

**"Empowering
Students for
Success"**



Capistrano Unified School District

**EXHIBIT 2
Attachment 4**

Page 1 of 15

2013-2014 Unaudited Actuals

September 10, 2014

Capistrano Unified School District

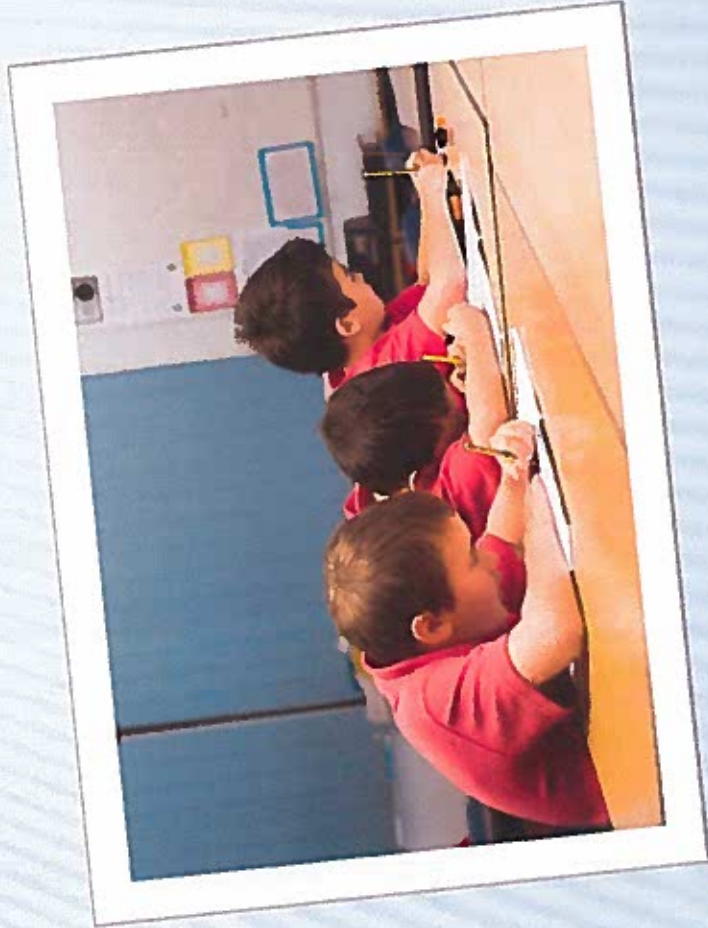
Vision

Educated, responsible, and confident citizens succeeding in a global society



Mission

The Capistrano Unified School District, with support from our community, prepares students to achieve academic and personal success while becoming responsible citizens and lifelong learners



Unaudited Actuals

- ✘ Report final, unaudited, and actual results of prior fiscal year
- ✘ Revise current fiscal year Adopted Budget based on final state budget
- ✘ Future considerations

2013-2014 Unaudited Actuals and 2014-2015 Revised Budget

| Type | Group | Unrestricted/Restricted Combined | | | Comments |
|------------------------|-------------------------------|----------------------------------|--------------------------|---------------------|--|
| | | 2013-2014 Unaudited Actuals | 2014-2015 Revised Budget | Variance | |
| Revenue | LCFF Sources | 307,019,376 | 334,216,579 | 27,197,203 | Increase from budget adoption due to GAP rate increase to 29.56% |
| | Federal Revenue | 16,626,296 | 17,362,087 | 735,791 | Carryover funds rebudgeted in 14-15 |
| | State Revenue | 51,882,551 | 41,602,091 | (10,280,460) | \$10.15 million in one-time Common Core received in 13-14 |
| | Local Revenue | 7,341,739 | 3,530,071 | (3,811,668) | Gift donations are budgeted when received |
| Revenue Total | | 382,869,963 | 396,710,828 | 13,840,865 | |
| Expense | Certificated Salaries | 187,549,347 | 196,798,537 | 9,249,190 | Restoration of smaller class size, elimination of furlough days |
| | Classified Salaries | 54,502,782 | 58,050,281 | 3,547,499 | Restoration of smaller class size, elimination of furlough days |
| | Benefits | 74,064,864 | 77,497,789 | 3,432,925 | Smaller class size, no furlough days, STRS rate increased |
| | Books & Supplies | 10,328,696 | 22,436,062 | 12,107,366 | Carryover funds not yet distributed. Common Core carryover |
| | Services & Other Operating | 32,507,640 | 31,598,028 | (909,612) | |
| | Capital Purchases | 156,392 | 2,000,000 | 1,843,608 | Anticipated expenditure of Energy grant funds |
| | Other Outgo/Debt Service | 12,443,497 | 13,512,202 | 1,068,705 | LCFF transfer for County ADA plus Special Ed, County transfer |
| | Direct Support/Indirect Costs | (480,999) | (650,629) | (169,630) | |
| Expense Total | | 371,072,218 | 401,242,270 | 30,170,052 | |
| Transfers | Interfund Transfers out | 0 | 0 | 0 | |
| | Interfund Transfers in | 186,356 | 0 | (186,356) | Transfer of balance of Community Education funds from Fund 11 |
| | Other Sources | 0 | 0 | 0 | |
| | Contributions from Un-Res | 0 | 0 | 0 | |
| Transfers Total | | 186,356 | 0 | (186,356) | |
| Grand Total | | 11,984,100 | (4,531,442) | (16,515,542) | |



Corrected

Fund Balances

| | Unrestricted/Restricted Combined | | | Comments |
|--|-----------------------------------|--------------------------------|--------------------|---------------------------------------|
| | 2013-2014 Unaudited Actuals | 2014-2015 Revised Budget | Variance | |
| Beginning Fund Balance | 21,393,514 | 33,377,614 | 11,984,100 | |
| Audit Adjustments | - | - | - | |
| Net Increase (Decrease) in Fund Balance | 11,984,100 | (4,531,442) | (16,515,542) | Expenditure of Common Core Carryover |
| Ending Fund Balance | 33,377,614 | 28,846,172 | (4,531,442) | |
| Components of Ending Fund Balance | | | | |
| Revolving Cash, Stores, Prepaid | 461,998 | 325,000 | (136,998) | |
| Legally Restricted | 14,569,301 | 6,460,504 | (8,108,797) | Common Core spent out (\$6.1 million) |
| Economic Uncertainties (2% Reserve) | 8,359,174 | 8,931,218 | 572,044 | |
| Other Designations/Assignments | | | - | |
| - Site Carryover including Gifts | 2,770,793 | - | (2,770,793) | |
| - Teacher Staff Development | 219,529 | - | (219,529) | |
| Undesignated | 6,996,819 | 13,129,450 | 6,132,631 | |
| Total Ending Fund Balance | 33,377,614 | 28,846,172 | (4,531,442) | |

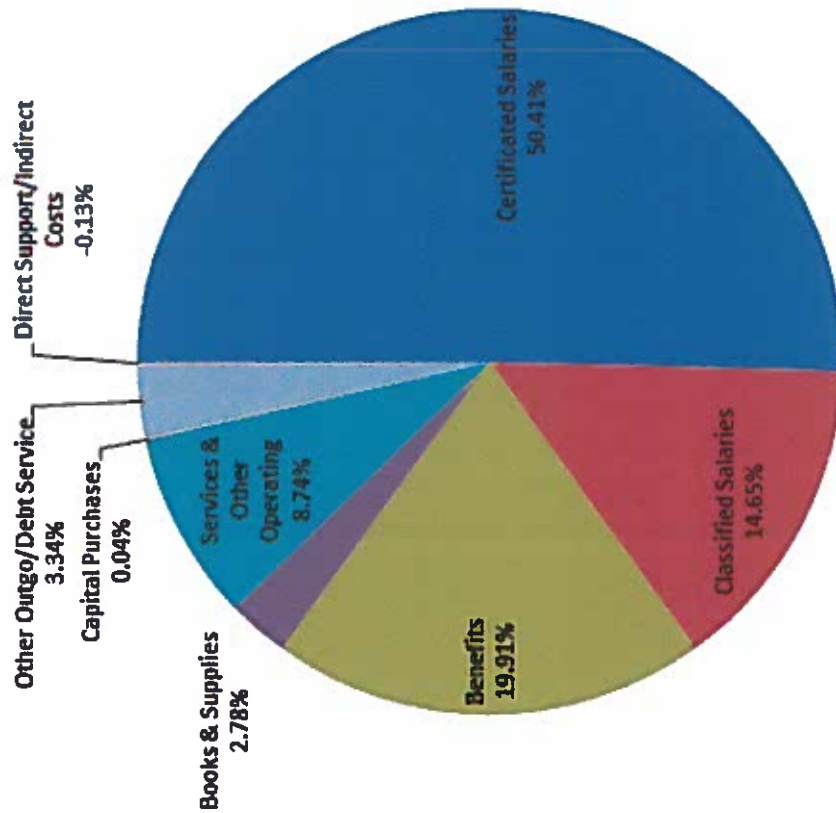
Ending 2013-2014 Unrestricted Fund Balance improved \$1.73 million, as compared to estimated actuals at 2014-2015 Budget Adoption in June



Expenditure Charts

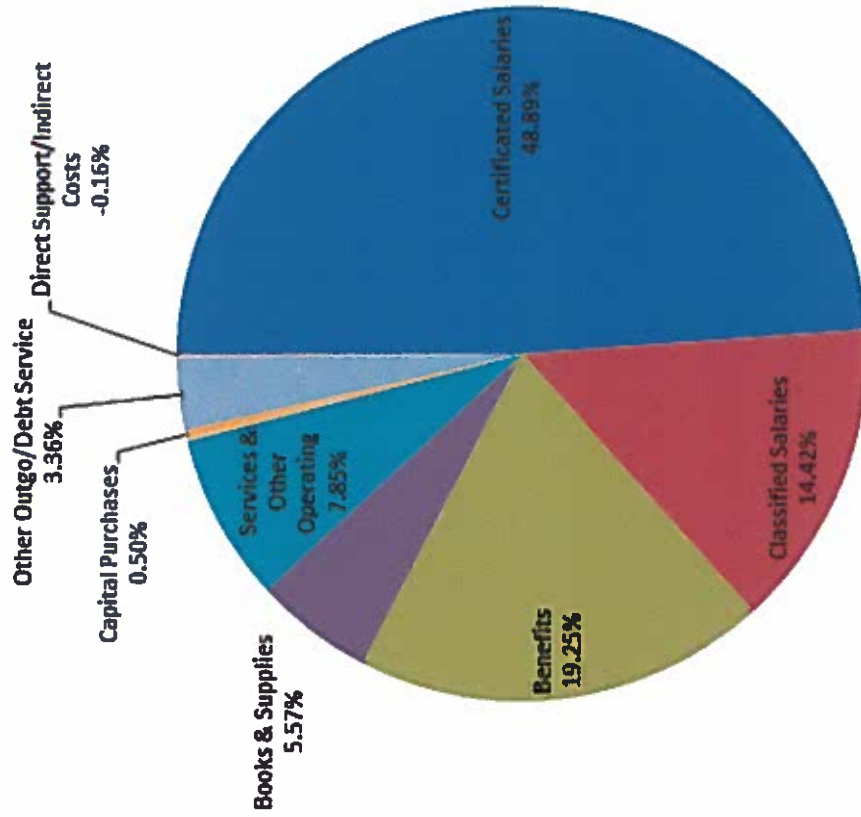
2013-2014

Unaudited Actuals



2014-2015

Revised Budget



2014-2015 Revised Budget (Unrestricted/Restricted Combined)

| Type | Group | 2014-2015 | | Variance | |
|------------------------|-------------------------------|--------------------|--------------------|--------------------|--|
| | | Adopted Budget | Revised Budget | | |
| Revenue | LCFF Sources | 328,211,523 | 334,216,579 | 6,005,056 | GAP rate increase to 29.56% from 28.05% and reclass of County ADA funds Carryover funds rebudgeted in 2014-2015 |
| | Federal Revenue | 15,939,470 | 17,362,087 | 1,422,617 | |
| | State Revenue | 41,512,981 | 41,602,091 | 89,110 | |
| | Local Revenue | 3,509,937 | 3,530,071 | 20,134 | |
| Revenue Total | | 389,173,911 | 396,710,828 | 7,536,917 | |
| Expense | Certificated Salaries | 196,803,537 | 196,798,537 | (5,000) | |
| | Classified Salaries | 58,050,281 | 58,050,281 | 0 | |
| | Benefits | 78,697,789 | 77,497,789 | (1,200,000) | Change in STRS rate from originally proposed 9.5% to 8.88% |
| | Books & Supplies | 17,878,727 | 22,436,062 | 4,557,335 | Carryover funds rebudgeted |
| | Services & Other Operating | 29,978,464 | 31,598,028 | 1,619,564 | Carryover funds rebudgeted |
| | Capital Purchases | 2,000,000 | 2,000,000 | 0 | |
| | Other Outgo/Debt Service | 9,797,776 | 13,512,202 | 3,714,426 | |
| | Direct Support/Indirect Costs | (650,629) | (650,629) | 0 | Reclass of \$4.1 million for County ADA (matching increase in LCFF income) |
| Expense Total | | 392,555,945 | 401,242,270 | 8,686,325 | |
| Transfers | Interfund Transfers out | 0 | 0 | 0 | |
| | Interfund Transfers in | 0 | 0 | 0 | |
| | Other Sources | 0 | 0 | 0 | |
| | Contributions from Un-Res | 0 | 0 | 0 | |
| Transfers Total | | 0 | 0 | 0 | |
| Grand Total | | (3,382,034) | (4,531,442) | (1,149,408) | |



From 2nd Interim Report, March 12, 2014, Board meeting

Important Future Considerations

- x With the Local Control Funding Formula (LCFF), the state proposes phasing in funding increases for schools as state revenue becomes available with full LCFF funding estimated in 2021
- x State budget priorities can change from year to year with no guarantee that LCFF growth will be provided, or the LCFF will be fully funded
- x Maintain efficient operations
- x Recover lost services and programs within the current environment and future expectations
 - + As funding improves, districts will need to plan for developing programs and services. Examples include:
 - x Deferred Maintenance
 - x Staffing Recovery
 - x Instructional Materials
 - x Discretionary Site Funding
 - x Vehicle/Bus Replacement
 - x Routine Maintenance
 - x Staff Development
 - x Technology
 - x Furniture Replacement
 - x Etc.
- x Avoid deficit spending when funding is stable
- x Staff effectively to minimize impact of declining enrollment
- x Use one-time savings to build reserves
 - + Maintain service levels to students even during short-term economic downturns. Avoid “feast or famine” budgeting.
 - + Students and staff thrive in a stable environment.



Future Considerations

- ✘ Consider State Funding Goals
- ✘ Establish and Maintain Stability
- ✘ Thoughtful Recovery Based on Funding and Future Goals and Objectives

Consider State Funding Goals

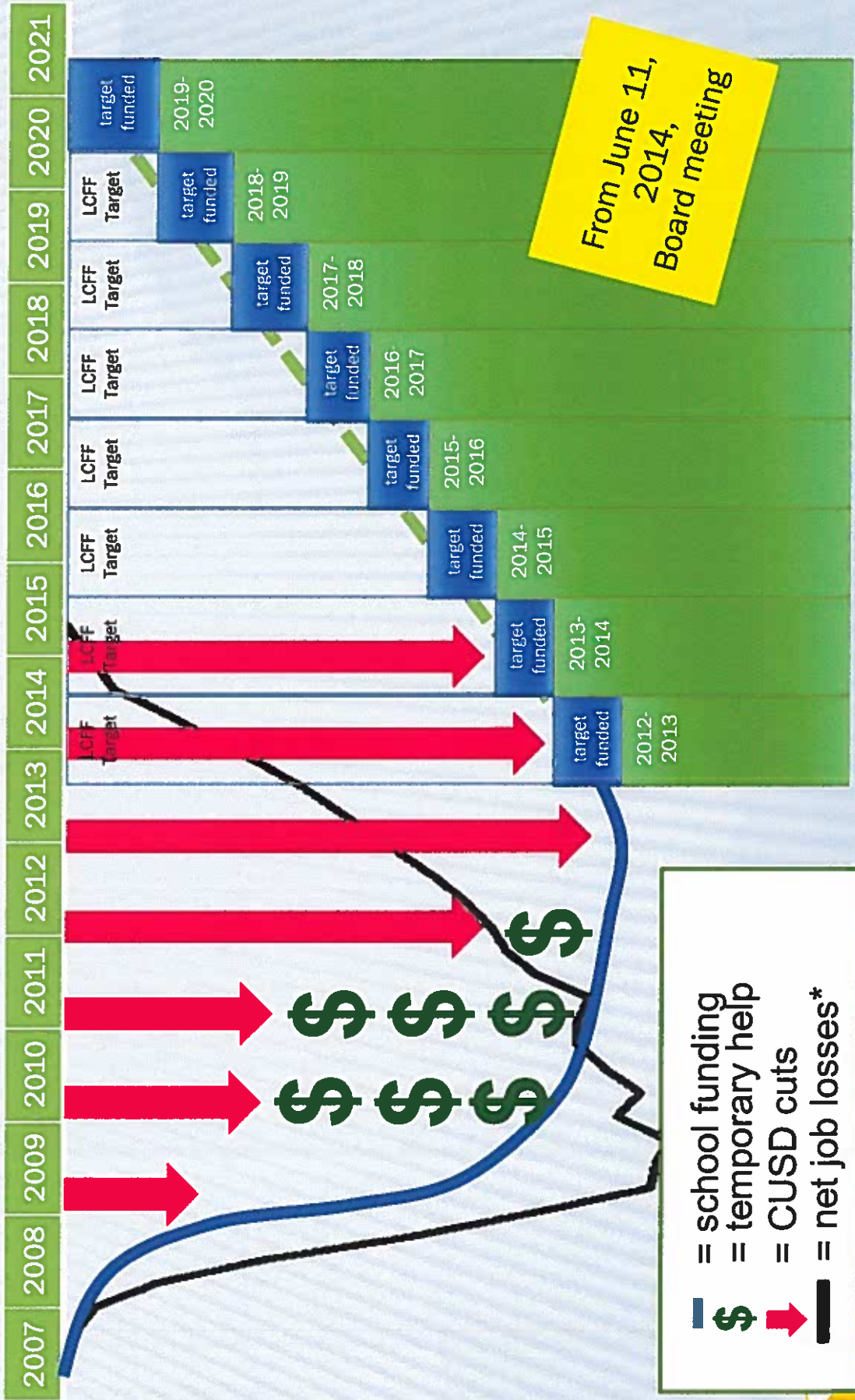
| 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 |
|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| LCFF Target* | COLA .85% | COLA 2.1% | COLA 2.3% | LCFF Target* | LCFF Target* | LCFF Target* | LCFF Target* |
| 11.78% | LCFF Target* | LCFF Target* | LCFF Target* | target funded | target funded | target funded | target funded |
| target funded | 29.56% | target funded | target funded | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 |
| 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 |

From June 11, 2014, Board meeting

* LCFF Target will change each year based on COLA and District grade span mix. LCFF Target based on 2007-2008 funding levels plus inflation. State expects to hit target in 2021.



2014-2015 Growth Toward Target



Thoughtful Recovery Based on State Funding and Future Goals and Objectives

- ✘ 2014-2015 school year fully restored
- ✘ Major Areas of Focus for Recovery
 - + Safety
 - + Student Services and Support
 - + Curriculum and Instruction
 - + Instructional Technology
 - + Parent and Community Outreach
 - + Operational Efficiency



150k

Recovery Model

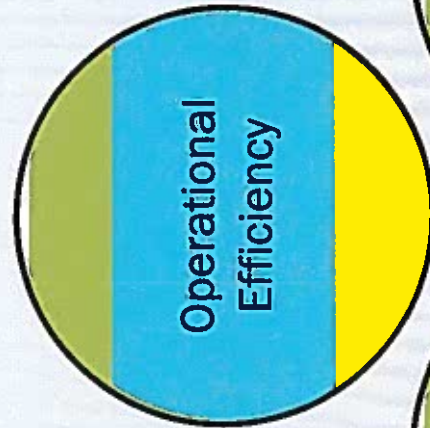


Short-Term Recovery Concept by Theme

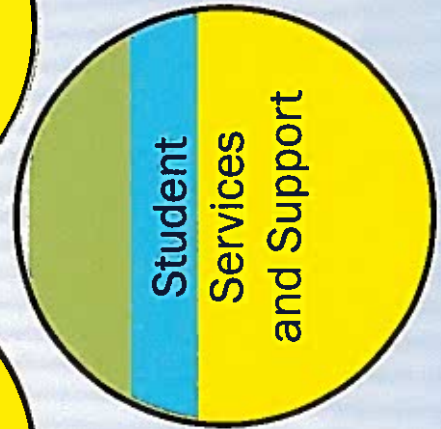
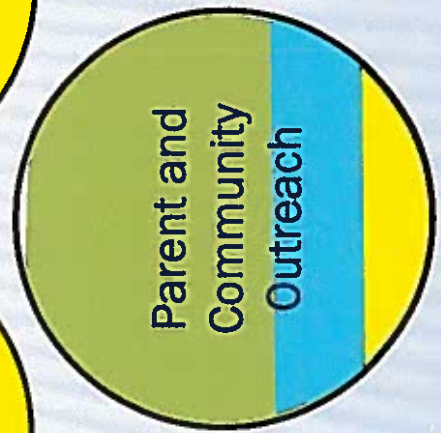
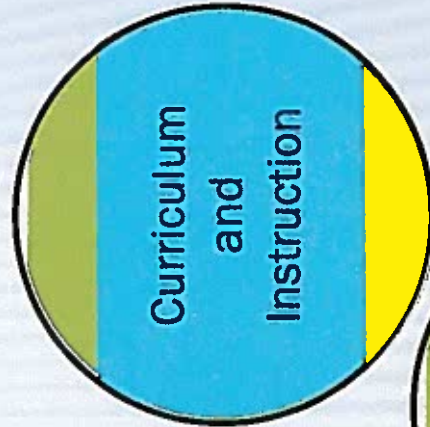
2014-2015



2015-2016



2016-2017



150m



Note: the above allocations represent the recovery concept only, and not a recommended allocation of funds.

- ✘ Staff recommends approval of Item Agenda Item #2