

MODESTO CITY SCHOOLS

TO: Pamela Able, Superintendent

Regular Meeting

SUBJECT: Approval of Unaudited Financial
Statements for 2014/15

September 8, 2015

BACKGROUND

Education Code Section 42100 requires that the governing board of the school district shall approve an annual statement of all receipts and expenditures of the District for the preceding fiscal year. The reports are to be prepared on forms prescribed by the Superintendent of Public Instruction and filed with the County Superintendent of Schools.

ISSUE

The Board of Education must approve the unaudited financial reports.

PROPOSAL

All required financial reports are completed for the 2014/15 unaudited financial statements.

The unrestricted estimated actuals for 2014/15 included a net decrease of \$18 million and a fund balance of \$40.4 million. The unaudited actuals for 2014/15 reflect a net decrease of \$1.57 million and fund balance of \$56.8 million. The unrestricted ending balance increase from the projections made in May, for the budget adoption process, of \$16.4 million were primarily due to the following factors:

REVENUE FACTORS (in millions):

Local Control Funding Formula (LCFF)

ADA Adjustment based on 2014/15 Revised P2	<\$0.3>
Prior Year Adjustment	<\$0.2>

Other State Revenue

Unrestricted Lottery	\$0.5
Regional Occupational Program (ROP) CalWORKS	\$0.2

Total increase in Revenue	\$0.2
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EXPENDITURE FACTORS (in millions):

Additional savings salaries and benefits	\$1.4
Additional savings supplies, services and operating	\$1.5
Additional savings in services and other operating services	\$11.4
Additional savings in capital outlay	\$1.1
Reduction in indirect cost transfers	\$1.2
Total change in expenditures	\$16.6

CONTRIBUTION FACTORS (in millions):

Reduction in Special Education contribution	\$1.0
Addition of Johansen Fire contribution	<\$1.5>
Total savings in decreased need of contributions	<\$0.5>
Total improvement over Estimated Actuals	\$16.4

The restricted ending balance increased by \$3.5 million over the previous year due to increased revenue in Restricted Lottery, planned savings and carryover funds to offset on-going and one-time program expenditures in 2015/16.

Budget projections in 2015/16 reflect changes since adoption in the following areas:

- Local Control Funding Formula (LCFF) Gap reductions
- One Time Mandate Reimbursement reductions
- Hourly classified salary increase due to added positions
- One Time carryover allocation

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Copies of the complete financial reports are available for review in the office of the Associate Superintendent, Business Services.

FISCAL IMPACT

All funds of the District have positive ending balances as of June 30, 2015.

RECOMMENDATION

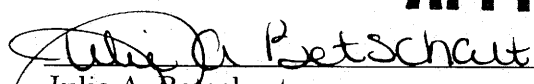
It is recommended that the Board of Education approve the unaudited financial statements for 2014/15.

Originating Department: Accounting and Finance

Reviewed and Recommended by:

Approved for Recommendation
to the Governing Board by:

APPROVED



Julie A. Betschart
Associate Superintendent, Business Services
Chief Business Official



Pamela Able
Superintendent