

# Dunsmuir Joint Union High School District 2014/2015 2<sup>nd</sup> Interim Budget Report

March 2015

14/15 2nd Interim  
DUJHSD



14/15 2nd Interim  
DUJHSD

## Recommendation

- It is recommended that the Board of Trustees approve the Positive Certification of the 2014/2015 Second Interim Financial Report and authorize its filing with the County Superintendent of Schools

## Consideration

- The Governing Board is required to certify in one of three ways:
  - 1. Positive Certification indicates that the District will be able to meet its financial obligations for the remainder of the fiscal year and two subsequent fiscal years.
  - 2. Qualified Certification indicates the District may be able to meet its financial obligations for the current year and two subsequent fiscal years.
  - 3. Negative Certification indicates the District will not be able to meet its financial obligations for the current year and two subsequent years.
- The Positive Certification recommendation of the Second Interim Report for 2014-2015 indicates that the District will be able to meet its financial obligations for the remainder of the Fiscal Year and two subsequent years.
- The supporting documentation for this certification includes the Income and Expenditure Summary for the General Fund (Form 01I) and all other funds, Attendance Detail (Form AI), Revenue Limit Summary (Form RL), Criteria and Standards (Form 01CSI).

## Background Information

- In accordance with Education Code Sections 42130 and 42131, school districts are required to prepare and submit two interim financial reports to the Governing Board. The purpose of these reports is to notify appropriate State and County Office of Education officials as to whether or not the District will be able to meet its financial obligations for the remainder of the current year and for two subsequent years. The Board of Trustees is required to certify each interim report to indicate that it has been informed of the financial stability of the District. The Statutes of 1988 also requires the Superintendent to certify that an Interim Report review has been conducted using the State adopted Criteria and Standards. As mandated by A.B. 1200, the District's First Interim reporting period is based upon activities from July 1 through October 31. The Second Interim reporting period is July 1 through January 31. The Board of Trustees is required to certify each interim report within 45 days after the end of the reporting period. After approval of the financial statements they are forwarded to the Superintendent of Public Instruction.

## Second Interim

- The Second Interim Budget is far more accurate in projecting revenues and expenditures than the June 2014 adopted budget and the First Interim Budget as it reflects final state revenues, current district staffing costs, and expected expenditures in supplies, services, and operating costs. The Siskiyou County Office of Education has provided the district with the projected 2014-2015 revenue figures.

## Criteria and Standards

- The Standards and Criteria portion of the budget documents, summarizes and compares district data to state established standards for fiscal analysis purposes.
- Those not meeting the standard have a required explanation.
- This report assists in making accurate assessments of the fiscal condition of the District.

## Multi Year Projections

- An important part of the Second Interim Report is the two-year projection of the general fund. Included in this two-year projection are expected revenues and expenditures and yearly ending balances. There are a number of assumptions that form the basis of this multiyear projection.
- The two subsequent years budgets are each based on the first prior year with careful adjustments to both revenue and expenditures.

## Governor's Budget Highlights

- State and National economic trends continue to improve
  - Job Growth
  - Expansion
  - Exports
  - Manufacturing
  - State Revenue
  - Low Inflation Rates

## Governor's Budget Highlights

- **General Fund Budget Summary**
  - 2014-15 Estimated Reserves \$2.058 Billion
  - 2015-16 Estimated Reserves \$3.360 Billion
- **Includes \$2.8 billion to Rainy Day Fund**
- **What IS NOT in the budget**
  - School Facilities Bond
  - Funding to increased STRS and PERS rates
    - STRS 8.25% 2013-14 to 19.1 2020-21
    - PERS 11.44% 2013-4 to 20.4% 2020-21
  - New funding for Home to School Transportation
  - No expansion of Early Childhood Education

## Governor's Budget Highlights

- **Proposals**
  - \$4 billion for LCFE closure
  - \$1.1 billion for discretionary one-time uses, including common-core implementation
  - \$ 1 billion to eliminate remaining K-14 apportionment deferrals
  - \$500 million for Adult Education Block Grants
  - \$273 million for Emergency Repair Program (one-time)
  - \$198 million additional ADA growth in the current year
  - \$100 million for internet connectivity and infrastructure

## Governor's Budget Highlights

- Bills introduced to Repeal School District Cap
- Top priority to repeal – to the Legislature in April- Cap diminishes local control
  - AB 1048 and SB 774 would completely repeal
  - AB 531 “spot” bill to make non-substantive changes
  - AB 1318 available to amended later
    - Provide local communities with transparency the need
    - Provide adequate guidance to schools boards
    - Prioritize student needs and support

## Governor's Budget Highlights

- Reserve Cap Trigger
  - Due to improving economic factors, the reserve cap trigger could be as soon as the 2015-16 budget
  - That makes the repeal all the more urgent
  - Goes against the Governor's vaulted principals of local control and subsidiary

## Governor's Budget Highlights

- The economy in CA is much like the weather; if you don't like what you see, just wait a few minutes and it will be different....
- Legislative Analyst's Office concludes that the Governor's Budget proposal for 15-16 is "generally prudent". Does not reflect lower gas prices – which is good because gas has risen in CA .70 in the past month

## November Election 2016

- Two bills introduced:
  - SB 114 Kindergarten-University Public Education Facilities Bond
  - AB 148 General obligation bond for modernization and construction

## State Ranking

- Will be more nuanced under LCFF
- National average is \$11,735 per pupil
- DJUHSD exceeds that
  - CA was 50<sup>th</sup>
  - Has moved up to 46<sup>th</sup> in the nation
  - But now under LCFF it will be different for each district.
    - In CA only 7.9 % of students attend schools in district's that spend above the national average.

## LCAP

- State Priorities
  - Student Achievement
  - Student Engagement
  - School Climate
  - Parental Involvement
  - Basic Services
  - Implementation of Common Core State Standards
  - Course Access
  - Other Student Outcomes
- LCAP Team held last meeting for the year
- May 6<sup>th</sup> 4:00 P.M. Site Council weigh in on LCAP Single Plan
- WASC Reception/Student Showcase April 19<sup>th</sup> 3:00 P.M.



## LCAP

- The LCAP is a three year rolling plan. The LCAP we adopt in 2015 will be for 15-16, 16-17, 17-18.
- Annual updates and note progress on 14-15, but 14-15 will fall away and we will add new action plans and services for 17-18.
- Each year opportunity to revise based on local needs.

## LCFF Summary Supplemental & Concentration Grant and MPP

(LCFF pages 13-33)

	2014-15	2015-16	2016-17
Current Year Est. supp. And Concen. Grant funding in the LCAP year	\$31,389	\$41,450	\$34,627
Current year Min. Proportionality % (MPP)	2.19%	2.92%	2.43%

## Other Factors

- MAA
  - (received 11/12 \$32,564.84 to Fund 40)
- Mandated Cost Reimbursement
- Retirement Employer Contributions
- Prop 39 CA Clean Energy Act – Plan approved
- Specialized CDE Grant – Wildland Management and Fire Prevention – Governor’s new program starting
- Greenhouse Gas Reduction Fund Grant 2<sup>nd</sup> round

## Forest Reserve

- 2014/2015 Budget \$20,289
- Future? Zero probability

21

14/15 2nd Interim  
DJUHSD

### Assumptions (funded ADA) Chart pg 9

ADA Projections	2010/2011	2011/2012	2012/13	2013/14	2014/15	2015/16	2016/17
Regular K-12	89.79	77.07	77.07	62.16	62.16	59.71	53.18
Community Day School	2.05	.59	.59	.43	.43	.43	.43
Special Day Class	.87	1.32	0	.84	.84	.84	.84
Total Funded ADA	92.71	78.98	77.66	63.43	63.43	60.98	54.45

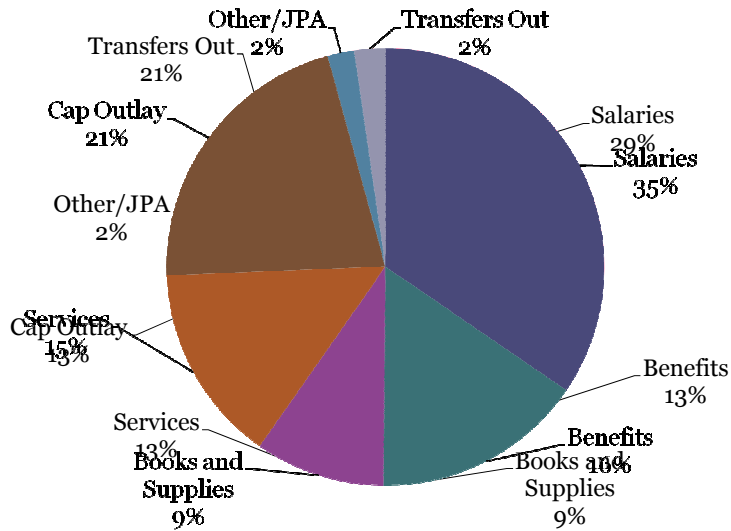
22

14/15 2nd Interim  
DJUHSD

### Assumptions

	2010/2011	2011/2012	2012/13		2013/14	2014/15	2015/16	2016/17
Rev. Limit State Cat. COLA	-0.39%	2.24%	3.24%	LCFF COLA	1.57%	.85%	1.58%	2.17%
Rev. Limit Deficit	17.963%	20.602%	22.272%	LCFF %	67.12%	67.12%	72.06%	81.67%
				Cap Funding Rate	12.00%	29.15%	32.19%	23.71%
Total Rev. Limit	\$927,000	\$948,348	\$825,783	Total LCFF	\$1,500,399	\$1,497,434	\$1,497,434	\$1,495,746
Rev. Limit Funding Block		8	7		6	6	6	6
Blocks NSS	39 to 57	58 to 71	Revenue detail	Page 21				

## Revenue vs Expenditures



## Transfers out

From	To	2013/14	2014/15	2015/16	2016/17
Fund 01	Fund 17	\$75,000	\$25,000	\$20,000	\$20,000
Fund 01	Fund 13	\$5,770	\$13,258	\$14,720	\$16,169
Fund 17	Fund 40	\$125,000	0	0	0
Fund 01	Fund 40	\$521,000	\$411,011	0	0
Fund 01	Fund 14	\$33,840	\$20,000	\$6,000 (\$20,000)	\$6,000 (\$20,000)

25

14/15 2nd Interim  
DJUHSD

## Net Increase/Decrease in Fund Balance

	14/15	15/16	16/17
Total Revenue	\$2,140,641.65	\$1,673,007.00	\$1,689,446.00
Total Expenditures	\$2,277,132.46	\$1,483,536.26	\$1,515,791.66
Net +/- other transfers	<\$136,490.81>	\$189,470.74	\$153,654.34
Transfer In	\$411,011.00	Forest Reserve	<20,289> 15/16
Transfer Out	\$469,269.48	Prop 39 not in	<15,935> 15/16

26

14/15 2nd Interim  
DJUHSD

## Fund Balance

	14/15	15/16	16/17
Ending Fund Balance	\$176,149.28	\$365,620.02	\$519,274.36
* Econ Uncert.	\$113,806.62	\$74,176.81	\$75,789.58

## Reserves

	2013-14	2014-15	2015-16	2016-17
Café. Fund 13	\$14,829	\$15,000	\$15,000	\$15,000
Def. Maint. 14	\$251,492	\$179,192	\$186,088	\$193,018
Other Fund 17	\$648,469	\$265,758	\$287,087	\$308,523
Dev. Fees 25	\$13,830	\$15,547	\$15,625	\$15,703
Facilities 35	\$49	\$49	\$49	\$49
Cap. Outlay 40	\$1,001,080	\$1,001,080	\$1,006,085	\$1,011,115

## Standards and

Criteria Pages 1-3 Criterion and responses - Pages 116-141

- **Met and Not Mets**
  - **“Not Met” and “Yes” may indicate areas of potential concern, and should be reviewed.**
    - Criteria and Standards are a window/norm
    - Good or bad
      - ie. “Not Met” may indicate an increase of revenue that was not budgeted for

## Average Daily Attendance/Enrollment/ ADA to Enrollment

- The projected changes since the first interim for funded ADA has changed because the enrollment projections, which drive the ADA for the out years, are higher than originally projected.
- CBEDS enrollment is a snap shot of one day in October each year, where budget is typically based on end of year, fluctuations between points in time distort the ratio projections

## Salary and Benefits

- The projected ratio of unrestricted salary and benefit costs to total unrestricted expenditures is outside the ratio because of a planned capital project for gym and locker room heating and ventilation system

## Other Revenue and Expenditures

- Other state revenue not budgeted for in current year are unanticipated receipt of mandated cost reimbursement
- Variances are due to one-time-only expenses for Common Core implementation and other non capital purchases
- Variances are due to additional expenditures for services in the current year and then reduced in the out years as the expenditures are one-time-only

## Deficit Spending

- The Unrestricted deficit spending has exceeded the standard percentage because the district has had increased expenditures such as the capital project for the gym and locker room heating and ventilation system (annex building)



## Contributions, Transfers and Capital Projects

- Increased the contributions from unrestricted to restricted because there are additional expenditures included in the budget in resource 9070.
- Making one-time-only transfer from Fund 17, reserve for other than capital outlay, to the general fund.
- Making on-time-only transfer from Fund 01 to Fund 40, reserve for capital outlay. *(correction - Fund 14 should remain at \$20,000 each year)*

## Supplemental Information Additional Fiscal Indicators

- **Compensated Absences** (\$50,526)
- All groups are settled for 13/14, 14/15, 15/16
- Not settled for 16/17 (3<sup>rd</sup> year of multi-Year Projections)
- Budget projections include an estimated 1.5 % step and column only
- Pool Plan (cost sharing agreement) in effect for benefits
- No District paid retiree benefits

