

BUENA PARK SCHOOL DISTRICT
Buena Park, California 90620

September 12, 2016

TO: Greg Magnuson, Superintendent

FROM: Kelvin Tsunezumi, Assistant Superintendent, Administrative Services

SUBJECT: **APPROVAL OF 2015-16 UNAUDITED ACTUALS**

BACKGROUND

Education Code Section 42100 requires that on or before September 15, the governing board of each school district shall approve, in a format prescribed by the Superintendent of Public Instruction, an annual statement of all receipts and expenditures of the district for the preceding fiscal year and shall file the statement with the county superintendent of schools.

CURRENT INFORMATION

Prior to review by an independent auditor, the District's Unaudited Actuals offers the best presentation of its financial data and ending balance position for the year ended June 30, 2016. District staff has completed the Unaudited Actuals for the 2015-16 year and has summarized the ending balance of each fund below.

ENDING BALANCES

	2015-16 Unaudited Actuals
General Fund - <i>Unrestricted Only</i>	\$ 6,916,845
- <i>Designation for Economic Uncertainties</i>	\$ 2,921,158
Cafeteria Fund	\$ 894,007
Deferred Maintenance Fund	\$ 547,691
Building Fund (Bond, Series 2014 A/B & 2016 BAN)	\$ 6,604,143
School Facilities (Prop 47)	\$ 0
Capital Facilities Fund (Developer Fee)	\$ 271,379
Special Reserve Fund (Capital Projects)	\$ 3,204,678
Bond Interest & Redemption Fund	\$ 3,251,998

INCOME

Local Control Funding Formula (LCFF) Revenues

As part of the 2013-14 State Adopted Budget, the Revenue Limit funding model was replaced with LCFF. LCFF eliminates revenue limits and funds from most State categorical programs

including Economic Impact Aid (EIA), Deferred Maintenance, Class Size Reduction, Special Ed Transportation, and Home-to-School Transportation are now folded into LCFF. Inclusive of the above, LCFF revenues for 2015-16 totaled \$42,399,433.

The following table summarizes the variables associated with District's actual LCFF revenue for the 2015-16 year.

LCFF Assumptions	2015-16 Unaudited Actuals
LCFF Revenues (Unrestricted)	\$ 42,399,433
ADA	4,869.44
LCFF Funding Rate	52.56%
Unduplicated Student %	80.13%

EXPENDITURES

Salaries & Benefits

For 2015-16 District salaries and benefit expenditures totaled \$44,225,580 or 83.1% of General Fund expenditures. This compares to 2014-15 expenditures of \$38,881,617 or 82.8% of General Fund expenditures. Salary and benefit expenses include current employees and retiree benefit costs. For 2015-16 employee benefit expenses totaled \$11,885,476, a \$2,609,900 increase from 2014-15 total employee benefit expenditures of \$9,275,576.

Non-Salary Expenditures

For 2015-16 District non-salary expenditures totaled \$8,977,239 or 16.9% of General Fund expenditures. This compares to 2014-15 expenditures of \$8,083,865 or 17.2% of General Fund expenditures. Between 2014-15 and 2015-16 non-salary expenditures increased by \$893,374. This increase was entirely attributable to an increase in restricted non-salary expenses with the unrestricted decreasing year over year by \$96,214. Overall, the major increases were in the areas of Books & Supplies and in Services & Other Operating Expenses.

Carryover Provisions

Carryover and deferred income totals and special designations for restricted and unrestricted programs are included in the 2015-16 Unaudited Actual expenses and General Fund balance. Program carryover balances from the 2015-16 year will be reapportioned to the appropriate expenditures categories prior to the 2016-17 First Interim Report. The following table summarizes carryover and deferred income amounts for 2015-16.

Unrestricted/Restricted Carryover and Deferred Income Totals	Unaudited Actuals 2015-16 Unrestricted Amounts	Unaudited Actuals 2015-16 Restricted Amounts
Carryover for the Kid Connection Program	\$ 144,518	
2015-16 One-time Discretionary Fund (unspent dollars and/or reserved for spending in future years)	\$ 2,044,150	
Special designation for OPEB (GASB 45)	\$ 592,092	
Instructional Materials (Textbook)	\$ 1,122,490	
Carryover for Restricted Ending Balance Programs [Lottery-Restricted, Medi-Cal, RRMA, Mental Health, Educator Effectiveness, & California Clean Energy Jobs Act]		\$ 1,853,765
Deferred Income [Title I, Title II, Title III, & ASES]		\$ 559,564

Program Encroachment & Transfers

In 2015-16, General Fund encroachment was \$6,449,769, including the District's contribution to the Routine Restricted Maintenance Account (RRMA). The following table identifies contributions from the unrestricted side of the General Fund to support specific restricted programs.

	2015-16 Unaudited Actuals
Encroachments:	
Special Education	\$ 4,852,543
RRMA	\$ 1,397,341
Transportation – LCFF	\$ 0
Sp. Ed. Transportation - LCFF	\$ 0
Federal Audit Compliance (Title I, Title II, ASES)	\$ 136,157
McKinney Vento	\$ 13,342
School Readiness	\$ 23,228
Community Building Initiative	\$ 27,157

LONG TERM DEBT

The District maintains specific obligations classified as Long Term Debt. The following schedule identifies existing obligations paid or entered into in the 2015-16 year. The sources of repayment for the District's long term debt are from the General Fund and the Special Reserve Fund.

CREDITOR	2015-16	2016-17	Beyond
RICOH-Copiers - Fund 40	119,275	119,275	32,600
Retiree H&W - Fund 01	<u>158,893</u>	<u>183,540</u>	<u>152,844</u>
	278,168	302,815	185,444

OTHER FUNDS

The District maintains several other funds outside of the General Fund. Below is a synopsis of those funds, effective 6/30/16.

FUND	BEGINNING BALANCE 7/1/15	ENDING BALANCE 6/30/16	DIFFERENCE
Cafeteria Fund – 13	\$ 913,060	\$ 894,007	(\$ 19,053)
Deferred Maintenance Fund – 14	\$ 747,353	\$ 547,691	(\$ 199,662)
G.O. Bond Fund – 21	\$ 14,373,934	\$ 6,604,143	(\$ 7,769,791)
Capital Facilities Fund – 25	\$ 1,125,430	\$ 271,379	(\$ 854,051)
County School Facilities Fund - 35	\$ 0	\$ 0	\$ 0
Special Reserve Fund – 40	\$ 3,150,156	\$ 3,204,678	\$ 54,522

FISCAL IMPLICATIONS

The 2015-16 Unaudited Actuals reflects an overall General Fund surplus of \$2,898,582 and an unrestricted surplus of \$2,477,865 due primarily to 2015-16 one-time revenues that were received in 2015-16 but for which \$2,044,150 will be spent in the next two subsequent years. The restricted program has a surplus of \$420,717.

The District ended the 2015-16 fiscal year with a General Fund ending balance of \$8,770,609 comprised of restricted ending balance in the amount of \$1,853,765 and an unrestricted balance of \$6,916,845.

The unrestricted ending fund balance is comprised of \$55,000 in revolving cash and \$3,903,250 in unrestricted designated reserves for Kid Connection, Instructional Materials, Other Post-Employment Benefits under GASB 45, and 2015-16 One-Time Discretionary Funds reserved for future use. The Designation for Economic Uncertainties for 2015-16 totals \$2,921,158 and at 5.49% of total operating expenditures exceeds the mandated 3% reserve requirement for economic uncertainty.

STAFF RECOMMENDATION

The Administration recommends that the Governing Board adopt the 2015-16 Unaudited Actuals as presented.