

VINELAND SCHOOL DISTRICT

Second Interim Budget Report For Fiscal Year 2015-2016

-Executive Summary- March 14, 2016

California Education Code Section 42130 requires all public school districts to annually file at least two interim financial reports with their local county superintendent of schools and the California Department of Education. The First Interim Budget Report covers the financial and budgetary status of each school district for the period July 1 to October 31. The Second Interim Budget Report covers the financial and budgetary status of each school district for the period of July 1 to January 31.

Interim budget reports serve as “snapshots” of the district’s financial condition at a particular point in time. Multi-year budgets are highly dependent upon projected state funding, which in–turn is dependent upon the health of the state economy and sufficient collection of property, income and sales taxes. As a result, interim budget reports are anchored on projections provided by the county and state, as well as local expenditure decisions.

The Governing Board of each district must certify whether their budget is able to meet their financial obligations for the remainder of the current fiscal year and two subsequent years. Certifications are positive, qualified, or negative. A positive certification means the district will be able to meet its financial obligations for the current year and two subsequent years. A qualified certification means the district *may not* meet its financial obligations, while a negative certification indicates the district *will not* meet its fiscal obligations.

Ending Fund Balance

The ending fund balance is the ongoing amount of money the District has unexpended in its budget and is an indicator of the difference between the District’s revenues and expenditures. The ending fund balance from one year becomes the starting balance for the next. It is important to compare the fund balance figures at the same time each year because they can fluctuate throughout the year. The fund balance is not only a reflection of the current budget year, but it also includes the “bottom line” rolled over at the end of previous fiscal years after all accounts are reconciled.

The ending fund balance is comprised of the Non-spendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. The Non-spendable Fund Balance reflects assets not in spendable form, either because they will never convert to cash (such as prepaid items) or must remain intact pursuant to legal or contractual requirements (such as the principal of a permanent endowment). The Restricted Fund Balance includes resources subject to externally imposed and legally enforceable constraints imposed either by external resource providers or by law through constitutional provisions, or enabling legislation and the committed fund balance, set aside funds pursuant to a stabilization arrangement more formal than the reserve for economic uncertainties recommended by the Criteria and Standards for fiscal solvency or other minimum fund balance policy, and funds committed for purposes other than stabilization arrangements. The Committed Fund Balance includes stabilization arrangements and other commitments, which represent resources whose use is constrained by limitations self-imposed by the District. The Assigned Fund Balance represents resources intended for specific purposes, but for which the constraints do not meet the criteria to be reported as restricted or committed as well as funds representing other assignments. Finally, the Unassigned Fund Balance is divided into a reserve for economic uncertainties, or the set aside pursuant to a minimum fund balance policy recommended by the Criteria and Standards for fiscal solvency, as well as additional reserve amounts established pursuant to local policy and the residual fund balance in excess of amounts reported in the non-spendable, restricted, committed, or assigned fund balance classifications.

Certification of the First Interim Budget Report

Based on best available current information and budgetary assumptions, this Second Interim Budget Report has been submitted to the Board of Trustees as a *POSITIVE* certification for the 2015-2016 and two subsequent fiscal years of 2016–2017 and 2017-2018.

Disclaimer

The following is based on the most recent fiscal information and is subject to change. Any changes will be recast in the Estimated Actuals Budget Report in June.

Summary of All Funds

Governmental Funds

- *General Funds.* This is the chief operating fund for the District. It is used to fund the general operations of the District. All transactions except those required or permitted by law to be in another fund are accounted for in this fund. The General Fund is broken into two components: unrestricted and restricted
 - Unrestricted- used to account for those projects and activities that are funded with unrestricted revenues.
 - Restricted- used to account for those projects and activities that are funded by external revenue sources that are statutorily restricted or restricted by the donor to specific purposes.
- *Cafeteria Fund-* used to account for revenues received and expenditures made to operate the District's cafeterias.
- *Deferred Maintenance Fund-* used to pay for major repair and/or replacement of District property.
- *Special Reserve Fund for Other than Capital Outlay Projects-* used to accumulate mandated cost reimbursements to the District or for funds from other sources not required to be used for capital outlay purposes.
- *Special Reserve Fund for Post-Employment Benefits-* used to account for future payments of health and welfare benefits.
- *Impounds-* used to withhold tax revenue for liability contingency.
- *Building Fund -* used to account for major repairs, construction, and/or acquisition of major capital facilities and the proceeds of general obligation bonds.
- *Capital Facilities Fund-* used to account for monies received from fees levied on developers or other agencies as a condition of approving developments. Expenditures are restricted to capital projects related to housing students.
- *County School Facilities Fund-* used to account for the School Facilities Program grant award for modernization and new construction for sites.
- *Special Reserve Fund for Capital Outlay-* used to hold capital project reserves.

Fiduciary Funds

- *Impounds-* used to hold funds against contingent tax liabilities in litigation or tax appeal cases.

All Funds	Beginning Fund Balance	Revenues / Transfers In	Expenditures / Transfers Out	Ending Fund Balance
Governmental Funds	\$5,378,946	\$10,525,682	\$10,459,853	\$5,444,775
<i>Fund 01- General Fund</i>	\$668,975	\$9,200,023	\$9,356,046	\$512,952
<i>Fund 13- Cafeteria Fund</i>	\$845,900	\$602,472	\$464,807	\$983,566
<i>Fund 14- Deferred Maintenance Fund</i>	\$604,533	\$235,000	\$235,000	\$604,533
<i>Fund 17- Special Reserve Fund Other Than Capital Outlay</i>	\$262,346	\$0	\$0	\$262,346
<i>Fund 20- Special Reserve Fund for Post Employment Benefits</i>	\$643,234	\$232,709	\$0	\$875,943
<i>Fund 21- Building Fund</i>	\$1,452,714	\$0	\$4,000	\$1,448,714
<i>Fund 25- Capital Facilities Fund</i>	\$32,966	\$0	\$0	\$32,966
<i>Fund 35- County School Facilities Fund</i>	\$14,876	\$0	\$0	\$14,876
<i>Fund 40- Special Reserve Fund for Capital Outlay</i>	\$853,403	\$255,477	\$400,000	\$708,879
Fiduciary Funds	\$0	\$0	\$0	\$0
<i>Fund 77- Impounds</i>	\$0	\$0	\$0	\$0
Total of All Funds	\$5,378,946	\$10,525,682	\$10,459,853	\$5,444,775

**Revenue and Expenditures Assumptions
Fund 01 - General Fund**

Unrestricted and Restricted Revenues By Funding Source	Approved Operating Budget (First Interim)	Actuals to Date (January 31)	Projected Year Totals (Second Interim)	Projected Budget (Year 2)	Projected Budget (Year 3)
Local Control Funding Formula (LCFF)	\$7,238,232	\$3,992,096	\$7,216,800	\$7,739,359	\$8,063,816
Federal Revenue	\$703,126	\$304,655	\$703,102	\$714,376	\$732,093
Other State Revenue	\$884,638	\$679,020	\$884,638	\$409,425	\$419,579
Other Local Revenue	\$395,483	\$164,104	\$395,483	\$395,483	\$395,483
Total Revenues (Before Other Financing Sources / Uses)	\$9,221,479	\$5,139,875	\$9,200,023	\$9,258,643	\$9,610,971

Unrestricted and Restricted Expenditures By Object Code	Approved Operating Budget (First Interim)	Actuals to Date (January 31)	Projected Year Totals (Second Interim)	Projected Budget (Year 2)	Projected Budget (Year 3)
Certificated Salaries	\$4,232,050	\$1,734,141	\$3,637,522	\$3,692,084	\$3,745,606
Classified Salaries	\$838,200	\$546,533	\$909,260	\$919,469	\$928,652
Employee Benefits	\$1,400,768	\$865,249	\$1,376,295	\$1,486,398	\$1,605,310
Books and Supplies	\$628,747	\$607,243	\$1,028,773	\$1,219,753	\$1,264,017
Services and Other Operating Expenditures	\$1,012,029	\$491,549	\$870,263	\$900,716	\$1,015,884
Capital Outlay	\$1,579	\$382,842	\$401,579	\$80,316	\$100,395
Other Outgo	\$409,160	\$233,749	\$409,160	\$417,343	\$18,770
Total Expenditures (Before Other Financing Sources / Uses)	\$8,522,534	\$4,861,306	\$8,632,850	\$8,716,079	\$8,678,635

Unrestricted and Restricted Funds Other Financing Sources / Uses	Approved Operating Budget (First Interim)	Actuals to Date (January 31)	Projected Year Totals (Second Interim)	Projected Budget (Year 2)	Projected Budget (Year 3)
Interfund Transfer	\$723,186	\$0	\$723,186	\$595,229	\$704,146
<i>Interfund Transfers In</i>	\$0	\$0	\$0	\$0	\$0
<i>Interfund Transfer Out</i>	\$723,186	\$0	\$723,186	\$595,229	\$704,146
Other Sources / Uses	\$0	\$0	\$0	\$0	\$0
<i>Sources</i>	\$0	\$0	\$0	\$0	\$0
<i>Uses</i>	\$0	\$0	\$0	\$0	\$0
Contributions	\$402,340	\$77,000	\$402,340	\$418,433	\$435,171
<i>Contributions from Unrestricted Sources</i>	\$402,340	\$77,000	\$402,340	\$418,433	\$435,171
<i>Contributions from Restricted Sources</i>	\$0	\$0	\$0	\$0	\$0
Total Other Financing Sources / Uses	\$1,125,526	\$77,000	\$1,125,526	\$1,013,662	\$1,139,316

**Multi-Year Projection
Fund 01 - General Fund**

Unrestricted/Restricted Funds (Fund 01)	Approved		Projected Year		
	Operating Budget (First Interim)	Actuals to Date (January 31)	Totals (Second Interim)	Projected Budget (Year 2)	Projected Budget (Year 3)
Beginning Fund Balance	\$668,975	\$644,735	\$644,735	\$512,952	\$460,279
Adjusted Beginning Fund Balance	\$668,975	\$668,975	\$668,975	\$512,952	\$460,279
<i>Net Beginning Fund Balance</i>	\$541,820	\$541,820	\$668,975	\$512,952	\$460,279
<i>Audit Adjustments</i>	\$0	\$0	\$0	\$0	\$0
<i>Other Restatements</i>	\$127,155	\$127,155	\$0	\$0	\$0
Revenue and Financing Uses	\$9,221,479	\$5,998,361	\$9,200,023	\$9,258,635	\$9,610,971
<i>Revenue</i>	\$9,221,479	\$5,998,361	\$9,200,023	\$9,258,634	\$9,610,971
<i>Interfund Transfers In</i>	\$0	\$0	\$0	\$0	\$0
<i>Other Sources</i>	\$0	\$0	\$0	\$0	\$0
<i>Contributions</i>	\$0	\$0	\$0	\$0	\$0
Expenditures and Financing Uses	\$9,245,720	\$5,445,233	\$9,356,046	\$9,311,308	\$9,382,780
<i>Expenditures</i>	\$8,522,534	\$5,445,233	\$8,476,837	\$8,663,406	\$8,906,826
<i>Interfund Transfers Out</i>	\$723,186	\$0	\$723,186	\$595,229	\$704,146
<i>Other Uses</i>	\$0	\$0	\$0	\$0	\$0
Net Increase/ Decrease In Fund Balance	(\$24,241)	\$553,128	(\$156,023)	(\$52,673)	\$228,191
Ending Fund Balance	\$644,735	n/a	\$512,952	\$460,279	\$688,470
<u>Components of the Ending Fund Balance</u>					
Non-spendable Fund Balance	\$2,000	n/a	\$2,000	\$2,000	\$2,000
Restricted Fund Balance	\$324,806	n/a	\$296,132	(\$218,315)	(\$95,839)
Committed Fund Balance	\$0	n/a	\$0	\$0	\$0
Assigned Fund Balance	\$117,433	n/a	\$31,255	\$0	\$0
Unassigned Fund Balance	\$200,496	n/a	\$183,566	\$458,279	\$686,470
<u>Reserve Summary</u>					
Total Available Reserves (\$) - Fund 01	\$200,496	n/a	\$183,566	\$458,279	\$686,470
Total Available Reserve (%) - Fund 01	2.17%	n/a	1.96%	4.92%	7.32%
Reserve Standard (\$)	\$369,829	n/a	\$374,242	\$372,452	\$375,311
Reserve Standard (%)	4.00%	n/a	4.00%	4.00%	4.00%

Unrestricted Funds (Fund 01)	Approved Operating Budget (First Interim)	Actuals to Date (January 31)	Projected Year Totals (Second Interim)	Projected Budget (Year 2)	Projected Budget (Year 3)
Beginning Fund Balance	\$319,929	\$319,929	\$319,929	\$216,821	\$460,279
Adjusted Beginning Fund Balance	\$319,929	\$319,929	\$319,929	\$216,821	\$460,279
<i>Net Beginning Fund Balance</i>	\$319,929	\$319,929	\$319,929	\$216,821	\$460,279
<i>Audit Adjustments</i>	\$0	\$0	\$0	\$0	\$0
<i>Other Restatements</i>	\$0	\$0	\$0	\$0	\$0
Revenue and Financing Uses	\$7,418,676	\$5,100,935	\$7,397,244	\$7,482,450	\$7,792,933
<i>Revenue</i>	\$7,821,016	\$5,177,935	\$7,799,584	\$7,900,883	\$8,228,103
<i>Interfund Transfers In</i>	\$0	\$0	\$0	\$0	\$0
<i>Other Sources</i>	\$0	\$0	\$0	\$0	\$0
<i>Contributions</i>	(\$402,340)	(\$77,000)	(\$402,340)	(\$418,433)	(\$435,171)
Expenditures and Financing Uses	\$7,418,676	\$4,285,998	\$7,500,352	\$7,238,992	\$7,564,742
<i>Expenditures</i>	\$6,695,490	\$4,285,998	\$6,777,166	\$6,643,763	\$6,860,596
<i>Interfund Transfers Out</i>	\$723,186	\$0	\$723,186	\$595,229	\$704,146
<i>Other Uses</i>	\$0	\$0	\$0	\$0	\$0
Net Increase/ Decrease In Fund Balance	\$0	\$814,937	(\$103,108)	\$243,458	\$228,191
Ending Fund Balance	\$319,929	\$1,134,865	\$216,821	\$460,279	\$688,470
	<u>Components of the Ending Fund Balance</u>				
Non-Spendable Fund Balance	\$2,000	n/a	\$2,000	\$2,000	\$2,000
Restricted Fund Balance	\$0	n/a	\$0	\$0	\$0
Committed Fund Balance	\$0	n/a	\$0	\$0	\$0
Assigned Fund Balance	\$117,433	n/a	\$31,255	\$0	\$0
Unassigned Fund Balance	\$200,496	n/a	\$183,566	\$458,279	\$686,470

Restricted Funds (Fund 01)	Approved Operating Budget (First Interim)	Actuals to Date (January 31)	Projected Year Totals (Second Interim)	Projected Budget (Year 2)	Projected Budget (Year 3)
Beginning Fund Balance	\$349,046	\$324,806	\$324,806	\$296,132	\$0
Adjusted Beginning Fund Balance	\$349,046	\$349,046	\$349,046	\$296,132	\$0
<i>Net Beginning Fund Balance</i>	\$221,892	\$221,892	\$349,046	\$296,132	\$0
<i>Audit Adjustments</i>	\$0	\$0	\$0	\$0	\$0
<i>Other Restatements</i>	\$127,155	\$127,155	\$0	\$0	\$0
Revenue and Financing Uses	\$1,802,803	\$897,425	\$1,802,779	\$1,776,185	\$1,818,039
<i>Revenue</i>	\$1,400,463	\$820,425	\$1,400,439	\$1,357,751	\$1,382,868
<i>Interfund Transfers In</i>	\$0	\$0	\$0	\$0	\$0
<i>Other Sources</i>	\$0	\$0	\$0	\$0	\$0
<i>Contributions</i>	\$402,340	\$77,000	\$402,340	\$418,433	\$435,171
Expenditures and Financing Uses	\$1,827,044	\$1,159,234	\$1,855,694	\$2,072,316	\$1,818,039
<i>Expenditures</i>	\$1,827,044	\$1,159,234	\$1,855,694	\$2,072,316	\$1,818,039
<i>Interfund Transfers Out</i>	\$0	\$0	\$0	\$0	\$0
<i>Other Uses</i>	\$0	\$0	\$0	\$0	\$0
Net Increase/ Decrease In Fund Balance	(\$24,241)	(\$261,809)	(\$52,915)	(\$296,132)	\$0
Ending Fund Balance	\$324,806	\$87,238	\$296,132	\$0	\$0
<u>Components of the Ending Fund Balance</u>					
Non-spendable Fund Balance	\$0	n/a	\$0	\$0	\$0
Restricted Fund Balance	\$324,806	n/a	\$296,132	(\$218,315)	(\$95,839)
Committed Fund Balance	\$0	n/a	\$0	\$0	\$0
Assigned Fund Balance	\$0	n/a	\$0	\$0	\$0
Unassigned Fund Balance	\$0	n/a	\$0	\$0	\$0

Reserve Summary - Total All Funds	Approved Operating Budget (First Interim)	Actuals to Date (January 31)	Projected Year Totals (Second Interim)	Projected Budget (Year 2)	Projected Budget (Year 3)
Total Expenditures	\$9,245,720	\$5,445,233	\$9,356,046	\$9,311,308	\$9,382,780
Total Available Reserves (\$) - Fund 01	\$200,496	n/a	\$183,566	\$239,964	590631
Total Available Reserve (%) - Fund 01	2.17%	n/a	1.96%	2.58%	6.29%
Total Available Reserves (\$) - Fund 17	\$262,346	n/a	\$262,346	\$262,346	\$262,346
Total Available Reserve (%) - Fund 17	2.84%	n/a	2.80%	2.82%	2.80%
Total Available Reserves (\$) - All Funds	\$462,842	n/a	\$445,911.80	\$502,310.23	\$852,976.93
Total Available Reserve (%) - All Funds	5.01%	n/a	4.77%	5.39%	9.09%
Required Reserves (\$)	\$369,829	n/a	\$374,242	\$372,452	\$375,311
Required Reserves (%)	4.00%	n/a	4.00%	4.00%	4.00%

**Planning Factors for Second Interim Budget Reporting
For Fiscal Year 2015-2016
and
Multiple Year Projections
For Fiscal Years 2016-2017 and 2017-2018**

The following planning factors are provided by the Kern County Superintendent of School - District Advisory and are recommended to be incorporated into the second interim budget report and multiyear projections.

<u>Planning Factor</u>	Fiscal Year		
	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
COLA (Department of Finance - DOF)	1.02%	0.47%	2.13%
LCFF Gap Funding Percentage (DOF)	51.97%	49.08%	45.34%
STRS Employer Rates	10.73%	12.58%	14.43%
PERS Employer Rates (PERS Board / Actuary)	11.85%	13.05%	16.60%
Lottery – unrestricted per ADA**	\$140.00	\$140.00	\$140.00
Lottery – Prop. 20 per ADA**	\$41.00	\$41.00	\$41.00
One-Time Discretionary Funding	\$529.00	\$207.00	\$0.00
Educator Effectiveness Funding per Certificated FTE	\$1,466.00	\$0.00	\$0.00
Mandate Block Grant -Districts K-8 ADA	\$28.42	\$28.42	\$28.42
Mandate Block Grant –Districts 9-12 ADA	\$56.00	\$56.00	\$56.00
Mandate Block Grant-Charters K-8 ADA	\$14.21	\$14.21	\$14.21
Mandate Block Grant -Charters 9-12 ADA	\$42.00	\$42.00	\$42.00
State Preschool Part-Day Daily Rate	\$23.87	\$23.98	\$24.49
State Preschool Full-Day Daily Rate	\$38.53	\$38.71	\$39.54
General Child Care Daily Rate	\$38.53	\$38.47	\$39.29
Routine Restricted Maintenance Account	3.00%	3.00%	3.00%

Local Control Funding Formula (LCFF)

Full implementation of LCFF is projected by the Department of Finance to occur in 2020-2021. It is recommended that LEAs use the LCFF Calculator maintained on the FCMAT website at <http://fcmat.org/local-control-funding-formula-resources/>. Additional information about LCFF can be found at <http://www.cde.ca.gov/fg/aa/lc/>.

The following amounts should be used for target LCFF base grants and grade span adjustments, which include the estimated COLA:

<u>Grade Level</u>	<u>2015-2016 Target Base Grant</u>	<u>2015-2016 Target GSA</u>	<u>2016-2017 Target Base Grant</u>	<u>2016-2017 Target GSA</u>	<u>2017-2018 Target Base Grant</u>	<u>2017-2018 Target GSA</u>	<u>2018-2019 Target Base Grant</u>	<u>2018-2019 Target GSA</u>
Grades TK-3	\$7,083	\$7,083	\$7,083	\$7,083	\$7,083	\$7,083	\$7,083	\$7,083
Grades 4-6	\$7,189		\$7,233		\$7,377		\$7,572	
Grades 7-8	\$7,403		\$7,438		\$7,596		\$7,797	

Below are the Department of Finance estimated gap factors and COLA percentages:

	<u>Actual 2014-2015</u>	<u>Estimate 2015-2016</u>	<u>Estimate 2016-2017</u>	<u>Estimate 2017-2018</u>	<u>Estimate 2018-2019</u>	<u>Estimate 2019-2020</u>
LCFF Gap Funding Percentage	30.16%	51.97%	49.08%	45.34%	6.15%	34.21%
Annual COLA	0.85%	1.02%	0.47%	2.13%	2.65%	2.72%