

WEST SONOMA COUNTY UNION HIGH SCHOOL DISTRICT

TO: Diane Landry, Board President
 FROM: Shelley Stiles, Business Manager
 DATE: June 10, 2015
 ITEM: **PUBLIC HEARING REGARDING THE WEST SONOMA COUNTY UNION HIGH SCHOOL DISTRICT PROPOSED BUDGET FOR 2015-16**

BACKGROUND INFORMATION:

Annually, a School Board is required to hold a Public Hearing for public comment regarding a district's proposed budget. Senate Bill (SB) 858 included language which triggers the reserve cap under certain conditions, and requires school districts to add steps to the public hearing. School districts need to determine the total amount of assigned and unassigned ending fund balances for the budget year, provide the minimum reserve level required, and provide reasons for the reserve being greater than the minimum.

CURRENT CONSIDERATION:

The School Board will hold a Public Hearing at 7:30 p.m. regarding the West Sonoma County Union High School District's 2015-16 proposed budget. The Standardized Account Code Structure (SACS) financial documents were made available in the District Office on June 4, 2015 and will be available at the School Board meeting in a presentation of the proposed budget. Included in the presentation of the proposed budget is a disclosure of the District's minimum reserve level required, the total assigned and unassigned ending fund balance, and reasons for the reserve being greater than the minimum for 2015-16.

The 2015-16 General Fund minimum reserve level for the General Fund is 3% as calculated on the Standards and Criteria Form 01CS line 10B-4. Fund balances for 2015-16 are in excess of the 3% minimum reserve as follows:

Combined Assigned and Unassigned/Unappropriated Fund Balance:	\$2,163,470
3% minimum reserve =	\$733,338
Remaining Balance to Substantiate Need =	\$1,430,132
Assigned for Math III Textbook Purchase Spring 2016	\$ 120,000
Assigned for Common Core Science Textbook Purchase Spring 2017	\$360,000
Assigned for Technology Hardware Replacement or New Purchase	\$60,000
Unassigned/Unappropriated –intended to cover deficit spending in 2016-17	\$485,994
Unassigned/Unappropriated –intended to cover deficit spending in 2017-18	\$404,138
Total Substantiated Need	\$1,430,132

RECOMMENDATION:

This is not an action item but an opportunity for the public to comment on the District's 2015-16 proposed budget and reserve levels. The 2015-16 budget will be brought to the School Board for action at the June 24, 2015 meeting.

ATTACHMENTS:

Yes - documents used in calculation

Reserve level spreadsheet

Multi-year projection

Form 01 page 2

Form 01CS Line 10B

Reasons for Assigned and Unassigned Ending Fund Balances in Excess of Minimum Recommended Reserves

Education Code Section 42127(a)(2)(B) requires a statement of the reasons that substantiates the need for assigned and unassigned ending fund balances in excess of the minimum reserve standard for economic uncertainties for each fiscal year identified in the budget.

Combined Assigned and Unassigned/Unappropriated Fund Balances		2015-16 Budget	Objects 9780/9789/9790
Form	Fund		
01	General Fund/County School Service Fund	\$2,163,470.00	Form 01
17	Special Reserve Fund for Other Than Capital Outlay Projects	\$0.00	Form 17
Total Assigned and Unassigned Ending Fund Balances		\$2,163,470.00	
Reserve Standard Percentage Level as defined by Criteria and Standards		3%	Criteria and Standards - Form 01CS Line 10B-4
Less District's Reserve Standard as defined by Criteria and Standards		\$733,338.00	Criteria and Standards - Form 01CS Line 10B-7
Remaining Balance to Substantiate Need		\$1,430,132.00	

Reasons for Assigned and Unassigned/Unappropriated Fund Balances in Excess of Minimum Reserve for Economic Uncertainties			
Form	Fund	2015-16 Budget	Description of Need
01	General Fund/County School Service Fund (Assigned)	\$120,000.00	Math III Textbook purchase Spring 2016
01	General Fund/County School Service Fund (Assigned)	\$360,000.00	Common Core Science Textbook purchase Spring 2017
01	General Fund/County School Service Fund (Assigned)	\$60,000.00	Set aside for Technology hardware replacement - future
01	General Fund/County School Service Fund (Unassigned)	\$485,994.00	Unassigned - Intended to cover deficit spending in 2016-17
01	General Fund/County School Service Fund (Unassigned)	\$404,138.00	Unassigned - Intended to cover a portion of deficit spending in 2017-18
17	Special Reserve Fund for Other Than Capital Outlay Projects	\$0.00	
17	Special Reserve Fund for Other Than Capital Outlay Projects	\$0.00	
Insert Lines above as needed			
Total of Substantiated Needs		\$1,430,132.00	

Remaining Unsubstantiated Balance \$0.00

Education Code Section 42127 (d)(1) requires a county superintendent to either conditionally approve or disapprove a school district budget if the district does not provide for EC 42127 (a)(2)(B) public review and discussion at its public budget hearing.

Multi-Year Projection

Reporting Period:
Preliminary Budget Public Hearing

2015-16 Preliminary
for Public Preview

Object Codes	2014-15 Estimated Actuals			Budget Year 2015-16 Using May Revise Gap 53.08%			2016-17 Using DOF Gap 37.40%			2017-18 Using DOF Gap 36.70%		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
COLA (enter percentage)			0.85%			1.02%			1.60%			2.48%
GAP Funding Rate (enter percentage)			29.97%			53.08%			37.40%			36.70%
ADA for LCFF purposes (current or prior year)			2,048.03			1,988.94			1,963.36			1,935.36
Revenue												
1 LCFF/Revenue Limit Sources	8010-8099	15,815,520	248,662	17,002,506	249,264	17,251,770	17,422,746	249,264	17,721,637	249,264	17,970,901	
2 Add on LCFF for Transportation	8010-8099			300,000		300,000	350,000		400,000		400,000	
3 Federal Revenues	8300-8299	27,029	1,215,470	1,218,301	1,218,301	1,218,301	1,218,301	1,218,301	1,218,301	1,218,301	1,218,301	
4 Other State Revenues	8300-8599	501,911	250,915	1,562,479	249,664	1,812,143	378,090	248,579	373,680	247,494	621,174	
5 Local Revenues	8600-8799	674,283	3,653,001	722,572	3,617,807	4,340,379	564,572	3,617,807	564,572	3,617,807	4,182,379	
6 Total Revenues		17,018,743	5,348,048	19,387,557	5,335,036	24,922,593	18,715,408	5,333,951	24,049,359	5,332,866	24,392,755	
7												
8 Expenditures												
9 Certificated Salaries	1000-1999	6,726,838	2,514,982	6,965,569	2,594,302	9,559,871	6,975,225	2,620,245	9,595,470	2,646,447	9,631,424	
10 Classified Salaries	2000-2999	1,584,016	914,187	1,675,733	970,782	2,646,515	1,692,490	980,490	2,672,980	990,295	2,699,710	
11 Employees Benefits - STRS contribution	3101-3102	592,771	201,810	743,647	251,910	995,557	877,483	329,627	1,207,110	1,007,932	381,882	
12 Employee Benefits - PERS contribution	3201-3202	171,025	123,094	188,916	133,438	322,354	220,870	127,994	348,824	283,763	164,389	
13 Employee Benefits - Social Security, Medicare, Unemployment, Work Comp	3301-3399,3501-3699,3800	369,712	182,290	395,214	191,403	586,617	400,303	183,575	584,079	402,463	185,411	
14 Employee & Retiree Benefits - Health & Welfare	3400-3499,3700-3799,3900-3998	3,021,280	1,299,124	3,033,271	1,246,864	4,280,135	3,245,600	1,334,144	4,579,744	3,472,792	4,900,327	
15 Books and Supplies	4000-4999	617,499	474,307	641,670	204,964	846,634	382,087	204,964	587,051	385,908	204,964	
16 Services, Other Operating Expenses	5000-5999	1,191,457	2,981,317	998,546	2,817,546	3,816,092	923,546	2,845,721	3,769,267	923,546	3,797,725	
17 Capital Outlay	6000-6999	10,624	-	10,624	-	-	-	-	-	-	-	
18 Other Outgo - Transportation to IPA	7143	365,197	365,197	878,006	878,006	878,006	878,006	878,006	878,006	878,006	878,006	
19 Other Outgo	7100-7499	130,501	112,981	78,937	143,885	222,822	78,937	143,885	222,822	78,937	143,885	
Total Expenditures		14,780,939	8,804,091	15,595,509	8,555,094	24,154,603	15,674,747	8,770,606	24,445,353	16,127,738	23,146,725	
22 Excess (Deficiency)		2,237,803	(3,456,043)	3,988,048	(3,220,058)	767,990	3,040,661	(3,436,655)	(995,994)	2,932,151	(753,970)	
23												
24 Transfers In	8910-8929		65,000		65,000	65,000		65,000	65,000		65,000	
25 Transfers Out (enter as negative)	7610-7629	(80,000)		(290,000)		(290,000)	(155,000)		(150,000)		(150,000)	
26 Other Sources	8930-8979											
27 Other Uses (enter as negative)	7630-7699											
28 Contribution to Restricted Program	8980-8999	(3,182,788)	3,182,788	(3,120,393)	3,120,393	-	(3,167,199)	3,167,199	3,214,707	3,214,707	-	
29 Total Transfers/Other Uses		(3,262,788)	3,247,788	(3,410,393)	3,185,393	(225,000)	(3,322,199)	3,232,199	(90,000)	(3,364,707)	(85,000)	
30												
31 Net Increase (Decrease)		(1,024,965)	(208,255)	(577,655)	(34,665)	542,990	(281,538)	(204,456)	(463,994)	(432,556)	(838,970)	
32 Fund Balances												
33 Beginning Balance		2,617,650	993,884	1,592,665	785,629	2,378,294	2,170,320	750,964	2,921,284	1,888,782	2,435,290	
34 Audit Adjustments(s)												
35 Ending Balance		1,592,685	785,629	2,170,320	750,964	2,921,284	1,888,782	750,964	2,435,290	1,456,226	1,596,320	
36 Components of Ending Balance:												
37 Reserves for Economic Uncertainties	9789	709,951		709,951		709,951	738,011		738,011		738,011	
38 Revolving Cash	9711	6,850		6,850		6,850	6,850		6,850		6,850	
39 Prepaid Expenses	9713		1,795		1,795							
40 Assigned for Math III Textbook Purchases	9780					120,000						
41 Assigned for Science Textbook Purchases	9780					360,000						
42 Assigned for unspent carryover - school site	9780											
43 Assigned for difference in midGap to DOF Gap	9780	175,000		175,000								
44 Assigned for deferred maintenance	9780	50,000		50,000								
45 Assigned for tech. hardware replacement	9780	30,000		30,000								
46 Restricted Ending Balance	9740		783,834		783,834							
47 Unappropriated Ending Balance	9790	620,864		890,821		890,821	488,316		65,836		65,836	
Net Ending Balance		1,592,665	785,629	2,170,320	750,964	2,921,284	1,888,782	750,964	2,435,290	1,456,226	1,596,320	
Economic Uncertainties required level												

Description	2014-15 Estimated Actuals			2015-16 Budget			% Diff Column C & F
	Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)	(1,024,984.68)	(208,255.14)	(1,233,239.82)	577,855.00	(34,865.00)	542,990.00	-144.0%
F. FUND BALANCE, RESERVES							
1) Beginning Fund Balance							
a) As of July 1 - Unaudited	2,617,649.80	993,884.43	3,611,534.23	1,592,665.12	785,629.29	2,378,294.41	-34.1%
b) Audit Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
c) As of July 1 - Audited (F'1a + F'1b)	2,617,649.80	993,884.43	3,611,534.23	1,592,665.12	785,629.29	2,378,294.41	-34.1%
d) Other Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
e) Adjusted Beginning Balance (F'1c + F'1d)	2,617,649.80	993,884.43	3,611,534.23	1,592,665.12	785,629.29	2,378,294.41	-34.1%
2) Ending Balance, June 30 (E + F1e)	1,592,665.12	785,629.29	2,378,294.41	2,170,320.12	750,984.29	2,921,284.41	22.8%
Components of Ending Fund Balance							
a) Nonspendable	6,850.00	0.00	6,850.00	6,850.00	0.00	6,850.00	0.0%
Revolving Cash	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Stores	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Prepaid Expenditures	0.00	1,795.00	1,795.00	0.00	0.00	0.00	-100.0%
All Others	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Restricted	0.00	783,834.29	783,834.29	0.00	750,984.29	750,984.29	-4.2%
c) Committed	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Stabilization Arrangements	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Commitments	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
d) Assigned							
Other Assignments	255,000.00	0.00	255,000.00	540,000.00	0.00	540,000.00	111.8%
Assigned for Math III Textbook Purchas				120,000.00		120,000.00	
Assigned for Science Textbook Purchas				360,000.00		360,000.00	
Assigned for Technology Hardware				60,000.00		60,000.00	
Assigned for School Site Carryover	175,000.00		175,000.00				
Assigned for Deferred Maintenance	50,000.00		50,000.00				
Assigned for Technology Hardware	30,000.00		30,000.00				
e) Unassigned/unappropriated							
Reserve for Economic Uncertainties	709,951.00	0.00	709,951.00	733,338.00	0.00	733,338.00	3.3%
Unassigned/Unappropriated Amount	620,894.12	0.00	620,894.12	890,132.12	0.00	890,132.12	43.4%

10. CRITERION: Reserves

STANDARD: Available reserves¹ for any of the budget year or two subsequent fiscal years are not less than the following percentages or amounts² as applied to total expenditures and other financing uses³:

DATA ENTRY: Budget Year data are extracted. Enter district and charter school ADA corresponding to financial data reported in the General Fund, only, for the two subsequent years.

Percentage Level	District ADA	
5% or \$65,000 (greater of)	0	to 300
4% or \$65,000 (greater of)	301	to 1,000
3%	1,001	to 30,000
2%	30,001	to 400,000
1%	400,001	and over

¹ Available reserves are the unrestricted amounts in the Reserve for Economic Uncertainties and the Unassigned/Unappropriated accounts in the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects. Available reserves will be reduced by any negative ending balances in restricted resources in the General Fund.

² Dollar amounts to be adjusted annually by the prior year statutory cost-of-living adjustment (Education Code Section 42238), rounded to the nearest thousand.

³ A school district that is the Administrative Unit (AU) of a Special Education Local Plan Area (SELPA) may exclude from its expenditures the distribution of funds to its participating members.

	Budget Year (2015-16)	1st Subsequent Year (2016-17)	2nd Subsequent Year (2017-18)
District Estimated P-2 ADA (Form A, Lines A6 and C4):	1,983	1,935	1,907
District's Reserve Standard Percentage Level:	3%	3%	3%

10A. Calculating the District's Special Education Pass-through Exclusions (only for districts that serve as the AU of a SELPA)

DATA ENTRY: For SELPA AUs, if Form MYP exists, all data will be extracted including the Yes/No button selection. If not, click the appropriate Yes or No button for item 1 and, if Yes, enter data for item 2a and for the two subsequent years in item 2b; Budget Year data are extracted.

For districts that serve as the AU of a SELPA (Form MYP, Lines F1a, F1b1, and F1b2):

1. Do you choose to exclude from the reserve calculation the pass-through funds distributed to SELPA members?
2. If you are the SELPA AU and are excluding special education pass-through funds:
 - a. Enter the name(s) of the SELPA(s): _____

	Budget Year (2015-16)	1st Subsequent Year (2016-17)	2nd Subsequent Year (2017-18)
b. Special Education Pass-through Funds (Fund 10, resources 3300-3499 and 6500-6540, objects 7211-7213 and 7221-7223)	0.00		

10B. Calculating the District's Reserve Standard

DATA ENTRY: If Form MYP exists, 1st and 2nd Subsequent Year data for lines 1 and 2 will be extracted; if not, enter data for the two subsequent years. All other data are extracted or calculated.

	Budget Year (2015-16)	1st Subsequent Year (2016-17)	2nd Subsequent Year (2017-18)
1. Expenditures and Other Financing Uses (Fund 01, objects 1000-7999) (Form MYP, Line B11)	24,444,603.00	24,600,353.00	25,296,725.00
2. Plus: Special Education Pass-through (Criterion 10A, Line 2b, if Criterion 10A, Line 1 is No)			
3. Total Expenditures and Other Financing Uses (Line B1 plus Line B2)	24,444,603.00	24,600,353.00	25,296,725.00
4. Reserve Standard Percentage Level	3%	3%	3%
5. Reserve Standard - by Percent (Line B3 times Line B4)	733,338.09	738,010.59	758,901.75
6. Reserve Standard - by Amount (\$65,000 for districts with 0 to 1,000 ADA, else 0)	0.00	0.00	0.00
7. District's Reserve Standard (Greater of Line B5 or Line B6)	733,338.09	738,010.59	758,901.75