

Pleasant Valley School District
2014-15 First Interim Budget Report
December 9, 2014

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 First 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 First Interim Budget as presented.

Background

Passed in 1991, AB 1200, in conjunction with education codes relating to budget preparation, adoption, and interim revisions, were 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

Unrestricted Operations

The majority of the District's funding and expenditures are related to the ongoing operations of the District. Local Control Funding Formula (LCFF) revenues have been increased by \$442,000 to reflect an increase in enrollment and an increase in the percentage of the target gap funding from 28.06% to 29.56%. Other State Revenue has increased due to a one-time payment for prior mandated cost claims of \$425,000. Expenditures have been adjusted to reflect staffing changes and revisions to supplies, utilities and service estimates. Other Outgo has increased by \$928,000 due to an accounting change since adoption. Previously, special education excess cost paid to the Ventura County Office of Education (VCOE) for PVSD students in VCOE programs was recorded in the restricted special education program code. The State now wants the excess costs recorded in the Unrestricted Operational budget. The increase in contributions reflects the impact of the accounting change just discussed and an accounting change for special education which is discussed under Restricted Programs below. The ending fund

balance includes \$1.9 million set aside for a future instructional materials adoption, \$1.8 million designated for economic uncertainties and \$3.7 million set aside for budget stabilization.

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 been adjusted to reflect an increase in Education Protection Act (EPA) funding. The EPA is part of the LCFF funding. Expenditures have increased since adoption to reflect the budgeting of prior year carryover. Except for specific plans to hold funds for future spending, it is generally assumed that these programs will spend all of the funds available and expenditures are budgeted accordingly.

Restricted Programs

These programs have specific guidelines on their use and often require reporting how the funds were spent to a Federal or State agency. 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 down since adoption mainly due to an accounting change. Previously, a portion of the Revenue Limit funds attributed to special education students was recorded as special education revenue. Districts continued that practice with LCFF funding. Clarification on the accounting came from the State after the budget was adopted. This accounting change results in less revenue allocated to special education and an increase in the General Fund contribution to cover special education expenditures. Expenditures include the budgeting of prior year carryover amounts in various programs and vacancies filled since adoption.

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 transfer 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 First Interim Budget Report as presented.

**Pleasant Valley Elementary School District
2014-15 First Interim Budget
By Category**

	I Unrestricted Operations	II Unrestricted Programs	III Restricted Programs	IV Total Budget
Revenue				
8010-8099 LCFF	35,710,361	7,107,694	-	42,818,055
8100-8299 Fed Revenue	30,000	67,500	2,272,805	2,370,305
8300-8599 Othr State Rev	603,394	836,281	218,386	1,658,061
8600-8799 Local Revenue	888,164	698,694	4,381,341	5,968,199
Total Revenue	37,231,919	8,710,169	6,872,532	52,814,620
Expenditures				
1000 Certificated Salaries	13,589,324	8,084,686	4,512,283	26,186,293
2000 Classified Salaries	4,456,517	774,961	2,575,258	7,806,736
3000 Employee Benefits	6,958,507	1,450,488	1,950,888	10,359,883
4000 Books & Supplies	1,560,081	4,579,761	2,107,617	8,247,459
5000 Services & Contracts	2,482,049	1,822,455	1,509,900	5,814,404
6000 Capital Outlay	-	78,395	-	78,395
7000 Other Outgo	941,468	85,000	419,047	1,445,515
Subtotal Expenditures	29,987,946	16,875,746	13,074,993	59,938,685
Other Financing Sources/Uses				
Contributions	(9,313,044)	4,876,377	4,436,667	-
Interfund transfer out	-	-	-	-
Subtotal Other Financing	(9,313,044)	4,876,377	4,436,667	-
Total Expenditures	39,300,990	11,999,369	8,638,326	59,938,685
Net Increase/(Decrease)	(2,069,071)	(3,289,200)	(1,765,794)	(7,124,065)
Beginning Balance	9,644,991	3,299,501	1,940,802	14,885,294
Ending Balance	7,575,920	10,301	175,008	7,761,229
<u>Reserves:</u>				
Cash	5,250			5,250
Legally Restricted			175,008	175,008
Designated Econ Uncert	1,798,161			1,798,161
Instructional Materials Adoption	1,889,301			1,889,301
Equipment (Buses, mowers)	192,045			192,045
Program Balances		10,301		10,301
Budget Stabilization	3,691,163			3,691,163

**Pleasant Valley Elementary School District
2014-15 Adopted Budget
2014-15 Adopted and 2014-15 First Interim**

	I 2014-15 Adopted Budget	II 2014-15 1st Interim Budget
Revenue		
8010-8099 LCFF	42,617,426	42,818,055
8100-8299 Fed Revenue	2,087,831	2,370,305
8300-8599 Othr State Rev	1,228,194	1,658,061
8600-8799 Local Revenue	5,933,840	5,968,199
Total Revenue	51,867,291	52,814,620
Expenditures		
1000 Certificated Salaries	25,958,619	26,186,293
2000 Classified Salaries	7,568,210	7,806,736
3000 Employee Benefits	10,441,378	10,359,883
4000 Books & Supplies	5,103,811	8,247,459
5000 Services & Contracts	5,095,772	5,814,404
6000 Capital Outlay	-	78,395
7000 Other Outgo	1,772,912	1,445,515
Subtotal Expenditures	55,940,702	59,938,685
Other Financing Sources/Uses		
Contributions	-	-
Interfund transfer out	(241,200)	-
Subtotal Other Financing	(241,200)	-
Total Expenditures	56,181,902	59,938,685
Net Increase/(Decrease)	(4,314,611)	(7,124,065)
Beginning Balance	9,881,869	14,885,294
Ending Balance	5,567,258	7,761,229
Reserves:		
Cash	5,250	5,250
Legally Restricted	126,540	175,008
Designated Econ Uncert	1,685,458	1,798,161
Instructional Materials Adoption	1,889,301	1,889,301
Equipment (Buses, mowers)	192,045	192,045
Program Balances	10,301	10,301
Budget Stabilization	1,658,363	3,691,163