

**"Empowering
Students for
Success"**



Capistrano Unified School District

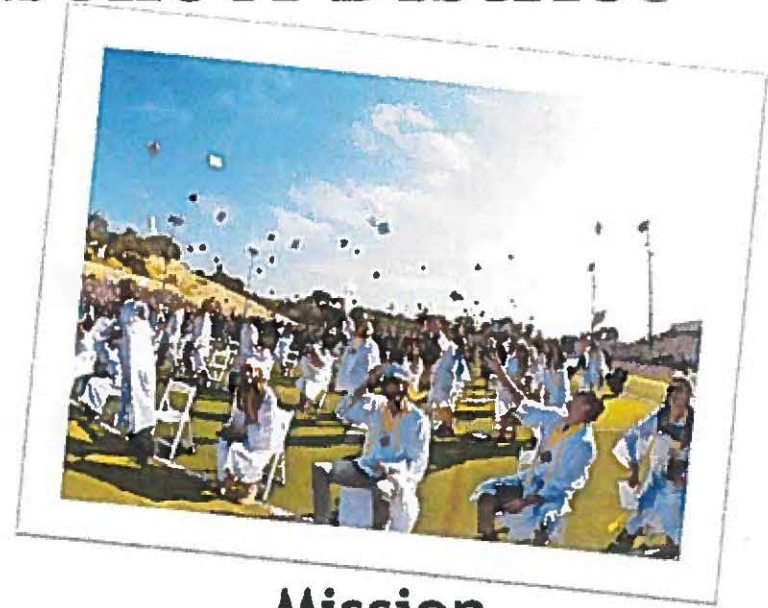
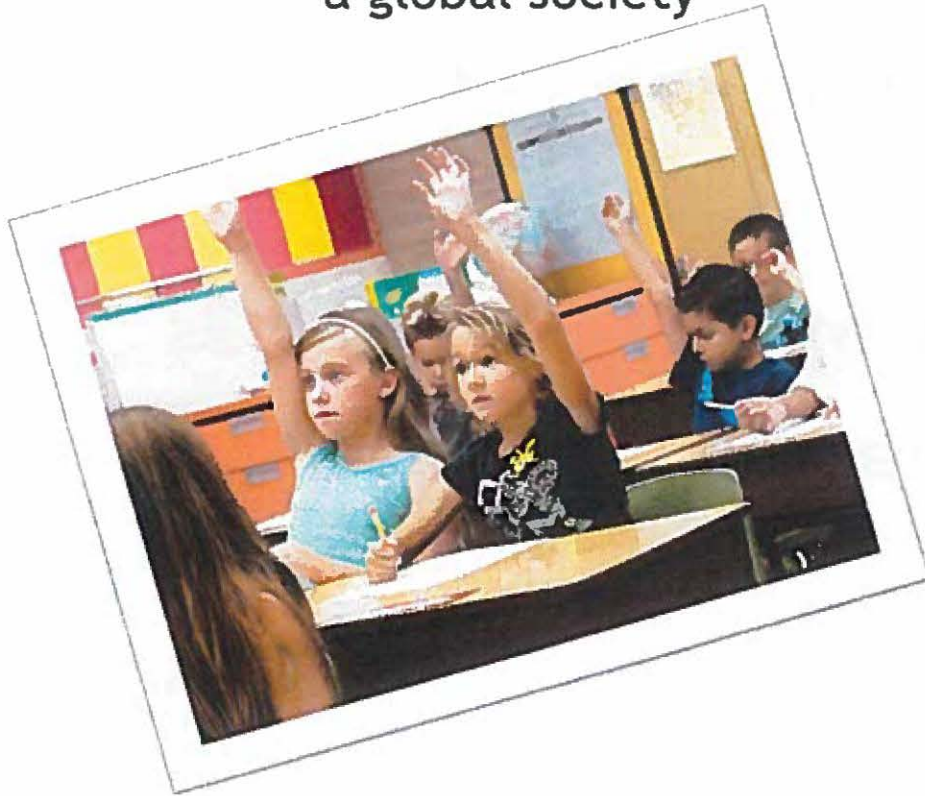
2014-2015 1st Interim Report

December 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

Economic Outlook

California Economy

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California Economic Outlook

▶ **The U.S. Economy**

- ▶ Solid but modest growth in 2014 with continuing improvement in the labor markets
- ▶ Consumer sector showing more strength; business investment on the upswing
- ▶ Federal deficit gap narrows; government employment stabilizes
- ▶ Risks: Slower than expected growth among U.S. trading partners; winding down of Fed's bond buying program; disruption to global energy supplies

▶ **The California Economy**

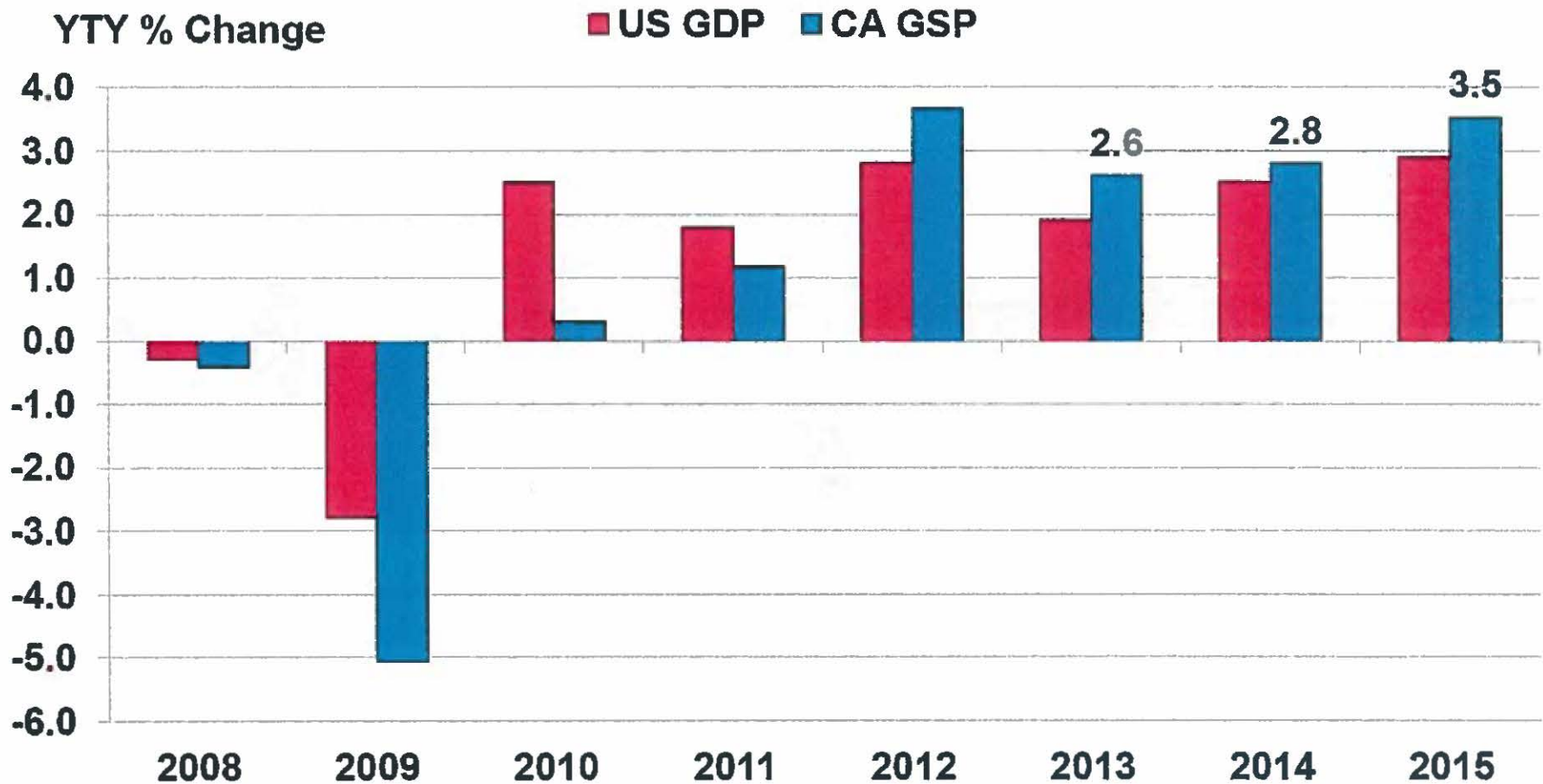
- ▶ Private sector jobs gains, steady decline in unemployment rate
- ▶ Housing and construction up substantially; strong gains leisure and hospitality; health services; construction; professional and business services
- ▶ Improved fiscal outlook; water issues loom large

▶ **The Southern California Economy**

- ▶ Strongest employment gains since the end of the recession
- ▶ Leading industries: Health services; leisure and hospitality; construction; professional, scientific and technical services
- ▶ Home prices increase, and construction accelerates



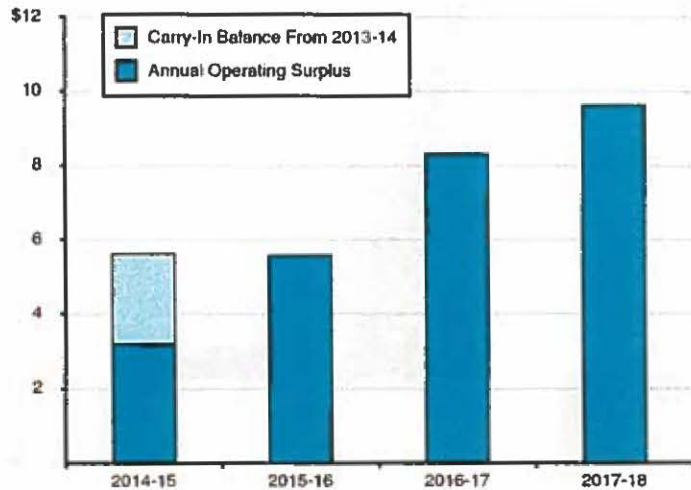
US versus California Economy



California Outlook

Operating Surpluses Projected Throughout Forecast Period

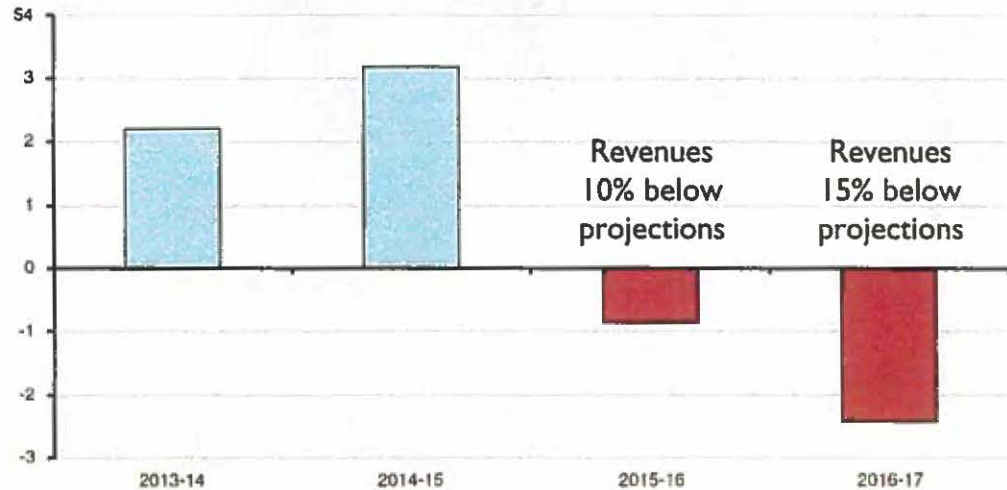
General Fund and Education Protection Account Combined (In Billions)



Forecast

Operating Deficits Return Under Hypothetical Recession Scenario

General Fund and Education Protection Account Combined (In Billions)



Hypothetical Recession

Current economic expansion is now over four years old. Since World War II, the average expansion has been just under five years.

Rainy Day Fund meant to minimize impact of economic downturns.



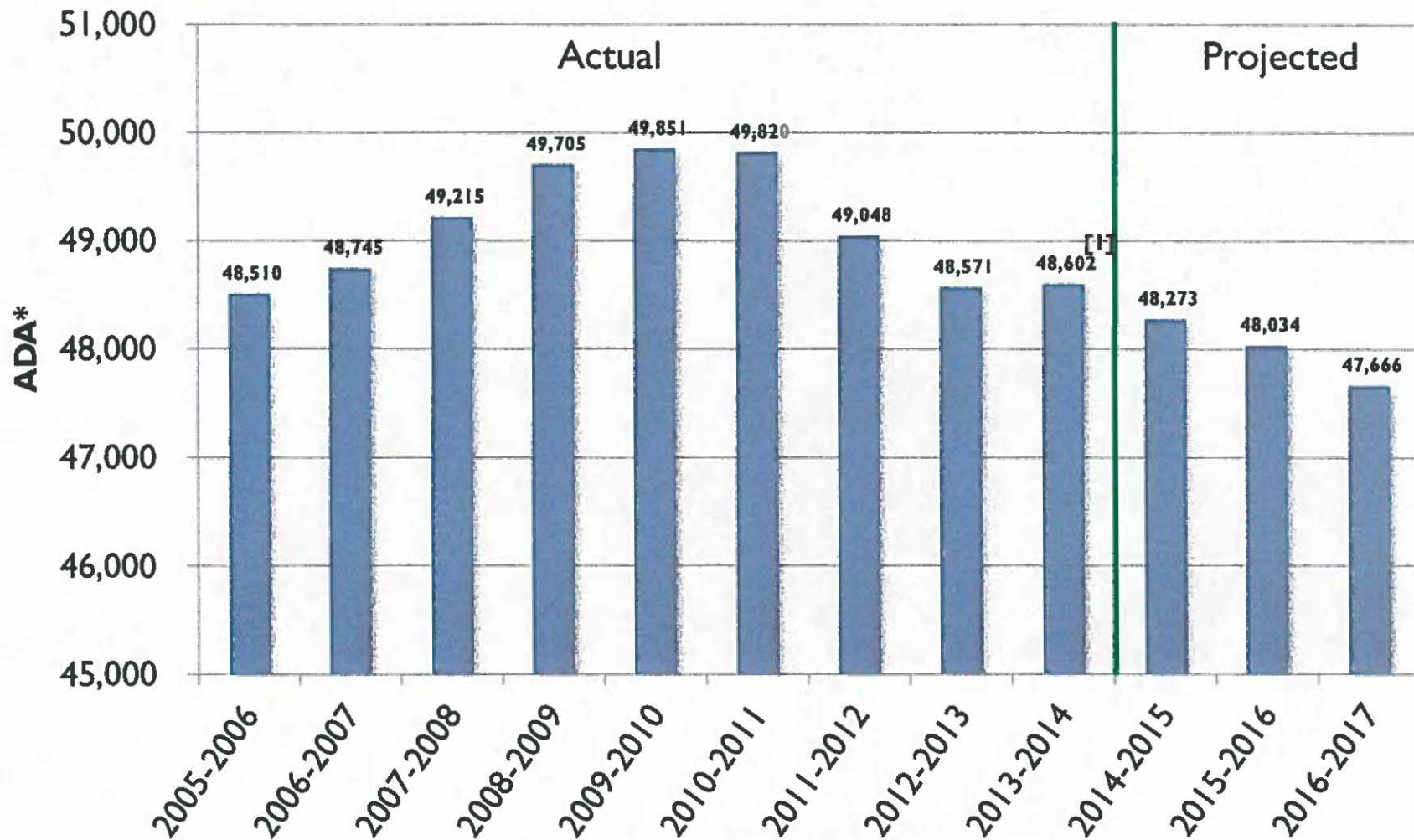
District Budget

Looking into the future

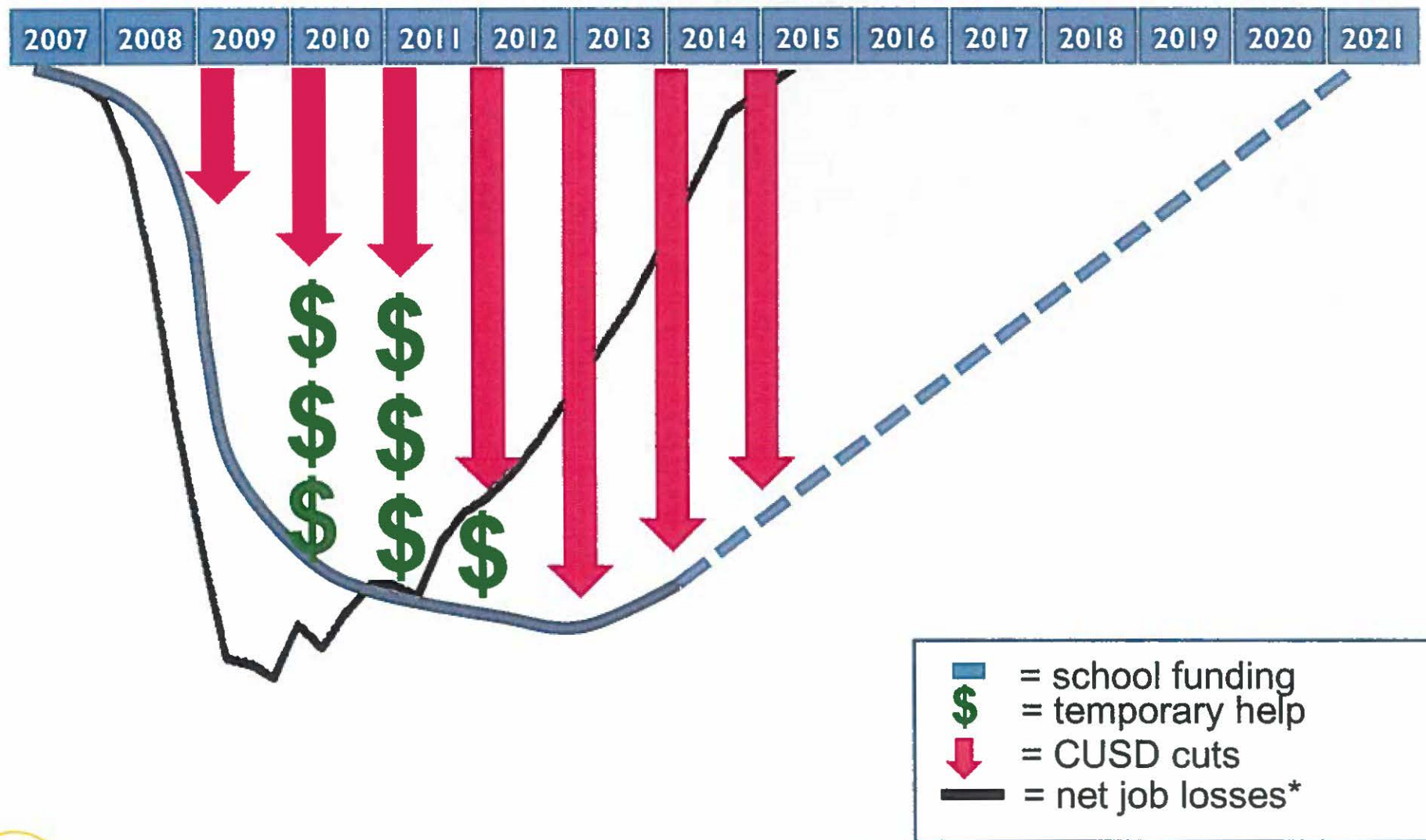


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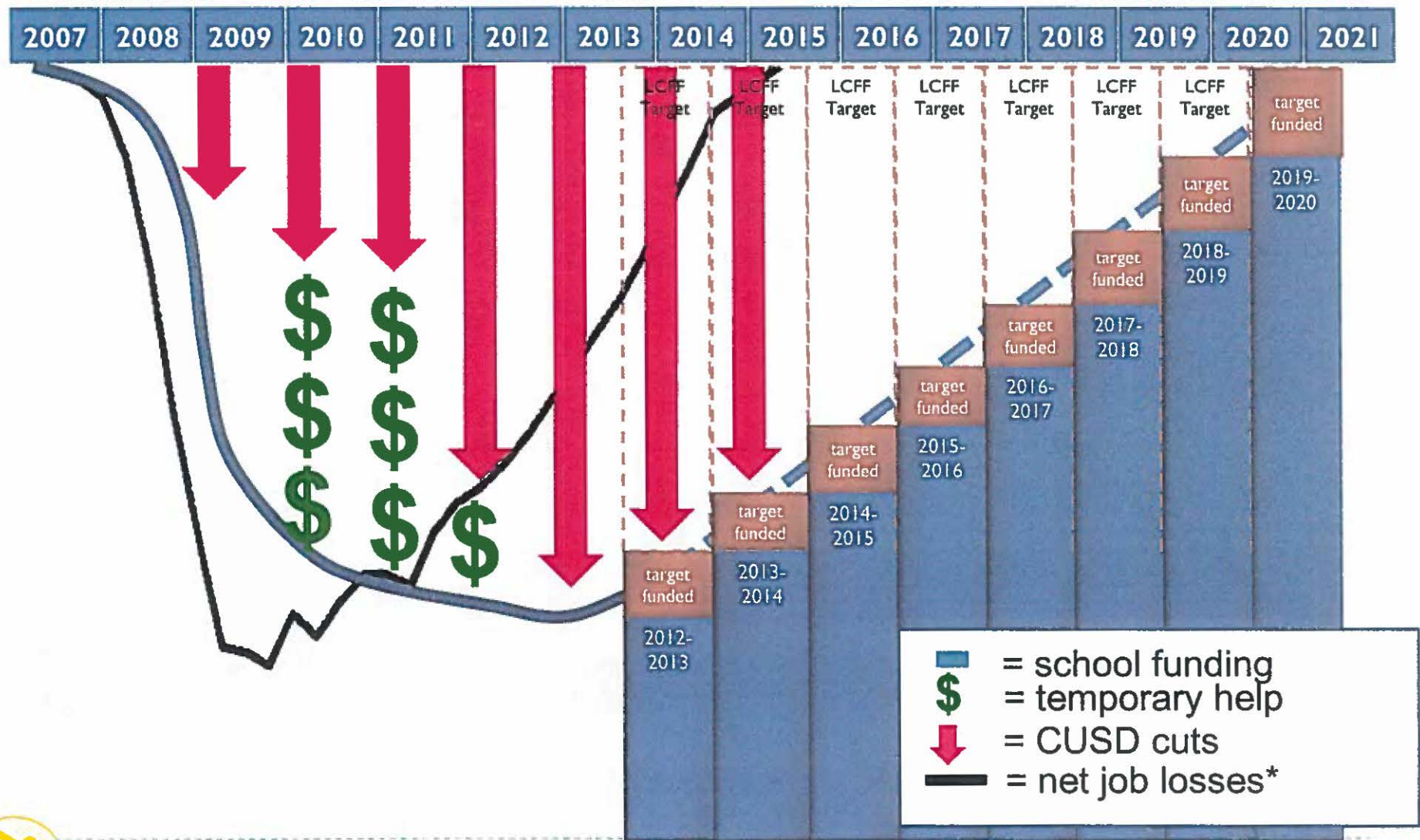
Average Daily Attendance Trend and Projection



2014-2015 Growth Toward Target



2014-2015 Growth Toward Target



The Road to Recovery

Throughout this past year, as funding for schools has begun to improve, a “**Road to Recovery**” has been discussed that would:

- ▶ **Maintain efficient operations**
- ▶ **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
- ▶ **Rebuild Deferred Maintenance Funding**
- ▶ **Recover services within the following theme areas**
 - ▶ Safety
 - ▶ Student Services and Support
 - ▶ Curriculum and Instruction/Instructional Technology
 - ▶ Parent and Community Outreach
 - ▶ Operational Efficiency
- ▶ **Avoid deficit spending** when funding is stable

2014-2015 1st Interim Report

Due December 15th

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Budget Calendar

Budgeting for schools is a continuous, year-round process

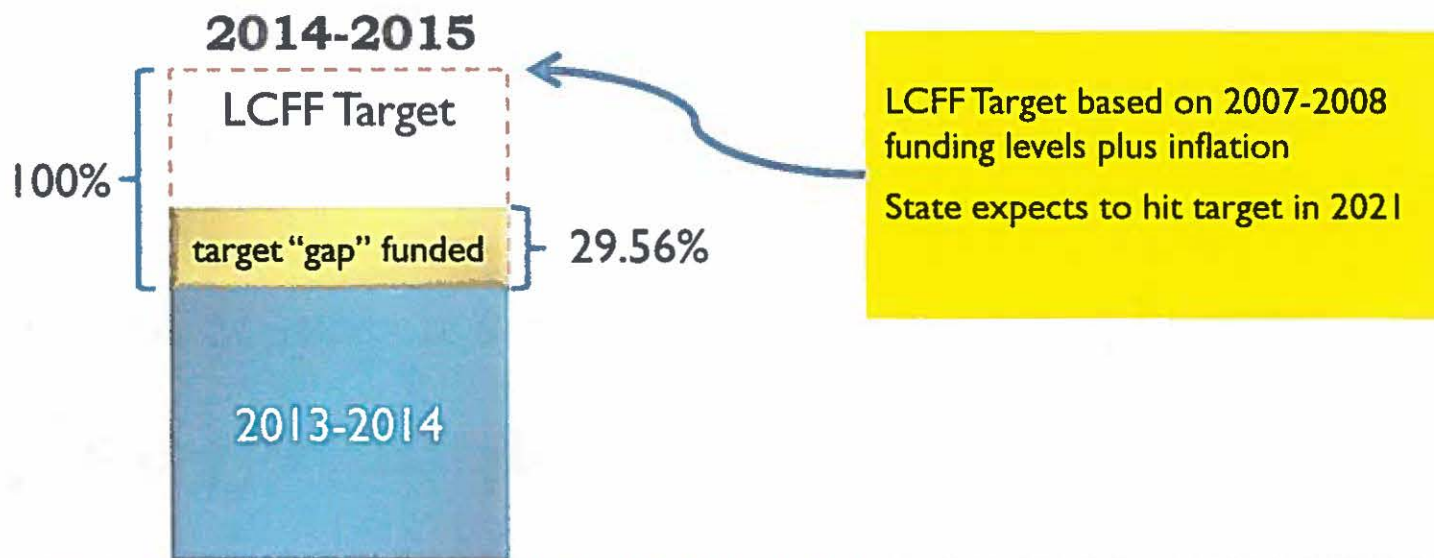
- Adopted Budget June 30, 2014
- **1st Interim December 15, 2014** (reporting data as of October)
- 2nd Second Interim March 15, 2015 (reporting data as of January)
- 3rd Interim* June 1, 2015 (reporting data as of April)

- Note: Pursuant to Education Code §42131(e), a Third Interim Report is required to be filed by June 1 if the Second Interim certification is not positive.

Major Assumptions

▶ Current Year 2014-2015

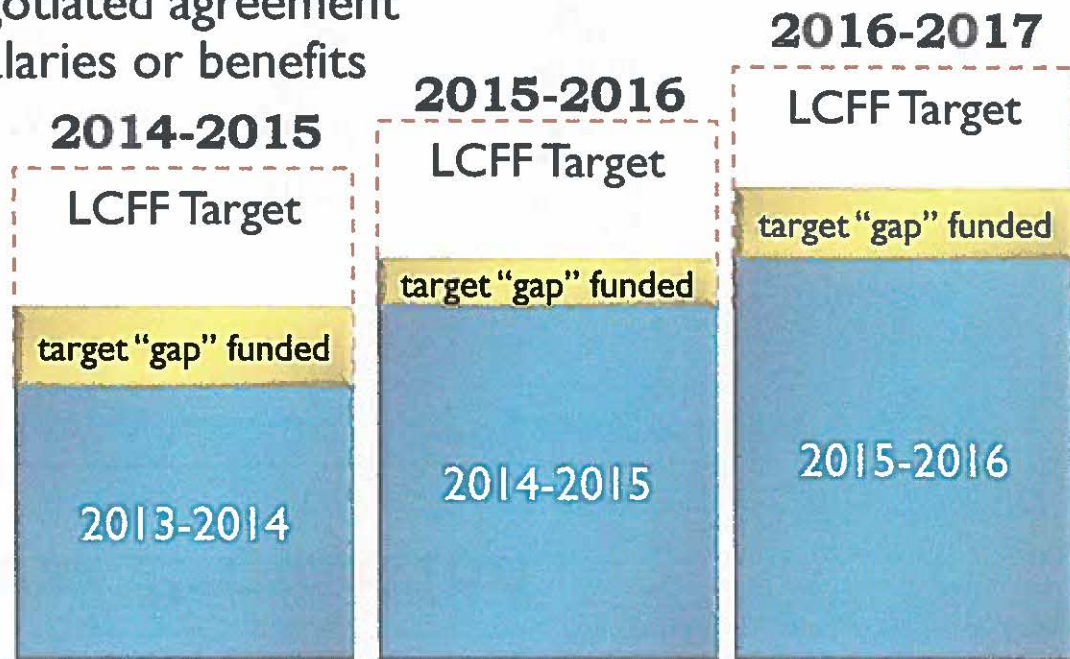
- ▶ Average Daily Attendance (ADA) based on 2013-2014 P2 ADA
- ▶ Cost-of-living adjustment (COLA)+ **LCFF target “gap” funding^[1]**
- ▶ Staffing according to formula. Adjusted based on actual enrollment
- ▶ Implementation of collective bargaining agreements in place



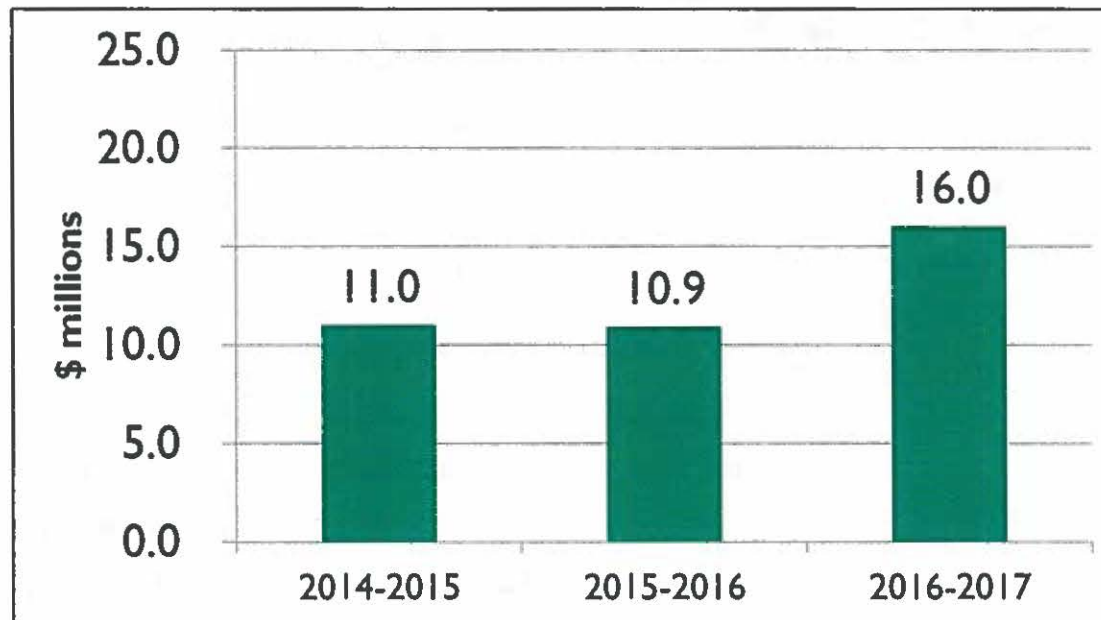
Major Assumptions

► Forecast Years 2015-2016 and 2016-2017

- ADA based on prior years due to declining enrollment
- Projected funding based on School Services and Department of Finance estimates:
 - 2015-2016 **+7.9% LCFF target “gap” funding percentage**
 - 2016-2017 **+25.48% LCFF target “gap” funding percentage**
- Step and Column increases based on negotiated agreements
- Class sizes based on negotiated agreement
- No other increases in salaries or benefits

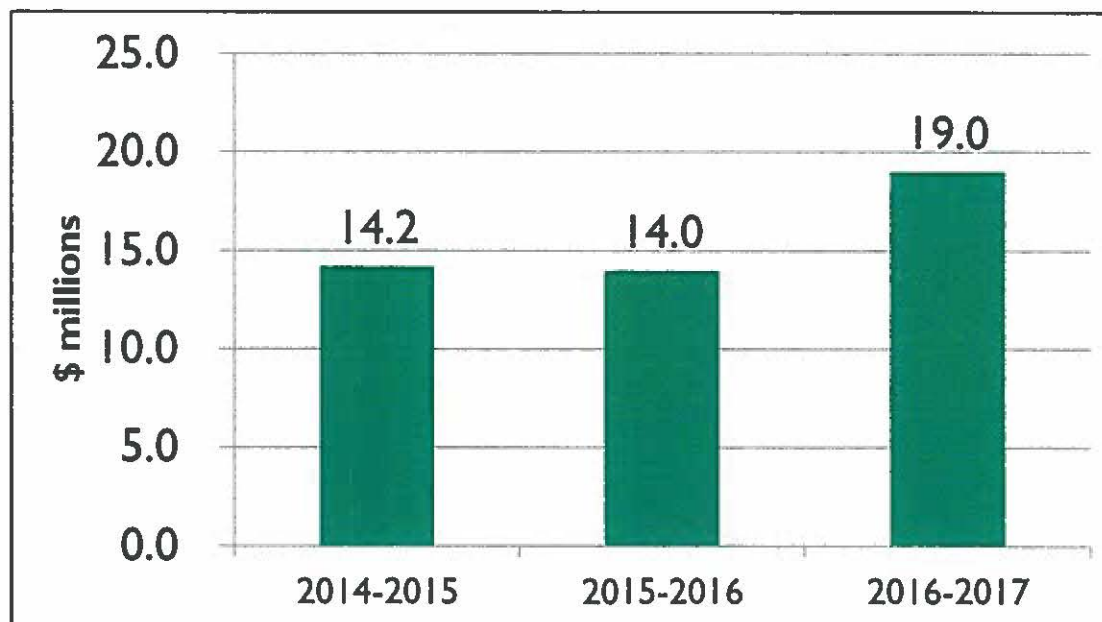


District Multi-Year Projection



- State budget priorities can change from year to year with no guarantee that LCFF growth will be provided or that the LCFF will be fully funded
- Balance shown is ending balance above reserve for economic uncertainty

District Multi-Year Projection



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-
- One time mandate reimbursement of \$3.2 million received on November 12, 2014. Will be reflected in 2nd Interim report in March 2015.

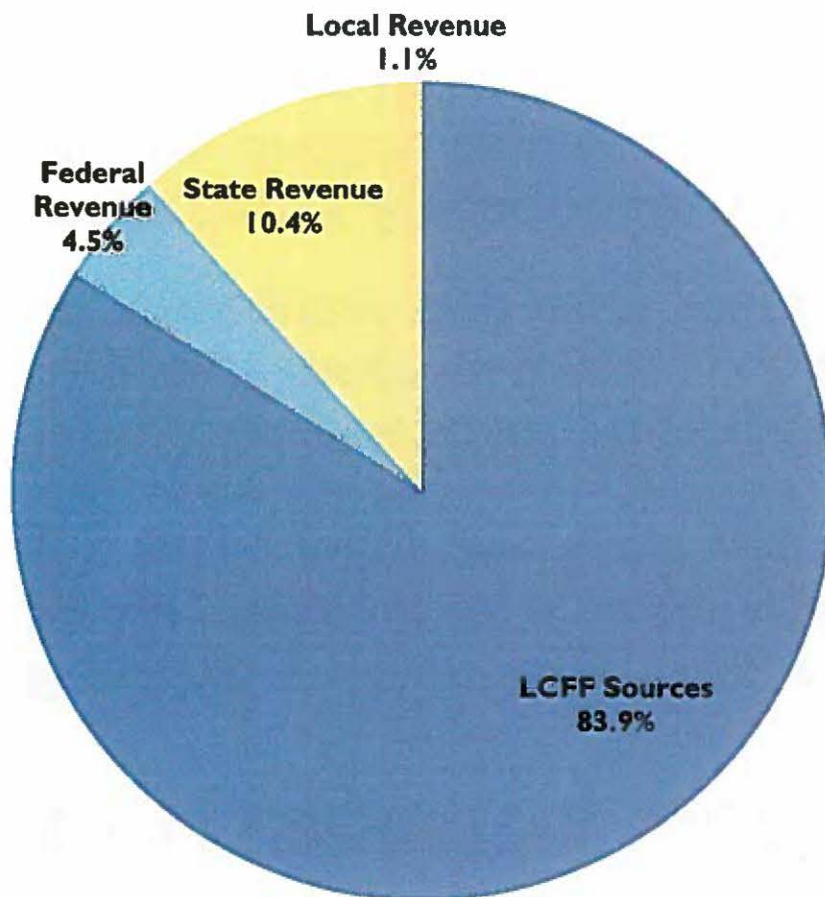
2014-2015 First Interim Report

Combined Restricted & Unrestricted Funds

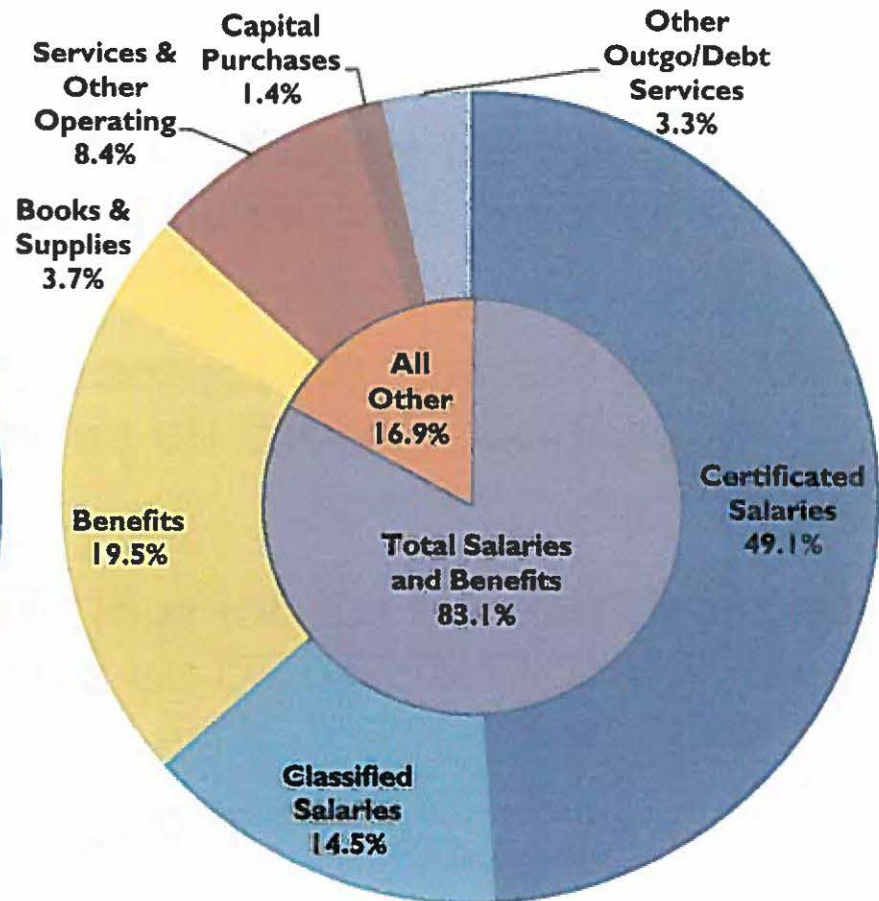
	2014-15 Revised Budget	2014-15 1st Interim	Change from Revised to 1st Interim	Comments
Revenue				
LCFF Sources	\$334,216,579	\$334,220,040	\$3,461	
Federal Revenue	\$17,362,087	\$18,012,244	\$650,157	Restricted carryover from prior year budgeted in 2014-15
State Revenue	\$41,602,091	\$41,603,274	\$1,183	
Local Revenue	\$3,530,071	\$4,400,491	\$870,420	Gifts budgeted as received. Other local income budgeted as received
Total Revenue	\$396,710,828	\$398,236,049	\$1,525,221	
Expenditures				
Certificated Salaries	\$196,798,537	\$198,649,902	\$1,851,365	
Classified Salaries	\$58,050,281	\$58,505,246	\$454,965	
Benefits	\$77,497,789	\$78,933,527	\$1,435,738	
Books and Supplies	\$22,436,062	\$14,866,934	(\$7,569,128)	
Services & Operating Expenses	\$31,598,028	\$34,097,793	\$2,499,765	
Capital Outlay	\$2,000,000	\$5,590,191	\$3,590,191	
Other Outgo/Debt Service	\$13,512,202	\$13,512,202	\$0	
Trnsfrs of Indirect/Direct Support	(\$650,629)	(\$636,716)	\$13,913	
Unidentified Budget Cuts			\$0	
Total Expenditures	\$401,242,270	\$403,519,079	\$2,276,809	
Other Sources and Uses				
Other Funding Sources	\$0	\$0	\$0	
Interfund Transfers Out	\$0	\$0	\$0	
Total Sources and Uses	\$0	\$0	\$0	
Beginning Fund Balance	\$33,377,613	\$33,377,613	\$0	
Audit Adjustments	\$0	\$0	\$0	
Net Incr (Decr) in Fund Balance	(\$4,531,442)	(\$5,283,030)	(\$751,588)	
Ending Fund Balance	\$28,846,171	\$28,094,583	(\$751,588)	
Components of Ending Fund Balance				
Revolving Cash, Stores, Prepaid	\$325,000	\$325,000	\$0	
Legally Restricted	\$6,460,504	\$6,460,504	\$0	
Economic Uncertainties (2% Reserve)	\$8,931,218	\$10,300,000.00	\$1,368,782	correct object code
Other Designations/Assignments			\$0	
- Library Abatement	\$0	\$0	\$0	
- Site Carryover including Gifts	\$0	\$0	\$0	
- Teacher Staff Development	\$0	\$0	\$0	
Undesignated	\$13,129,450	\$11,009,079	(\$2,120,371)	correct object code
Total Ending Fund Balance	\$28,846,172	\$28,094,583	(\$751,589)	

2014-2015 1st Interim Combined Unrestricted & Restricted Budget

Revenue



Expenditures



Certification Definition

Positive = A school district, based on current projections, **will** be able to meet its financial obligations for the current fiscal year and subsequent two fiscal years.

Qualified = A school district, based on current projections, **may not** meet its financial obligations for the current fiscal year or subsequent two fiscal years.

Negative = A school district, based on current projections, **will be unable** to meet its financial obligations for the current fiscal year or for subsequent two fiscal years.

Current Projections based on 1st Interim and Multi-Year Projection (MYP) using most conservative estimates from School Services of California.

Evaluating the Budget

Criteria and Standards

- ▶ District's financials are evaluated within each criteria or standard
 - ▶ Met/Not Met
 - ▶ Yes/No
- ▶ District provides additional detail to yes/no questions or an explanation for each criteria or standard not met

1st Interim Report Recommendation

- ▶ Staff recommends approval of 2014-2015
1st Interim Report with Positive Certification

Questions?

