

TO: Board of Trustees

FROM: Donna Rose, Assistant Superintendent Business Services (CBO)

PREPARED BY: Mary Anne McNeil, Director, Budget & Finance

DATE: September 11, 2015

RE: **2014-15 Unaudited Actual Financial Report, Santa Paula Unified School District**

On September 11, 2015, the district closed the financial records for the 2014-15 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 2014-15 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.

The complete 2014-15 Unaudited Actual Financial Report is included for your review and approval.

Year-End Closing Process:

The fiscal year ended on June 30, 2015. 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 insure that goods and services received on or before June 30, 2015, 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 2014-15 is now accurately recorded and the beginning balance of the 2015-16 Budget will be adjusted accordingly.

**2014-15 General Fund Balance
Change from 2nd Interim Budget**

	2014-15 2nd Interim Budget	2014-15 Actuals	Difference
General Fund, Unrestricted	\$11,556,498	\$13,685,635	\$2,129,137
General Fund, Restricted	<u>\$656,970</u>	<u>\$1,107,690</u>	<u>\$450,720</u>
Total General Fund Ending Balance	\$12,213,468	\$14,793,325	\$2,579,857

Changes in Revenue from 2014-15 Budget (as of 2nd Interim Report):

Other State Revenues:

Increased by \$280,404 primarily due to higher Unrestricted and Restricted Lottery revenues as well as reimbursements for Medi-Cal Administrative Activities.

Local Sources:

Increased by \$565,542 primarily due to the receipt of (Ed Tech) K-12 Voucher grant funds and Special Education Instructional apportionments, SELPA transfer for out-of-state residential costs, Lease/Rental income and school donations.

Restricted General Fund:

In the year end process, revenues for most Federal programs are not recognized until received. The net reduction in Federal Revenues for 2014-15 is \$388,860 (an increase of \$134,312 in miscellaneous Federal programs and a decrease in Federal Categorical programs of \$523,172). The decrease of \$523,172 is considered “unearned income” that will be adjusted in the next year as revenue. Any unspent funds will be budgeted in the 2015-16 year.

Unearned Revenues From Federal Categorical Programs:

Title I	\$458,610
Title II, Professional Development	\$25,094
Title III Limited English Proficient	\$39,468

The significant carryover restricted budgets that are now reflected in the Unaudited Actual Report for 2014-15 are:

Carryover adjustments in Restricted Ending Fund Balance:

Quality Ed Investment Act(QEIA)	\$94,640
Routine Restricted Maintenance	\$317,415
California Clean Energy Jobs Act	\$129,093
Medi-Cal Billing	\$148,606
Lottery: Instructional Materials	\$222,120
Other Restricted Local (Donations)	\$189,611

Special Ed: Mental Health Services
Total Carryover Adjustments:

\$6,205
\$1,107,690

The adjustments to the 2015-16 budget, which reflect the carryovers and unearned revenues, will be incorporated at the first interim reporting for 2015-16 fiscal year.

Changes in Expenditures from Budgeted (as of 2nd Interim Report):

Unspent funds were recognized from the 2nd Interim report of \$2,241,104 compared to the budget as follows:

- Certificated Salaries: (\$232,358)
 Costs of negotiated agreement approved for the 2014-15 Fiscal Year are reflected in 2014-15 Actuals.
- Classified Salaries: (\$107,160)
 Costs of negotiated agreement approved for the 2014-15 Fiscal Year are reflected in 2014-15 Actuals.
- Benefits: (\$17,047)
 An increase to cost in Benefits is associated with negotiated agreements for the 2014-15 Fiscal Year.
- Books and Supplies: \$1,824,569
 Unspent funds from restricted programs will be budgeted in 2015-16 year and textbook money set aside for future ELA adoption.
- Services, Other Operating Expenditures: \$548,875
 Decrease in expenditures in most categories such as Utilities, Communication, Travel/Mileage, and Transportation. Additionally unspent program funds from restricted accounts will be budgeted in 2015-16.
- Capital Outlay \$52,988
 Unspent funds for the E-rate Network project will be budgeted in 2015-16.

Change to 2015-16 Beginning Balances:

The Beginning balances for 2015-16 have been restated to include the carryover restricted and unrestricted funds that remain unspent as described above, a total increase of \$2,579,857:

	<u>Adopted Beginning Balance</u>	<u>Adjusted Beginning Balance:</u>
General Fund Unrestricted:	\$11,556,498	\$13,685,635
General Fund Restricted:	<u>\$ 656,970</u>	<u>\$1,107,690</u>
Beginning Balance:	<u>\$12,213,468</u>	<u>\$14,793,325</u>

Ending Fund Balance – Other Funds:

- Fund 130 – Cafeteria Special Reserve Fund \$218,144
This fund is used to account separately for Federal, State and Local resources to operate the Food Service program. The fund shall be used only for expenditures for the operation of the LEA’s Food Service program. The Fund Balance decreased from last year’s audited balance by \$145,517.
- Fund 140 – Deferred Maintenance Fund \$1,013,549
Expenditures are for major repairs and replacements needed to maintain the district’s facilities. The fund balance increased by \$98,784.
- Fund 211/212 – Building Fund \$0
The Building Fund was used to account separately for the revenue and expenditures from the Measure 39 High School Bond. The remaining funds available in 2014-15, of \$3,614,623, were utilized for the completion of the Science and Technology Project.
- Fund 250 – Capital Facilities Fund \$844,951
This fund is used to account for monies received from fees levied on developers and other agencies as a condition of development. Fees are collected for both residential and commercial development within the District’s boundaries as authorized by state regulations and the district’s developer fee study. Funds were used in 2014-15 to purchase 2 properties adjacent to the High School, and for planning costs related to East Area 1.
- Fund 350– County School Facilities Fund \$838,240
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. Funding received from the Overcrowding Relief Grant of \$4,996,625 was received in this fund and was utilized to pay for the completion of the Science and Technology Project.
- Fund 401–Special Reserve Fund for Capital Outlay Projects \$8,101,835
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 2014-15 the District received \$481,993 from the RDA.
- Fund 510/511/512 – Bond Interest and Redemption Funds \$1,876,317
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.

FISCAL IMPACT: Increase to the 2015-16 Beginning General Fund Balance of \$2,579,857 (\$2,129,137 to unrestricted, and \$450,720 to restricted budgets).

RECOMMENDATION: It is recommended that the Board of Trustees approve the 2014-15 Unaudited Actual Financial Report.