

Pleasant Valley School District
2014-15 Second Interim Budget Report
March 10, 2015

Introduction

A school district budget is a living document which changes throughout the year in order to accurately reflect the latest financial requirements and operational practices. Consistent with the requirements of AB 1200 Pleasant Valley School District updates their budget three times a year following adoption: 45-day revise, First Interim Budget Report (based on activity through October), and Second Interim Budget Report (based on activity through March). These updated reports must be forwarded to the Ventura County Office of Education for review prior to being sent to the State. Staff is providing the Board of Trustees with the 2014-15 Second Interim Budget Report reflecting revenues and expenditures based on the information available at the time. As more information becomes available, the budget will be updated. Staff is requesting the Board approve the Second Interim Budget as presented.

Background

Passed in 1991, AB 1200, in conjunction with education codes relating to budget preparation, adoption, and interim revisions, was created because of the need to ensure that local educational agencies throughout California adequately prepare to meet their financial obligations. AB 1200 is a statewide plan for county offices of education and school districts to work together on the local level to improve fiscal procedures, standards, and accountability. The law was rooted in the concerns that arose following the bankruptcy of Richmond School District, and the fiscal collapse of a few other districts that were preparing to seek emergency loans from the State. AB 1200 expanded the role of county offices of education in monitoring school districts and mandates that they intervene, under certain circumstances, to ensure districts can meet their financial obligations. The passage of AB 1200 sent a strong message to local educational agencies to put and keep their finances in order.

Passed in 2004, AB 2756 mandated significant revisions to the criteria and standards to improve the fiscal monitoring and oversight of school districts. Effective June 2008, it was further amended to update the formulas and methodologies used by districts in calculating budget projections and to require school districts to provide supplemental information under specified circumstances.

Discussion

The attached schedules present the expected revenues, expenditures and ending fund balance for the 2014/15 Second Interim Budget. Schedule A shows the Budget divided into three categories; Unrestricted Operations (Column I), Unrestricted Programs (Column II) and Restricted Programs (Column III). Schedule B highlights the changes between the First Interim Budget (Column I) and Second Interim Budget (Column II). Adjustments made to the Budget reflect current information and include the effect of settled negotiations with SEIU, unrepresented classified and management, as well as estimates for unsettled negotiations with PVEA.

Unrestricted Operations

The majority of the District's funding and expenditures are related to the ongoing operations of the District. The largest change since First Interim is the accounting for \$2.2 million in salary and benefit enhancements. Negotiations between the District and SEIU were settled in December 2014 for a 2%

salary schedule increase, a 1.5% off salary schedule bonus and increases to the health benefits caps. The package cost approximately \$470,000. Negotiations between the District and PVEA are not settled as of Second Interim. However, approximately \$1.8 million is budgeted in anticipation of an eventual settlement. The amount budgeted reflects a 3% salary schedule increase, a 2.5% off salary schedule bonus and increases to the health benefits caps for all employees.

Local Control Funding Formula (LCFF) revenues have been increased by \$223,000 to reflect the inclusion of County served special education students in the District's LCFF calculation. There is a corresponding increase in Other Outgo to reflect the transfer of these funds to the County. In addition, the LCFF revenues reflect a decrease in the percentage of the target gap funding from 29.56% to 29.15%, resulting in a net increase in LCFF funding of \$160,000. Contributions from unrestricted operations had a net decrease of \$603,000 since First Interim resulting from increased contributions to special education, MAA and transportation programs, and a decrease in contributions to unrestricted programs (discussed further below). Expenditures have been adjusted to reflect the cost of the salary and benefit increases from the negotiated settlement and proposal discussed previously.

Unrestricted Programs

These programs are considered unrestricted and have varying degrees of flexibility. However, they are focused on services identified as a need by the District or required by the State. For example, under LCFF, funding for Deferred Maintenance, Transportation, Targeted Instructional Improvement and Economic Impact Aid is now unrestricted. However, the District still has an obligation to maintain its facilities, transport students and provide additional services for socio-economically disadvantaged students and English language learners. How the District provides these services has become more flexible. Some other programs included in this category are GATE, Lottery and the Education Protection Account. The District also uses this category to track expenses related to donations and the implementation of the District's technology vision.

Revenues have remained consistent since First Interim. Contributions from unrestricted operations have decreased by \$719,000 as part of a redirection of program funds to support proposed salary and benefit enhancements. Budgeted expenditures for books, supplies and services have been reduced to reflect this redirection of funds

Restricted Programs

These programs have specific guidelines on their use and often require reporting to a Federal or State agency about how the funds were spent. Examples of programs in this category are Title I, Prop 20 Lottery, Prop 39 California Clean Energy, Special Education and CCSS Implementation funding. Revenues are up since First Interim mainly due to increases in Title I and funding for Common Core training for special education staff. The increase in contributions is mainly due to an increase in the special education encroachment, partially caused by salary and benefit increases. Expenditures have been adjusted to reflect program needs and increased funding.

Instructional Program Implications

The 2014-15 budget reflects the Board's focus on supporting effective instruction. Resources have been aligned to support technology in the classroom, staff development and a safe environment. The LCFF requires districts to adopt a Local Control Accountability Plan (LCAP). The LCAP identifies local goals focused on improved student outcomes and aligned to the District's spending plan.

Facilities

Our facilities have significant needs in terms of maintenance and repair. In addition to the funding of \$241,200 to the deferred maintenance fund, the general fund includes \$473,000 of building lease income dedicated to facility and maintenance needs.

School Community and Public Support

The Financial Report will be posted on the District's webpage and is available for review at the District Office as a means to keep the public informed of the District's financial status.

Budget Impact

Please see the attached budget document for a financial overview and information on budget assumptions.

District Policy Impact

The recommendations included in this report are consistent with the board of Education policies.

Prepared & Reviewed by

The above information was prepared by Cathy Bojorquez, Chief Business Official. If you have any questions, please contact Cathy at 805-383-1563.

Recommendations

The Superintendent recommends the Board approve the 2014-15 Second Interim Budget Report as presented.

Schedule A
Pleasant Valley Elementary School District
2014-15 Second Interim Budget
By Category

	I Unrestricted Operations	II Unrestricted Programs	III Restricted Programs	IV Total Budget
Revenue				
8010-8099 LCFF	35,827,713	7,150,125	-	42,977,838
8100-8299 Fed Revenue	36,267	-	2,387,932	2,424,199
8300-8599 Othr State Rev	603,394	836,281	220,111	1,659,786
8600-8799 Local Revenue	891,264	737,177	4,434,648	6,063,089
Total Revenue	37,358,638	8,723,583	7,042,691	53,124,912
Expenditures				
1000 Certificated Salaries	14,750,450	8,088,152	4,459,369	27,297,971
2000 Classified Salaries	4,575,184	791,578	2,605,174	7,971,936
3000 Employee Benefits	7,385,651	1,448,098	1,961,480	10,795,229
4000 Books & Supplies	1,538,966	4,020,805	2,365,256	7,925,027
5000 Services & Contracts	2,648,376	1,658,292	1,718,939	6,025,607
6000 Capital Outlay	-	78,395	-	78,395
7000 Other Outgo	1,200,247	85,000	426,238	1,711,485
Subtotal Expenditures	32,098,874	16,170,320	13,536,456	61,805,650
Other Financing Sources/Uses				
Contributions	(8,710,223)	4,157,260	4,552,963	-
Interfund transfer out	-	-	-	-
Subtotal Other Financing	(8,710,223)	4,157,260	4,552,963	-
Total Expenditures	40,809,097	12,013,060	8,983,493	61,805,650
Net Increase/(Decrease)	(3,450,459)	(3,289,477)	(1,940,802)	(8,680,738)
Beginning Balance	9,644,991	3,299,501	1,940,802	14,885,294
Ending Balance	6,194,532	10,024	-	6,204,556
Reserves:				
Cash	5,250			5,250
Legally Restricted			-	-
Designated Econ Uncert	1,854,170			1,854,170
Instructional Materials Adoption	1,889,301			1,889,301
Equipment (Buses, mowers)	192,045			192,045
Program Balances		10,024		10,024
Budget Stabilization	2,253,767			2,253,767

Schedule B
Pleasant Valley Elementary School District
Comparison of
2014-15 First Interim and Second Interim Budgets

	I 2014-15 1st Interim Budget	II 2014-15 2nd Interim Budget	III Difference 1st Interim to 2nd Interim
Revenue			
8010-8099 LCFF	42,818,055	42,977,838	159,783
8100-8299 Fed Revenue	2,370,305	2,424,199	53,894
8300-8599 Othr State Rev	1,658,061	1,659,786	1,725
8600-8799 Local Revenue	5,968,199	6,063,089	94,890
Total Revenue	52,814,620	53,124,912	310,292
Expenditures			
1000 Certificated Salaries	26,186,293	27,297,971	1,111,678
2000 Classified Salaries	7,806,736	7,971,936	165,200
3000 Employee Benefits	10,359,883	10,795,229	435,346
4000 Books & Supplies	8,247,459	7,925,027	(322,432)
5000 Services & Contracts	5,814,404	6,025,607	211,203
6000 Capital Outlay	78,395	78,395	-
7000 Other Outgo	1,445,515	1,711,485	265,970
Subtotal Expenditures	59,938,685	61,805,650	1,866,965
Other Financing Sources/Uses			
Contributions	-	-	-
Interfund transfer out	-	-	-
Subtotal Other Financing	-	-	-
Total Expenditures	59,938,685	61,805,650	1,866,965
Net Increase/(Decrease)	(7,124,065)	(8,680,738)	(1,556,673)
Beginning Balance	14,885,294	14,885,294	-
Ending Balance	7,761,229	6,204,556	(1,556,673)
Reserves:			
Cash	5,250	5,250	
Legally Restricted	175,008	-	
Designated Econ Uncert	1,798,161	1,854,170	
Instructional Materials Adoption	1,889,301	1,889,301	
Equipment (Buses, mowers)	192,045	192,045	
Program Balances	10,301	10,024	
Budget Stabilization	3,691,163	2,253,767	