



Santa Paula Unified School District
Unaudited Actuals 2015/16
Executive Summary

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September 14, 2016

Introduction

On September 2, 2016, the district closed the financial records for the 2015/16 fiscal year. As outlined in Education Code 42100, the district must report its financial records in the format prescribed by the Superintendent of Public Instruction. Unaudited Actual Financial Reports must be submitted no later than September 15, to the Ventura County Office of Education (VCOE). The district's independent auditor has until December 15 to review the unaudited actuals for completeness, accuracy, and federal and state compliance.

The district has ended 2015/16 with an unrestricted General Fund ending balance that is sufficient to meet the Designated Amount for Economic Uncertainties. The General Fund's ending fund balance also maintains amounts for board-designated items, various restricted and unrestricted program balance carryovers and sufficient reserves to meet the District ongoing needs.

Year-End Closing Process:

The fiscal year ended on June 30, 2016. The process to close the books begins before that date and extends through the summer. The goal of "closing" is to reconcile every purchase order, invoice, revenue receipts, and categorical program to ensure that goods and services received on or before June 30, 2016, are properly recorded in our financial records. The process is very detail oriented and takes at least two months to complete. The year-end closing process also requires numerous reports on categorical program expenditures to be filed for state and national programs.

As a result, the ending balance from 2015/16 is now accurately recorded and the beginning balance of the 2016/17 Budget will be adjusted accordingly.

2015/16 General Fund Balance (Unaudited Actuals)

Change from 2nd Interim Budget 2015/16

	2015/16 2nd Interim Budget	2015/16 Actuals	Difference
General Fund, Unrestricted	\$13,626,236	\$16,508,466	\$2,882,230
General Fund, Restricted	<u>\$707,277</u>	<u>\$1,815,110</u>	<u>\$1,107,833</u>
Total General Fund Ending Balance	\$14,333,513	\$18,323,576	\$3,990,063

Ending Fund Balance Summary Restricted/Unrestricted Combined

The District is will have a positive ending fund balance for the 2015-16 fiscal year:

<u>Ending Fund Balance</u>	<u>2nd Interim</u>	<u>Unaudited Actuals</u>	<u>Difference</u>
Beginning Balance	14,793,325	14,793,325	0
Revenues	64,268,118	66,243,640	1,975,522
Expenditures	64,727,930	62,713,388	2,014,542
Ending Fund Balance	14,333,513	18,323,576	3,990,063

General Fund Revenues: Total Revenues at closing were \$66,243,640. This is an overall increase from the 2nd Interim Revenue of \$1,975,522.

General fund revenues are categorized as LCFF Sources, Federal Revenue, Other State programs, and other Local Revenue.

	<u>2nd Interim</u>	<u>Unaudited Actuals</u>	<u>Difference</u>
LCFF Revenue	\$50,506,715	\$50,877,333	\$370,618
Federal Revenue	\$3,781,794	\$3,564,155	-\$217,639
Other State Revenue	\$6,305,335	\$7,076,979	\$771,644
Other Local Revenue	\$3,674,274	\$4,725,172	\$1,050,898
Total Revenues	\$64,268,118	\$66,243,640	\$1,975,522

Changes in Revenue from 2015/16 Budget (as of 2nd Interim Report):

LCFF Revenue:

Increase of \$369,000 due to the final LCAP Gap funding, and increase in ADA.

Federal Revenue:

Overall decrease of \$217,639 due primarily to the Title I program not fully spending 100% of its budgeted allocation; unspent allocation from 2015/16 will carry over and be available for program expenditures in 2016/17.

Other State Revenues:

Increased by \$771,644 due to higher restricted and unrestricted Lottery revenues, balances not received in the Career Pathways Grant (VC innovates and CTEIG) and a new STRS accounting rule. Starting in 2015/16 the District must record two entries to recognize the payment made from the State to STRS on behalf of our Employees by \$1,430,922. One entry is in revenues,

and the other is in expenditures. This entry raises revenues and expenditures by an equal amount but the funding/payments are not actually going through the District's system.

Local Sources:

Increased by \$1,050,898 primarily due to the receipt of E-Rate funds for past Elementary project, and a new accounting rule to recognize as revenue and expenditure the E-rate funding that is paid directly to the vendor for our internet and telecommunications expenses, by \$496,316. This entry is similar to the STRS "On Behalf" payment in that the entries will artificially raise the revenue and the expenditure in an equal amount although to funding is not going through the Districts system. Other increases were in Lease/Rental income and school donations.

The adjustments to the 2016/17 budget, which reflect the carryovers and unearned revenues, will be incorporated at the First Interim reporting for 2016/17 fiscal year.

General Fund Expenditure Changes:

Expenditures have decreased by \$2,014,542 from the 2nd Interim projection. Decreases in general are restricted funds and carry over in principal budgets or donation accounts. Books and supplies has \$1,100,000 carry over for a Textbook order that was purchased in July 2016 (and had a Commitment in the General Fund Balance). Carry over in unspent funds for restricted, and principal's budgets will be adjusted at First interim. Other significant increases in expenditures were for STRS On-Behalf payments (\$1,430,922 in Employee Benefits) and E-rate funding On Behalf of the District.

<u>EXPENDITURES</u>	<u>2nd Interim</u>	<u>Unaudited Actuals</u>	<u>Difference</u>
Certificated Salaries	26,816,646	26,731,053	-85,593
Classified Salaries	9,031,917	9,160,376	128,459
Employee Benefits	12,707,759	14,032,774	1,324,788
Books and Supplies	5,541,699	4,070,221	-1,471,092
Services, Other Operating	7,729,040	6,263,867	-1,465,332
Capital Outlay	1,962,657	1,384,181	-578,476
Other Outgo	1,036,050	1,163,053	127,003
Direct Support/Indirect Costs	-147,838	-142,138	5,700
Other Transfers out	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Total Expenditures	64,727,930	62,713,388	-2,014,542

Effect on General Fund Ending Balance:

Restricted General Fund:

The Restricted ending fund balance is \$1,815,110. These funds must be carried over and used for their intended purpose.

The significant carryover restricted budgets that are now reflected in the Unaudited Actual Report for 2015/16 are:

Carryover adjustments in Restricted Ending Fund Balance:

Educator Effectiveness	\$289,968
Routine Restricted Maintenance	\$669,991
California Clean Energy Jobs Act	\$129,093
Medi-Cal Billing	\$167,592
Lottery: Instructional Materials	\$243,401
Other Restricted Local (Donations)	\$282,915
Special Ed: Mental Health Services	<u>\$32,150</u>
Total Carryover Adjustments:	\$1,815,110

In the year end process, revenues for most Federal and State programs are not recognized until earned, via program expenditures. Program funds received in excess of program expenditures are referred to as “unearned revenues”. Any unearned revenue from Federal and State programs that allow carryover into 2016/17 will be budgeted in 2016/17 First Interim Report.

Unearned Revenues From Federal and State Programs: Will be added to Revenues

Career Technical Education Incentive Grant (CTEIG) Program	\$202,237
Partnership Academies Program	\$ 4,979
Title III Immigrant Education Program	\$ 2,910

General Fund, Unrestricted:

The increase in the General Fund Unrestricted fund balance is \$2,822,831. The planned Textbook adoption was not completed in 2015/16, and the budget in 2016/17 already reflects the purchase using \$1,100,000. Principal budgets will also be adjusted for carryover from 2015/16.

Impact on General Fund Reserve:

The Ending Fund Balance for 2015/16 is \$18,323,576 which is comprised of the following categories:

*Nonspendable Revolving Cash and Prepaids:	\$13,874
*Committed Funds:	\$1,100,000
(For future textbook adoptions)	
*Assigned/Designations:	\$5,431,162
(For known or estimated future expenditures including SERP, Reserve for Economic Uncertainties (3%), OPEB Retiree Medical, Medi-Cal Funds, East Area One School startup, future (Spring 2017) textbook adoption, earned but unused Vacation Liability)	
*Legally Restricted Funds:	\$1,815,110
*Undesignated/Unappropriated:	\$9,963,431

The Undesignated/Unappropriated is 18.57% of the Unrestricted Expenditures which meets Board policy for reserves to meet expenditures and future unforeseen expenses.

Ending Fund Balance - Other Funds

Adult Education Fund (Fund 110):	\$93,143
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This fund was opened in January 2016 to account for the Adult Education services that the District began this year.

Cafeteria Fund (Fund 130):	\$305,094
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This fund is used to account separately for Federal, State and local resources to operate the Food Services operations. The Fund Balance increased from the prior year's audited balance by \$86,950, which included a \$50,000 transfer from the Unrestricted General Fund for uncollected debt.

Deferred Maintenance Fund (Fund 140):	\$877,886
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This fund is used to account for the District's contribution for major repairs and replacements needed to maintain the District's facilities. The fund balance decreased by \$135,663.

Building Funds (Fund 212):	\$2,004
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This fund is also known as the Bond Fund. Funds in the 21x series account for the proceeds from the sale of Bonds and may not be used for purposes other than those for which the bonds were issued. While Fund 212 is currently not active, as the proceeds from the last Bond series for Measure Q had been expended, it did receive interest distributions in 2015/16, totaling \$2,004. Building Fund 213 has been established to account for the sale and expenditure of Measure P bonds.

Capital Facility Fund (Fund 250): \$78,002

This fund is also known as Developer Fees fund, and is used to accumulate monies received from fees levied on developers or other agencies as a condition of approving development. The expenditures are restricted to the purposes specified in agreements with the developer or specified in Government Code. Property Acquisitions have been paid for from Fund 250, and the recent addition of 3 portable classrooms on the Isbell Campus.

County School Facilities Fund (Fund 350): \$812,441

This fund is established pursuant to Education Code Section 17070.43 to receive apportionments from the State School Facilities Fund and matching District Funds. This fund is considered “restricted” for uses as authorized by the funding source. Projects funded have been completed. There is a balance of \$812,441 in the fund for future projects.

Special Reserve Fund for Capital Outlay Projects (Fund 401): \$8,736,786

This fund exists primarily to provide for the accumulation of moneys for capital outlay purposes (Education Code Section 42840). Funds in the Special Reserve are considered “Committed” for uses as the Governing Board determines. Funding from the Santa Paula Redevelopment Agency is still being received and placed into this fund. In 2015-16 the District received \$456,597 from the RDA.

Bond Interest Redemption Fund (Funds 510,511,512): \$1,475,867

These funds are required to collect property taxes generated as a result of the General Obligation Bonds approved by the voters and to repay bond indebtedness. 510 is for former SPESD Bonds, 511 is SPUHSD Series A, and 512 is SPUHSD Series B Bond. The County Office controls these funds on behalf of the District.

Summary

The Unaudited Actuals reporting show where all the Districts funds have ended after all transactions have been accounted for. There is an increase in the ending fund balance which has several big components:

Increase in Restricted funds:	\$1,107,833
Unrestricted/committed for a July 2016 textbook purchase	\$1,100,000
Carryover in designated resources:	\$ 786,502
Carryover in One Time funds, Designated in LCAP	\$ 584,000
Miscellaneous unused balances:	<u>\$ 411,728</u>
<u>Total Increase in General Fund Balance:</u>	<u>\$3,990,063</u>

RECOMMENDATION: It is recommended that the Board of Trustees approve the 2015-16 Unaudited Actuals Financial Report.

