

2013-14 Unaudited Actuals Executive Summary

September 9, 2014



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TABLE OF CONTENTS

- Unaudited Actuals Executive SummaryPage 4

- District Funds – SACS Forms
 - Form TC – Table of ContentsSACS – Page 1
 - Form 01 – General FundSACS – Page 3
 - Form 09 – Charter Schools Special Revenue Fund SACS – Page 15
 - Form 11 – Adult Education Fund SACS – Page 28
 - Form 12 – Child Development Fund SACS – Page 40
 - Form 13 – Cafeteria Special Revenue Fund SACS – Page 50
 - Form 14 – Deferred Maintenance FundSACS – Page 60
 - Form 21 – Building Fund SACS – Page 70
 - Form 25 – Capital Facilities Fund SACS – Page 81
 - Form 35 – County School Facilities Fund SACS – Page 91
 - Form 51 – Bond Interest and Redemption Fund SACS – Page 102
 - Form 52 – Debt Service Fund for Blended Component Units SACS – Page 111
 - Form 56 – Debt Service Fund SACS – Page 120
 - Form 73 – Foundation Private-Purpose Trust Fund SACS – Page 128

- Additional SACS Forms
 - Form A – Average Daily Attendance SACS – Page 139
 - Form ASSET – Schedule of Capital Assets SACS – Page 142
 - Form CA – Summary of Unaudited Actual Data Submission SACS – Page 143
 - Form CA – School District Certification SACS – Page 144
 - Form CAT – Schedule for Categoricals Subject to Deferral of Unearned Revenues
..... SACS – Page 145
 - Form CAT – Schedule for Categoricals Subject to Restricted Ending Balances
..... SACS – Page 149
 - Form CEA – Current Expense Formula/Minimum Classroom Compensation
..... SACS – Page 154
 - Form DEBT – Schedule of Long-Term Liabilities SACS – Page 155
 - Form GANN – School District Appropriations Limit Calculations SACS – Page 156
 - Form ICR – Indirect Cost Rate Worksheet SACS – Page 159



- Form L – Lottery Report SACS – Page 163
- Form NCMOE – No Child Left Behind Maintenance of Effort Expenditures
..... SACS – Page 164
- Form PCRAF – Program Cost Report – Schedule of Allocation Factors (AF) for Support
Costs SACS – Page 167
- Form PCR – Program Cost Report SACS – Page 168
- Form SIAA – Summary of Interfund Activities for All Fund SACS – Page 173
- Technical Review Checks SACS – Page 175



UNAUDITED ACTUALS EXECUTIVE SUMMARY

Attached is the 2013-14 Unaudited Actuals for the district. The Unaudited Actuals packet includes a summary of major items, State prescribed forms for the submission of the 2013-14 actual financial results (in SACS format), supplementary schedules and the Technical Review Checklist. This packet is placed on the September 9, 2014 Board of Trustees agenda for review and approval.

Under current law, a school district must adopt its budget prior to July 1st, and submit a report of actual financial results (that have yet to be audited) to the County Office of Education, for the prior fiscal year by September 16th. The attached packet of SACS forms completes this process and includes the 2014-15 Adopted Budget compared to the 2013-14 Unaudited Actuals.

Following is a summary of the material items included in the Unaudited Actuals financials.

ESTIMATED ACTUALS VS. UNAUDITED ACTUALS COMPARISON

At the adoption of the 2014-15 budget, estimated actual financial results were presented as part of the budget forms. Below is a comparison of what was estimated at that time versus the actual financial results that resulted.

(In Millions \$)	2013-14 Estimated Actual	2013-14 Unaudited Actual	Unaud. Act. Fav./ (Unfav.) to Est. Act.
Beginning Balance	\$11.0	\$11.0	\$0.0
Revenue			
LCFF Sources	\$61.3	\$62.1	\$0.8
Federal Revenue	\$7.3	\$6.6	(\$0.7)
State Revenue	\$6.3	\$6.2	(\$0.1)
Local Revenue	\$4.9	\$4.9	\$0.0
Total Revenue	\$79.8	\$79.8	\$0.0
Expenditures			
Certificated Salaries	\$34.7	\$34.3	(\$0.4)
Classified Salaries	\$13.1	\$13.5	\$0.4
Employee Benefits	\$15.5	\$15.3	(\$0.2)
Books/Supplies	\$6.9	\$4.3	(\$2.6)
Services & Other Oper. Exp.	\$8.7	\$7.8	(\$0.9)
Capital Outlay	\$0.7	\$0.4	(\$0.3)



Other Outgo	\$1.2	\$2.1	\$0.9
Total Expenditures	\$80.8	\$77.7	(\$3.1)

Net Incr./(Decr.) in Fund Balance	(\$1.0)	\$2.1	\$3.1
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Ending Balance	\$10.0	\$13.1	\$3.1
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Most of the \$3.1 M variance was due to categorical carryovers (restricted dollars) as the unrestricted dollars variance was positive \$548,778 (\$122,595 at estimated actuals vs. \$671,373 at unaudited actuals)

COMPONENTS OF THE JUNE 30, 2014 ENDING GENERAL FUND BALANCE

	2013-14 Unaudited Actual
Revolving Cash	\$30,000
Stores	\$271,975
Prepaid Expenditures	\$2,570
Restricted Balances	\$3,472,102
Reserve for Economic Uncertainty (3.0%)	\$2,330,000
Other Assignments	\$2,076,019
Unassigned/Unappropriated	\$5,025,183
Total Ending General Fund Balance 6/30/14	\$13,210,849

NET INCREASE/(DECREASE) IN THE GENERAL FUND BALANCE - FORM 01, LINE E

The district ended 2013-14 with a Net Increase/(Decrease) of \$2,180,145, of which \$671,373 is Unrestricted and \$2,180,145 is Restricted. The 2014-15 Adopted Budget currently estimates a Net Increase/(Decrease) of \$2,354,694, of which \$2,378,280 is Unrestricted and (\$21,586) is Restricted.

The district's increase/decrease in unrestricted ending fund balance can be attributed to numerous differences between budgeted and actual revenues and expenditures. Typically some amount of "budget savings" is expected as not all budgeted dollars are expended.



LISTING OF CATEGORICAL PROGRAMS WITH RESTRICTED BALANCES

The District has received categorical funding in several programs not subject to deferred revenue. This results in a Restricted Balance and has the effect of reducing expenditures in the current year and increasing expenditures in subsequent year(s).

Resource	Description	2013-14 Unaud. Act.	2014-15 Ad. Budget
5640	Medi-Cal Billing Option	\$125,522	\$179,098
6230	California Clean Energy Jobs Act	\$444,936	\$444,936
6300	Lottery – Instructional Materials	\$608,772	\$608,772
6512	Special Ed: Mental Health Services	\$317,261	\$317,261
7400	Quality Education Investment Act	\$776	\$776
7405	Common Core State Standards Implementation	\$1,683,226	\$1,683,226
9010	Other Restricted Local	\$294,610	\$294,610
Total, Restricted Balance		\$3,475,102	\$3,453,516

Significant carryover balances, such as listed above, can produce wide swings in Fund Balance and positive/deficit spending from year to year. However, when reviewed over several years, the net effect on Fund Balance may not be material. Similar carryover balances could occur in future years.

FLEXIBILITY TRANSFERS

The Legislature, in the current State budget, includes Flexibility Transfer provisions that will end at the close of the 2014-15 fiscal year. Essentially, this allows the District to transfer funds from the remaining restricted State categorical programs, with certain exceptions, to the unrestricted General Fund. The Legislature has enabled Districts to use the flexibility transfer provisions starting in fiscal year 2008-09. The transferred funds can be used for any educational purpose.

TECHNICAL REVIEW CHECKLIST

In accordance with the programming of the State software used for the submission of the Unaudited Actuals, a Technical Review checklist is produced and included with the Unaudited Actuals packet. This checklist documents internal software checks required by the State.

EXPLANATION OF COLUMNS ON THE GENERAL FUND BUDGET DOCUMENT

2013-14 Estimated Actuals -- This represents the 2013-14 budget, as modified by updated financial information. This updated information includes, but is not limited to the following: update of revenue and expenditure information; Categorical and per-pupil changes requested by the sites, and miscellaneous changes necessary for consistent presentation.



2014-15 Budget -- This represents the 2014-15 Adopted Budget.

Restricted/Unrestricted -- Certain programs are, by law, restricted in usage. These programs are shown in the Restricted columns.

INDEPENDENT AUDIT

State law requires an independent annual audit. The independent auditor under contract for the 2013-14 fiscal year is Crowe Horwath LLP CPAs. The auditor's opinion of the district's financial statements for the 2013-14 fiscal year will be available approximately December, 2014.

SPECIAL FUNDS

CHARTER SCHOOLS SPECIAL REVENUE FUND #9

This fund accounts for the activity of the MCAA Charter School. Activity for MCAA has historically been included in the General Fund for reporting purposes. Effective July 1, 2012 State accounting standards have changed this accounting to Fund #9. This results in over \$2 million of revenue and expenditures included in Fund #9, instead of the General Fund.

ADULT EDUCATION FUND # 11

This fund accounts for the activity of Adult Education programs in the District. Revenue is generated by program attendance and is provided primarily by the State. State revenue for this fund was based on fiscal year 2007-08 due to current State requirements. Expenditures were related to instructional services, primarily salaries and benefits. Adult Education programs were closed by Board action effective June 30, 2012.

CHILD DEVELOPMENT FUND #12

This fund accounts for educational and other services related to younger children, before and after school services, and grant related activities. The primary revenue sources are State funds based on participation and Federal and State grants. Expenditures for related services are primarily salaries and benefits.

CAFETERIA SPECIAL REVENUE FUND #13

The District's Child Nutrition program is a part of the National School Lunch program. The District's program provides breakfasts, lunches and snacks at all District sites. A significant percentage of District students qualify for free and reduced price meals.



DEFERRED MAINTENANCE FUND #14

The Deferred Maintenance Fund is used to perform State approved major deferred maintenance within the District. The State has suspended this funding source with the inception of the Local Control Funding Formula (LCFF). The District still intends to complete major maintenance projects based on a Five Year Plan, but only as funding is available.

BUILDING FUND #21

The Building Fund is used to account for the proceeds of General Obligation Bonds issued in conjunction with Measures H and P. The Building Fund will also account for related project expenditures. The Measure H bonds, and Series A of Measure P bonds have been issued and the proceeds have been placed in this fund. Certain expenditures have been recorded for projects.

CAPITAL FACILITIES FUND #25

State law has authorized the collection of building fees since 1986 to assist school districts with the mitigation of facility costs related to enrollment growth. Our District has also entered into Agreements which generate additional fee revenue. This revenue source allows the District to pay for growth related expenditures which can include; portable classrooms at our sites, provide necessary furniture and equipment, purchase and develop school sites, school and classroom construction, and related expenditures.

COUNTY SCHOOL FACILITIES FUND #35

This fund is used to account for the receipt of State construction funds, either Modernization or New Construction. The District has received funds for New Construction and Modernization projects.

BOND INTEREST AND REDEMPTION FUND #51 and #52

The Bond Interest and Redemption Funds are used to account for tax collections, interest and other sources of revenue collected to retire General Obligation Bonds issued. In this regard, the Bond Interest and Redemption Funds are related to the Building Fund #21. However, while the Building Fund is used to account for the actual construction projects, the Bond Interest and Redemption Funds remain open for the life of the outstanding General Obligation Bonds. The County Auditor's Office is responsible for tax collections necessary for debt repayment. The County Auditor sets the applicable tax rates, not the District. However, since the General Obligation Bonds are issued by the District, this fund is included with the District's financial statements.



DEBT SERVICE FUND #56

This fund is considered a “sinking fund”, and is related to the District’s QZAB debt issuances. The District is required to set aside funds sufficient to retire the QZAB issuances. This “set aside” is based on a set schedule.

FOUNDATION PRIVATE-PURPOSE TRUST FUND #73

This fund is related to donations used for Scholarships. This fund was also used for the MJUSD Education Foundation, since inception and during 2011-12. Historically, there is minimal activity in the Fund.