708 | (218,712) |
| Books and Supplies Services, Other Operating Expenses | 1,547,403 | 1,784,380 | 1,817,490 | 33,110 |
| | 6,033,014 | 6,922,557 | 6,477,160 | (445,397) |
| Capital Outlay | 152,122 | 163,122 | 363,122 | 200,000 |
| Other Outgo (Excluding Support) | 411,207 | 411,207 | 411,207 | 0 |
| Direct Support/Indirect Costs | (1,848,840) | (1,799,784) | (1,878,773) | (78,989) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 89,803,633 | 93,832,902 | 93,322,914 | (509,988) |
| Transfers-out | 4,900,429 | 2,019,572 | 1,443,172 | (576,400) |
| Encroachment | 12,240,022 | 11,847,686 | 12,002,664 | 154,978 |
| Total Expenditures | \$ 106,944,084 | \$ 107,700,160 | \$ 106,768,750 | \$ (931,410) |



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>Second Interim</u> | | <u>Changes</u> |
|---------------------------------------|-----------------------|----|----------------------|----|-----------------------|----|----------------|
| Support to Restricted Programs | | | | | | | |
| Continuation HS | \$ 1,246,261 | \$ | 1,084,077 | \$ | 1,056,627 | \$ | (27,450) |
| Special Ed | 7,128,057 | | 6,759,615 | | 7,031,542 | | 271,927 |
| Transportation | 1,059,462 | | 1,197,752 | | 1,108,253 | | (89,499) |
| Routine Restricted Maintenance | 2,806,242 | | 2,806,242 | | 2,806,242 | | - |
| Total Support | <u>\$ 12,240,022</u> | \$ | <u>11,847,686</u> | \$ | <u>12,002,664</u> | \$ | <u>154,978</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).