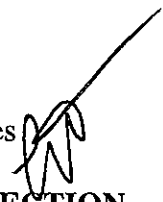


HUNTINGTON BEACH UNION HIGH SCHOOL DISTRICT

MEMORANDUM

TO: Dr. Gregory Plutko, Superintendent

FROM: Carrie Delgado, Assistant Superintendent - Business Services 

SUBJECT: **SECOND INTERIM REPORT & MULTI-YEAR PROJECTION**

DATE: March 10, 2015

General Fund (01):

Attached is a copy of the Second Interim Report for the General Fund for the period ending January 31, 2015.

Column A of the report shows the revenues and expenditures as adopted by the Board on June 24, 2014. Column B shows revisions as reported with the First Interim report approved by the Board on December 9, 2014. Column C lists the actual revenue and expenditures as of January 31, 2015. Column D is the current projection of the actual revenues and expenditures through the end of the fiscal year. The following are changes since budget adoption:

- LCFF Revenues were decreased \$262,958 to reflect the change in GAP funding from 29.56% at first interim to 29.15% at second interim.
- Federal revenues increased by \$400,653 as a result of revised categorical program revenue including NCLB Title I, Special Education IDEA Basic, Local Assistance, and Child Nutrition NSLP Equipment Assistance Grant.
- Other State Revenues increased by \$615,592 as a result of revised categorical program revenue including Prop 39 CA Clean Energy Jobs, Agricultural Education, and CA Partnership Academy.
- Local revenues increased by \$242,867 as a result of an increase in revenue projected to be received from Coastline ROP, contracted Occupational Therapy Services and contracted Physical Therapy Services through WOCCSE feeder school districts.
- Salaries and benefits increased by \$38,676 and \$77,831 respectively, in alignment with current enrollment and the current cost of collective bargaining agreements and, if applicable, for the above noted adjustments to Federal and State categorical funds. Health and Welfare benefit changes effective January 1, 2015 are reflected in the second interim to cover open enrollment plan changes.
- Expenditures for Books and Supplies increased by \$351,060 mostly due to Chromebook purchases with Common Core funds and revised categorical program revenues.

- Expenditures for Services and Other Operating Expenditures decreased by \$5,410 primarily due to revised categorical program revenues.
- Capital Outlay expenditures increased by \$170,826 due to the purchase of a warehouse delivery van, M&O Construction Projects, projected purchase of new equipment for food services and energy consultant planning costs related to Prop 39 CA Clean Energy.
- Transfers Out increased by \$638,880 due to the transfer of Home Depot lease revenues transferred to Fund 40 – Special Reserve for Capital Outlay Projects, for future COPs Debt Service Payments.

As shown in (Column D), the projected ending fund balance is \$27,421,865. Of this amount, \$4,675,897 is designated in the reserve for economic uncertainties (DEU) which meets the recommended minimum reserve of 3%.

Other Funds:

Adult Education Fund (11)

This fund is used to account separately for federal, state, and local revenues for Adult Education programs. The Adult Education state revenue is now included as part of the LCFF revenue beginning in 2013/14 with \$3,500,000 contributed to the Adult Education fund in 2014/15. As of this second interim reporting period the projected ending fund balance has not changed. The ending fund balance is projected at \$1,131,958.

Cafeteria Account (13)

The Cafeteria Fund or Cafeteria Account is used to account separately for federal, state, and local revenues to operate the food service program. As of this second interim reporting period the projected ending fund balance has decreased \$28,615 from the first interim budget due to anticipated reductions in federal and local revenues (a la carte sales) and reductions in associated expenditures. The ending fund balance is projected at \$1,081,075.

Deferred Maintenance Fund (14)

The Deferred Maintenance Fund is used to account separately for state apportionments and district contributions for deferred maintenance purposes. The Deferred Maintenance state revenue is now included as part of the LCFF revenue beginning in 2013/14. As of this second interim reporting period the projected ending fund balance has decreased by \$18,600 from the first interim budget. The ending fund balance is projected at \$1,172,867.

Capital Facilities Fund (25)

This fund is used to account separately for monies received from fees levied on developers as a condition for approving a development, and for the receipt and disbursement of redevelopment monies. Revenues from redevelopment projects are “pledged” to repay the District’s 2003 and 2007 Certificates of Participation (COPs). The projected ending fund balance has increased by \$799,996 from the first interim budget. The ending fund balance is projected at \$13,994,717.

County School Facilities Fund (35)

This fund is used to account for receipt and expenditure of bond funds from the state and related district matching funds for buildings and improvement of buildings. As of this second interim reporting period the projected ending fund balance remains unchanged from the first interim budget. The ending fund balance is at \$1,016,899. The remaining balance is the result of a matching fund grant and the monies are due back to the state as the grant was closed out in 2013. The balance will be booked as a payable.

Special Reserve Fund for Capital Outlay (40)

This fund exists primarily to provide for the accumulation of monies for capital outlay purposes. As of this second interim reporting period the projected ending fund balance has increased by \$609,503 from the first interim budget due to the transfer of Home Depot lease revenues received through the General Fund. The ending fund balance is projected at \$4,150,993. Home Depot funds are “pledged” to repay the District’s 2003 and 2007 Certificates of Participation (COPs).

Self-Insurance Fund (67)

Self-Insurance Funds are used to account for moneys received for self-insurance activities (worker’s compensation, health and welfare, property and liability) from other operating funds of the district. Expenses are for the payment of claims, administrative costs, services, deductible insurance amounts, costs of excess insurance, and other related costs. As of this second interim reporting period the projected net assets have increased by \$130,214 from the first interim budget. The ending net assets balance is projected to be \$3,987,834.

Foundation Purpose-Private Trust Fund (73)

The Foundation Purpose-Private Trust Fund is used to account separately for moneys received from gifts or bequests under which both principal and income benefit students (scholarships) and under which neither principal nor income may be used for purposes that support the district’s own programs. Projected revenues are derived from interest earnings on the existing cash balances in each individual trust account. As of this second interim reporting period, the projected net assets decrease has not changed since the first interim budget and remains at (\$1,710). The net assets balance is projected at \$361,788.

Multi-Year Projection:

The district has prepared a multi-year projection of its General Fund. The following significant assumptions are used in preparation of this projection:

- Enrollment projections are based on an analysis of CALPADS enrollment data from the district's feeder schools, grade roll-ups and historical data. Enrollment is projected to decline 150 students in 2014/15, however, we will be funded by the greater of ADA from P-2 2013/14 for one year, then decline by an additional 115 students in 2015/16, then flat enrollment for 2016/17.
- LCFE GAP funding rate adjustments are 29.15%, 32.19% and 23.71% for 2014-15, 2015-16 and 2016-17, respectively. These are based on the DOF projections via the School Services of CA LCFE Calculator after the January Governor's Budget Workshop for 2015-16.
- The LCFE provides supplemental funding for unduplicated students that are eligible for free and reduced price meals (FRPM), are English Learners (EL), or are foster youth based on Fall CALPADS data. Unduplicated pupil count percentages for this supplemental funding are projected at 32.68% each year.
- Cost of living adjustments (COLAs) applied to categorical revenues are .85%, 1.58% and 2.17% for 2014-15, 2015-16 and 2016-17, respectively, per February 10, 2015 OCDE Second Interim Budget Advisory, page 6.
- Adjustments have been made to revenues and expenditures for one-time items and CPI.
- Step and column increases are included in the projection.
- STRS and PERS employer contribution increases have been reflected for 2015-16 and 2016-17.

The forecast projects that the district will have positive ending fund balances in each of the projection years, and maintain its required 3% reserve for economic uncertainties in each of these years with additional reserves.

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