

BUENA PARK SCHOOL DISTRICT
Buena Park, California 90620

September 11, 2017

TO: Greg Magnuson, Superintendent

FROM: Tu My Vuong, Director of Fiscal Services

SUBJECT: **APPROVAL OF 2016-17 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, 2017. District staff has completed the Unaudited Actuals for the 2016-17 year and has summarized the ending balance of each fund below.

ENDING BALANCES

	2016-17 Unaudited Actuals
General Fund - <i>Unrestricted Only</i>	\$ 6,713,385
- <i>Designation for Economic Uncertainties</i>	\$ 2,462,587
Child Development Fund	\$ 0
Cafeteria Fund	\$ 918,091
Deferred Maintenance Fund	\$ 522,413
Building Fund (Bond, Series 2014 A/B & 2016 BAN)	\$ 6,074,622
School Facilities Fund	\$ 1,209,486
Capital Facilities Fund (Developer Fee)	\$ 0
Special Reserve Fund (Capital Projects)	\$ 3,956,931
Bond Interest & Redemption Fund	\$ 3,570,838

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. With the close of fiscal year 2016-17 School District's is entering its 5th year under LCFF. LCFF eliminates revenue limits and funds from over dozens of State categorical programs including Economic Impact Aid (EIA), Deferred Maintenance, Class Size Reduction,

Special Ed Transportation, and Home-to-School Transportation are folded into LCFF. Inclusive of the above, LCFF revenues for 2016-17 totaled \$44,191,055. The District transfers out \$350,000 from the LCFF to support the Deferred Maintenance Plan.

The following table summarizes the variables associated with District's actual LCFF revenue for the 2016-17 year.

LCFF Assumptions	2016-17 Unaudited Actuals
LCFF Revenues (Unrestricted)	\$ 43,841,055
ADA	4,739.44
LCFF Funding Rate	56.08%
Unduplicated Student %	79.61%

EXPENDITURES

Salaries & Benefits

For 2016-17 District salaries and benefit expenditures totaled \$47,325,854 or 83.9% of General Fund expenditures. This compares to 2015-16 expenditures of \$44,225,580 or 83.1% of General Fund expenditures. Salary and benefit expenses include current employees and retiree benefit costs. For 2016-17 employee benefit expenses totaled \$13,782,688, a \$1,897,212 increase from 2015-16 total employee benefit expenditures of \$11,885,476. Increases driven by STRS, PERS, and Medical costs.

Non-Salary Expenditures

For 2016-17 District non-salary expenditures totaled \$9,054,368 or 16.1% of General Fund expenditures. This compares to 2015-16 expenditures of \$8,977,239 or 16.9% of General Fund expenditures. Between 2015-16 and 2016-17 non-salary expenditures maintained relatively steady with an increase of \$77,129, below 1% increase.

Carryover Provisions

Categorical carryover and deferred income totals in the amount of \$2,163,941 and special designations for restricted and unrestricted programs are included in the 2016-17 Unaudited Actual expenses and General Fund balance. Program carryover balances from the 2016-17 year will be reapportioned to the appropriate expenditures categories prior to the 2017-18 First Interim Report. The following table summarizes carryover and deferred income amounts for 2016-17.

Unrestricted/Restricted Carryover and Deferred Income Totals	Unaudited Actuals 2016-17 Unrestricted Amounts	Unaudited Actuals 2016-17 Restricted Amounts
Carryover for the Kid Connection Program	\$ 105,555	
2015-16 One-time Discretionary Fund (unspent dollars reserved for future spending)	\$ 644,788	
2015-16 One-time Discretionary Fund (reserved dollars for future spending)	\$705,000	
2016-17 One-time Discretionary Fund (reserved dollars for future spending)	\$1,008,183	
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, &Other Local]		\$ 1,464,071
Deferred Income [Title I, Title II, Title III, & ASES]		\$ 699,870

Program Encroachment & Transfers

In 2016-17, General Fund encroachment was \$7,188,795, 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.

	2016-17 Unaudited Actuals
Contributions from General Fund:	
Special Education	\$ 5,628,543
RRMA	\$ 1,560,252
Total Restricted	\$ 7,188,795
Contributions to General Fund:	
Title II	\$ 200,000

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 2016-17 year. The sources of repayment for the District's long term debt are from the General Fund and the Special Reserve Fund.

CREDITOR	2016-17	2017-18	Beyond
RICOH-Copiers - Fund 40	119,271	32,600	
Retiree H&W - Fund 01	216,930	266,471	152,844
Supplemental Early Retirement Fund01		168,085	672,340
	336,201	467,156	825,184

OTHER FUNDS

The District maintains several other funds outside of the General Fund. Below is a synopsis of those funds, effective 6/30/17.

FUND	BEGINNING BALANCE 7/1/16	ENDING BALANCE 6/30/17	DIFFERENCE
Cafeteria Fund – 13	\$ 894,007	\$ 918,091	\$ 24,084
Deferred Maintenance Fund – 14	\$ 547,691	\$ 522,413	(\$ 25,278)
G.O. Bond Fund – 21	\$ 6,604,142	\$ 6,074,622	(\$ 529,520)
Capital Facilities Fund – 25	\$ 271,379	\$ 0	(\$ 271,379)
County School Facilities Fd - 35	\$ 0	\$ 1,209,486	\$ 1,209,486
Special Reserve Fund – 40	\$ 3,204,678	\$ 3,956,931	\$ 752,253

FISCAL IMPLICATIONS

The 2016-17 Unaudited Actuals reflects an overall Net Decrease in Fund Balance of \$593,153 and an unrestricted decrease of \$203,459. The restricted program has a decrease of \$389,694.

The District ended the 2016-17 fiscal year with a General Fund ending balance of \$8,177,457 comprised of restricted ending balance in the amount of \$1,464,071 and an unrestricted balance of \$6,713,386.

The unrestricted ending fund balance is comprised of \$55,000 in revolving cash and \$4,178,108 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 2016-17 totals \$2,462,588 and at 4.37% of total operating expenditures exceeds the mandated 3% reserve requirement for economic uncertainty.

STAFF RECOMMENDATION

The Administration recommends that the Governing Board adopt the 2016-17 Unaudited Actuals as presented.