



Budget Advisory Committee Meeting

(Adopted Budget Update & 2013-14 Unaudited Actuals)

October 13, 2014

**Financial
Services**

Multi-Year (Adopted Budget)

| Components (Combined) | FY 2014-15 | *FY 2015-16 | *FY 2016-17 |
|-----------------------------------|---------------------|---------------------|---------------------|
| Revenues | \$221,462,042 | \$235,300,982 | \$238,856,700 |
| Expenses | \$234,292,000 | \$239,437,681 | \$248,615,299 |
| Net Increase (Decrease) | (\$12,829,958) | (\$4,136,699) | (\$9,758,598) |
| Other Sources/Uses | (\$600,000) | (\$600,000) | (\$600,000) |
| Beginning Balance | \$28,762,816 | \$15,332,858 | \$10,596,159 |
| Ending Balance before Reserve | \$15,332,858 | \$10,596,159 | \$237,561 |
| General Fund Reserves Fund 17 | \$12,269,958 | \$12,392,658 | \$11,416,584 |
| Ending Fund Balance (Est.) | \$27,785,002 | \$23,171,003 | \$11,836,331 |
| Reserve % | 11.39% | 9.34% | 4.62% |

Note: * FY 2015-16 & FY 16 – 17 Revenues include \$3 mil. transfer from OPEB and FY 16- 17 includes an additional \$1.1 mil. from Fund 17 for Budget Augmentation

2014/15 Adopted Budget Update – New State GAP % Change

| Fiscal Year | Adopted Budget | | | July State Budget Update | | |
|-------------------------|----------------|--------------|--------------|--------------------------|---------------|--------------|
| | 2014/15 | 2015/16 | 2016/17 | 2014/15 | 2015/16 | 2016/17 |
| GAP % | 28.06% | 30.39% | 19.50% | 29.56% | 20.68% | 25.48% |
| LCFF Rev. | \$193.1 mil. | \$205.4 mil. | \$209.3 mil. | \$194.0 mil. | \$202.1 mil. | \$208.8 mil. |
| Funding Gain/ (Loss) | | | | \$847,451 | (\$3,308,646) | (\$481,770) |

With the July GAP % update ESUHSD loss \$2.94 million

2014/15 Adopted Budget Update – STRS Rate Change

Preliminary Budget

| Fiscal Year | 2014/15 | 2015/16 | 2016/17 |
|--------------|-------------|-------------|-------------|
| STRS | 8.25% | 8.25% | 8.25% |
| STRS Expense | \$8,871,437 | \$9,001,392 | \$9,127,385 |

Adopted Budget with May Revisions

| Fiscal Year | 2014/15 | 2015/16 | 2016/17 |
|---------------------------------|--------------------|--------------------|--------------------|
| STRS | 9.50% | 11.10% | 12.70% |
| STRS Expense | \$10,215,594 | \$12,110,964 | \$14,050,641 |
| Expense Increase/ (Decrease) | \$1,344,157 | \$3,109,572 | \$4,923,256 |

July State Budget Revision Update

| Fiscal Year | 2014/15 | 2015/16 | 2016/17 |
|---------------------------------|--------------------|--------------------|--------------------|
| STRS | 8.88% | 10.73% | 12.58% |
| STRS Expense | \$9,724,253 | \$11,796,728 | \$13,792,180 |
| Expense Increase/ (Decrease) | (\$491,341) | (\$314,236) | (\$258,461) |

Multi-Year (Adopted Budget with July Budget Updates)

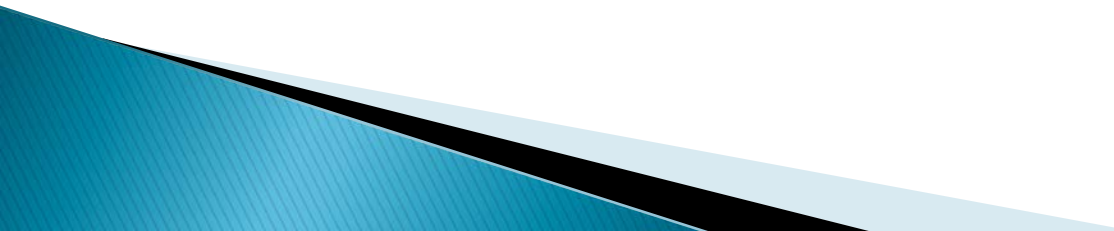
| Components (Combined) | FY 14-15 | FY 15-16 | *FY 16-17 |
|--|-----------------------|----------------------|----------------------|
| Adopted Budget Revenues | \$221,462,042 | \$235,300,982 | \$238,856,700 |
| State GAP % July Update | \$847,451 | (\$3,308,646) | (\$481,770) |
| Revenues with July Update | \$222,309,493 | \$231,992,336 | \$238,374,930 |
| Adopted Budget Expenses | \$234,292,000 | \$239,437,681 | \$248,615,299 |
| STRS Rate July Update | (\$491,341) | (\$314,236) | (\$258,461) |
| Expenses with July Update | \$233,800,659 | \$239,123,445 | \$248,356,838 |
| Net Increase (Decrease) | (\$11,491,166) | (\$7,131,109) | (\$9,981,908) |
| Other Sources/Uses | (\$600,000) | (\$600,000) | (\$600,000) |
| Beginning Balance | \$28,762,816 | \$16,671,650 | \$8,940,541 |
| Ending Balance before Reserve | \$16,671,650 | \$8,940,541 | (\$1,641,367) |
| General Fund Reserves Fund 17 | \$12,269,958 | \$12,392,658 | \$11,416,584 |
| Ending Fund Balance (Est.) | \$28,941,608 | \$21,333,199 | \$9,775,217 |
| Reserve % (Before July Updates) | 11.39% | 9.34% | 4.62% |
| Reserve % (After July Updates) | 12.35% | 8.90% | 3.93% |



East Side Union High School District

- ▶ 2013–14 Unaudited Actual

Background

- ▶ The District is required by law to close its books for the 2013–14 fiscal year by September 15, 2014, and to submit the financial statements to the Santa Clara County Office of Education (SCCOE)
 - ▶ After review, the SCCOE will forward the financials to the State
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2013-14 Revenues (Combined) Estimated Actual vs. Unaudited Actual

| Revenue Sources | Estimated Actual 2013-14 | Unaudited Actual 2013-14 | Difference |
|--------------------------------------|--------------------------------|--------------------------------|---------------------|
| LCFF | \$ 179.1 mil. | \$179.4 mil. | \$ 328,272 |
| Federal | \$ 11.3 mil. | \$ 11.3 mil. | \$ 3,601 |
| Other State | \$ 13.2 mil. | \$ 13.4 mil. | \$ 133,749 |
| Local | \$ 10.1 mil. | \$ 10.0 mil. | (\$ 101,211) |
| Contribution to Special Education | n/a | n/a | 0 |
| Transfer from OPEB | 0 | \$ 3.5 mil. | \$ 3,500,000 |
| Transfer to RRMA | n/a | n/a | 0 |
| Total Revenues | \$213.9 Mil. | \$217.7 Mil. | \$ 3,864,411 |

Revenue Reconciliation (Estimated Actual vs. Unaudited Actual Variance)

- ▶ **Revenue Limit – Increase \$328k**
 - Slight increase in prior year education protection account revenues and increase in the GAP % by 0.22%
- ▶ **Federal Revenue - No significant variance**
- ▶ **State Revenues – Increase \$133k**
 - Slight increase in lottery revenue and other adjustments
- ▶ **Local Revenues – Decrease (\$101k)**
 - Miscellaneous local income adjustments
- ▶ **Other Transfers and Sources – \$3.5 million**
 - Transfer From OPEB (Fund 20) contribution to support the General Fund

Total Revenues Increased \$ 3.86 million

2013-14 Expenditures (Combined)

Estimated Actual vs. Unaudited Actual

| Object | Estimated Actual 2013-14 | Unaudited Actual 2013-14 | Difference |
|--|--------------------------------|--------------------------------|---------------------|
| Certificated Salaries | \$104,345,830 | \$104,559,959 | \$ 214,129 |
| Classified Salaries | \$ 26,900,259 | \$ 26,917,455 | \$ 17,196 |
| Employee Benefits | \$ 54,115,510 | \$ 53,877,354 | (\$ 238,156) |
| Books and Supplies | \$ 6,456,368 | \$ 6,208,727 | (\$ 247,641) |
| Operation & Contracted Services | \$ 18,583,591 | \$ 18,331,477 | (\$ 252,114) |
| Capital Outlay | \$ 737,406 | \$ 731,091 | (\$ 6,315) |
| Other Outgo | \$ 3,908,262 | \$ 3,867,940 | (\$ 40,322) |
| Direct Sup./Ind. | (\$ 331,689) | (\$ 336,014) | (\$ 4,325) |
| Debt Services | \$ 1,979,599 | \$ 1,979,599 | 0 |
| Total General Fund Expenses | \$216,695,136 | \$216,137,588 | (\$ 557,548) |

Expenditure Reconciliation

(Estimated Actual vs. Unaudited Actual Variance)

- ▶ **Certificated Salaries** – Increase \$214K
(Mainly adjustment to salaries for expanded Summer Programs)
- ▶ **Classified Salaries** - No significant variance
- ▶ **Employee Benefits** – Decrease (\$238k)
(Mainly related to adjustment for retiree OPEB expenses)
- ▶ **Books and Supplies** – Decrease (\$247k)
(Mainly related to adjustment in restricted supplies)
- ▶ **Operating and Contracted Services** – Decrease (\$252K)
(Mainly related to reductions in Special Education contracted services)
- ▶ **Capital Outlay & Other Outgo** – No significant variances
- ▶ **Debt Services** – No significant variance

Total Expenditures Decreased (\$557K)

2013-14 Fund Balance (Combined) Estimated Actual vs. Unaudited Actual

| | Estimated Actual | Unaudited Actual | Difference |
|--|----------------------|----------------------|---------------------|
| Revenue | \$ 213,876,824 | \$217,741,235 | \$ 3,864,411 |
| Expenditures | \$ 216,695,136 | \$216,137,588 | (\$ 557,548) |
| Net Increase/(Decrease) to Fund Balance | (\$ 2,818,312) | \$ 1,603,647 | \$ 4,421,959 |
| Other Sources/Uses | (\$ 500,000) | (\$ 516,364) | (\$ 16,634) |
| Beginning Balance | \$ 28,677,993 | \$ 28,677,993 | 0 |
| Ending Balance Before Reserve Adjustments | \$ 28,762,816 | \$ 33,188,657 | \$ 4,425,841 |
| Cash & Stores | \$ 182,186 | \$ 161,935 | (\$ 20,251) |
| General Reserve (Fund 17) | \$ 12,207,958 | \$ 12,206,443 | (\$ 1,515) |
| Ending Bal. plus Gen Res. | \$ 41,152,960 | \$ 45,557,035 | \$ 4,404,075 |

Reserves – Components of the Ending Fund Balance

| Components | Estimated Actual | Unaudited Actual |
|--|------------------|------------------|
| Ending Balance plus Gen Reserve | \$41,152,960 | \$45,557,035 |
| Revolving Cash | \$2,500 | \$2,500 |
| Stores | \$179,686 | \$159,435 |
| Legally Restricted Balance | \$5,215,724 | \$4,874,681 |
| Designated Reserves – (Site Clearing & Carryover) | \$500,000 | \$568,417 |
| Designated General Reserve – Fund 17 @ 6% | \$12,207,958 | \$12,206,443 |
| Other Designated Reserves – EIA, Budget Balancing, Vacation Accrual | \$ 23,047,092 | \$27,745,559 |
| District Reserve (Unrestricted) | 16.4% | 18.7% |

OTHER FUNDS/Child Nutrition Fund 61

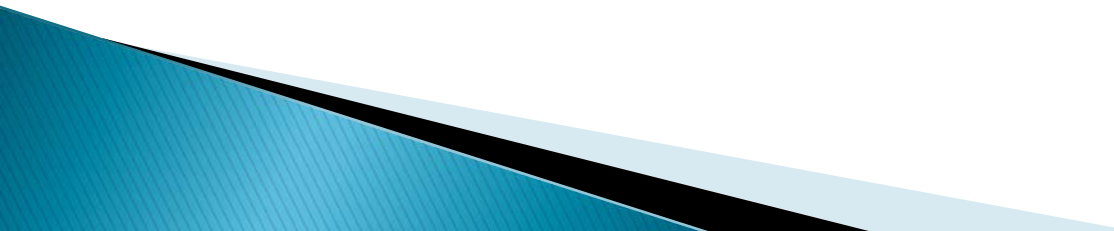
| Categories | 2013/14 Estimated Actual | 2013/14 Unaudited Actual | Variance |
|---|--------------------------------|--------------------------------|-------------|
| Revenues | \$6,089,124 | \$5,988,537 | (\$100,587) |
| Expenditures | \$6,255,775 | \$6,349,830 | \$94,055 |
| Net Increase (Decrease) to Fund Balance | (\$166,651) | (\$361,293) | (\$194,642) |
| Beginning Balance | \$361,293 | \$361,293 | 0 |
| Net Change | (\$166,651) | (\$361,293) | (\$194,642) |
| Ending Balance | \$194,642 | 0 | (\$194,642) |

OTHER FUNDS/OPEB Revocable Trust Fund 20

| Categories | 2013/14 Estimated Actual | 2013/14 Unaudited Actual | Variance |
|---|--------------------------------|--------------------------------|---------------|
| Revenues | \$ 24,860 | \$ 24,410 | (\$450) |
| Expenditures | 0 | \$ 3,500,000 | \$3,500,000 |
| Net Increase (Decrease) to Fund Balance | \$ 24,860 | (\$3,475,590) | \$3,500,450 |
| Beginning Balance | \$ 5,943,955 | \$ 5,943,955 | 0 |
| Net Change | \$ 24,860 | (\$3,475,590) | (\$3,500,450) |
| Ending Balance | \$ 5,968,815 | \$ 2,468,365 | (\$3,500,450) |

No major changes in other funds projected

Next Steps

- ▶ The District's External Auditor will review and confirm the 2013-14 unaudited actual and present a final audit report to the Board on or before January 2015;
 - ▶ The First Interim Report will be presented to the Board in December 2014 detailing year-to-date activity thru October 31 and fiscal projections.
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Budget Advisory Committee Meeting



QUESTIONS
COMMENTS
CONCERNS