East Side Union High School District

FY 2014-15 Second Interim Update – Budget Advisory Committee

Presented by: Marcus Battle,
Associate Superintendent of Business Services and
Karen Poon, Director of Finance

March 11, 2015
Key Impacts For ESUHSD Based on the Governor’s Budget Proposal

- **FY 2014 – 15** – No Changes;

- **COLA** for Fiscal Year (FY) 2015-16 was projected at 2.19% and has been projected downward to 1.58%, this will result in a reduction of $436,035 in projected revenues; FY 2016–17 COLA increased slightly from 2.14% to 2.17% resulting in a slight increase of $11,683.

- **Local Control Funding Gap** changed for FY 2015 -16 from 20.68% to 32.19% resulting in a revenue increase of $3.2 mil; for FY 2016–17 the Gap % decreased slightly from 25.48% to 23.71% resulting in a slight increase in revenues of $840,271.

EAST SIDE UNION HIGH SCHOOL DISTRICT - BUDGET UPDATE FOR SECOND INTERIM
FY 14-15 ESUHSD Enrollment Update

• Oct. 2014 CBEDS Enrollment Count 23,683
  • Year to Date as/of Feb 2015 23,330 down 353
  • FY 14-15 Second Interim Funded ADA – 22,698 (Down 95 ADA)

• 2015/16 Budgeted Enrollment – 23,273
  • FY 2015-16 estimated Funded ADA 22,667 (Down 95 ADA)

Projected ADA Funding Changes:
• FY 2014-15 ($809,020) – estimated loss of 95 ADA
• FY 2015-16 ($860,035) – estimated loss of 95 ADA
East Side Union High School District
Enrollment / ADA Projections

- Total CBEDS Enrollment
- Projected P2 ADA
2014-15 Budget Assumptions
Salaries and Other Expenses

- Board Approved and District Recommended Updates and Changes to Fiscal Assumptions Since Budget Adoption Incl. SSC Dartboard;

**Key Fiscal Assumptions (Changes/Adjustments Highlighted)**

- Statutory COLA – 0.85%
- LCFF Target Base - $8,491
- **LCFF Unduplicated Count – 53.79% (up 0.61%)**
- LCFF Approved Funding Gap – 29.15%
- Salaries Increases - Negotiations settled for FY 14-15 @ 5% with an additional 1.5% pending Governor’s May Revision
- Certificated Step and Column – Unchanged at 1.5%
- Classified Step and Column – Unchanged at 2%
- STRS – 8.88%
- PERS – 11.771%
- Workers’ Comp – 1.98%
- Health and Welfare – 6%
2014-15 Second Interim Revenues

Total Revenues - $226 million
- Unrestricted – $205 million
- Restricted - $21 million

- Projected Revenues
  Increased $793k since First Interim
The 2014-15 Second Interim Budget reflects...

- Board Approved and District Recommended Updates and Changes Since First Interim (Revenues);

- **$793k in Revenue Increases**
  - **($862k) LCFF** – Decrease due to downward projection of P2 ADA of 95.33, including a slight reduction in the GAP% 0.41%; Unduplicated count increased slightly by 0.61%
  - **$971k Federal** – Slight increase in Federal funds related to special education IDEA grants, Title I, and Title III
  - **($267k) Other State** – Decrease related to reduction in Mandated Block Grant and lottery revenues
  - **$951 Local** – SELPA Special Ed. excess reimbursement from COE of $721k and increases in local revenues
2014-15 Second Interim Project Expenses

Total Expenses -
$ 239.2 million
- Unrestricted – $182.4 million
- Restricted - $56.8 million

Projected Expenses
Increased $6.3 million Since First Interim

Expense Distribution by % of Budget

- Certificated Salaries
- Classified Salaries
- Employee Benefits
- Books and Supplies
- Operations & Contracted Services
- Capital Outlay
- Debt Services
The 2014-15 Second Interim Budget reflects…

- Board Approved and District Recommended Updates and Changes to Expenses Since Budget Adoption;

- $6.3 million in Expenditure Increases (Key Highlights)
  - $5.5 million Increase – Certificated & Classified Salaries, and Benefits increased primarily as a result of negotiated settlements at 5%
  - $867k Increase – Books and Supplies increased primarily as a result of a transfer of funds from salaries related to Common Core to purchase chrome books
  - All Other Expense Categories remained relatively unchanged
### 2014-15 Second Interim - Projected Ending Fund Balance

<table>
<thead>
<tr>
<th>Categories</th>
<th>2014/15 First Interim</th>
<th>2014/15 Second Interim</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$225,184,466</td>
<td>$225,978,036</td>
<td>$793,570</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$232,945,195</td>
<td>$239,297,970</td>
<td>$6,352,775</td>
</tr>
<tr>
<td>Excess (Deficiency) of Revenues over Expenditures</td>
<td>($7,760,729)</td>
<td>($13,319,934)</td>
<td>($5,559,205)</td>
</tr>
<tr>
<td>Other Sources/Uses</td>
<td>($8,685,800)</td>
<td>($7,495,170)</td>
<td>$1,190,630</td>
</tr>
<tr>
<td>Net Increase (Decrease) in Fund Balance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>$33,188,657</td>
<td>$33,188,657</td>
<td>$0</td>
</tr>
<tr>
<td>Ending Balance Before Reserve</td>
<td>$24,502,857</td>
<td>$25,693,487</td>
<td>$1,190,630</td>
</tr>
<tr>
<td>Store &amp; Gen Reserve</td>
<td>$12,426,878</td>
<td>$7,721,878</td>
<td>($4,705,000)</td>
</tr>
<tr>
<td>Ending Balance Plus General Res.</td>
<td>$36,929,735</td>
<td>$33,415,365</td>
<td>($3,514,370)</td>
</tr>
</tbody>
</table>

Projected Ending Fund Balance Decreased by $3.5 million since First Interim
### 2014-15 Second Interim Projected Fund Balance Components

<table>
<thead>
<tr>
<th>Components</th>
<th>Unrestricted</th>
<th>Restricted</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ending Balance</td>
<td>$32,446,081</td>
<td>$969,284</td>
<td>$33,415,365</td>
</tr>
<tr>
<td>Revolving Cash</td>
<td>$2,500</td>
<td>$0</td>
<td>$2,500</td>
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<tr>
<td>Stores</td>
<td>$159,435</td>
<td>$0</td>
<td>$159,435</td>
</tr>
<tr>
<td>Legally Restricted (Categorical Balance)</td>
<td>$0</td>
<td>$969,284</td>
<td>$969,284</td>
</tr>
<tr>
<td>Economic Uncertainty – General Res. (Fund 17)</td>
<td>$7,559,943</td>
<td>$0</td>
<td>$7,559,943</td>
</tr>
<tr>
<td>Site Carryover (est.)</td>
<td>$500,000</td>
<td>$0</td>
<td>$500,000</td>
</tr>
<tr>
<td>Designated Reserves - LCAP &amp; EIA</td>
<td>$1,639,517</td>
<td>$0</td>
<td>$1,639,517</td>
</tr>
<tr>
<td>Designated Reserves – Fiscal Uncertainty/Budget Balancing</td>
<td>$22,584,686</td>
<td>$0</td>
<td>$22,584,686</td>
</tr>
</tbody>
</table>

**All Unrestricted Reserves total 13.44% of General Fund**
Multi-Year Budget Assumptions

• Based on SSC Dartboard;
• BASC LCFF Calculator;
• Enrollment and ADA Projections;
• Step and Column Adjustments;
• All Board Approved Budget Changes and Adjustments;
• Negotiated Settlements;
• Benefit Adjustments;
• Health & Welfare Costs;
## Multi-Year Projected Ending Fund Balances
**(FY 2014/15 through 2016-17)**

<table>
<thead>
<tr>
<th>Components</th>
<th>Base Year FY 2014 - 15</th>
<th>FY 2015 - 16</th>
<th>FY 2016 – 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$225,978,036</td>
<td>$238,796,653</td>
<td>$242,065,312</td>
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<tr>
<td>Expenses</td>
<td>$239,297,970</td>
<td>$245,136,428</td>
<td>$253,872,605</td>
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<tr>
<td><strong>Excess/(Deficit)</strong></td>
<td><strong>($13,319,934)</strong></td>
<td><strong>($6,339,775)</strong></td>
<td><strong>($11,807,293)</strong></td>
</tr>
<tr>
<td>Net Increase(Decrease) after Transfers in/out</td>
<td><strong>($7,495,170)</strong></td>
<td><strong>($3,189,775)</strong></td>
<td><strong>($5,657,293)</strong></td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>$33,188,657</td>
<td>$25,693,487</td>
<td>$22,503,712</td>
</tr>
<tr>
<td>Ending Balance plus Gen. Reserve</td>
<td>$33,415,365</td>
<td>$30,301,190</td>
<td>$24,720,252</td>
</tr>
<tr>
<td>Stores &amp; Rev. Cash</td>
<td>$161,935</td>
<td>$161,935</td>
<td>$161,935</td>
</tr>
<tr>
<td>Legally Restricted (Categorical)</td>
<td>$969,284</td>
<td>$651,857</td>
<td>$359,687</td>
</tr>
<tr>
<td>Economic Uncertainty - Statutory Reserve (Fund 17)</td>
<td>$7,559,943</td>
<td>$7,635,542</td>
<td>$7,711,898</td>
</tr>
<tr>
<td>Designated Reserves – Budget Balancing and Site Carryover ($500k)</td>
<td>$24,724,203</td>
<td>$21,851,856</td>
<td>$16,486,732</td>
</tr>
<tr>
<td>District Reserve %</td>
<td>13.44%</td>
<td>11.99%</td>
<td>9.5%</td>
</tr>
</tbody>
</table>
Questions or Comments