

## MODESTO CITY SCHOOLS

TO: Pamela Able, Superintendent Regular Meeting

SUBJECT: Approval of Unaudited Financial Statements for 2013/14 September 8, 2014

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### 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 2013/14 unaudited financial statements.

The unrestricted estimated actuals for 2013/14 included a net decrease of \$3.9 million and a fund balance of \$54.4 million. The unaudited actuals for 2013/14 reflect a net increase of \$50 thousand and fund balance of \$58.4 million; resulting in a difference between estimated actuals and unaudited actuals of less than a tenth of a percent. The unrestricted ending balance increase from the projections made in May, for the budget adoption process, of \$4.0 million were primarily due to the following factors:

### REVENUE FACTORS (in millions):

Local Control Funding Formula (LCFF)	
Gap percentage change from estimated 11.78% to 12.0017%	\$0.8
Other State Revenue	
Unrestricted Lottery	\$0.4
Regional Occupational Program (ROP) CalWORKS	\$0.4
Local Revenue	
Interest Income	\$0.3
Regional Occupational Program (ROP)	\$0.4
Other Misc. Local Revenue	\$0.6
<b>Total increase in Revenue</b>	<b>\$2.9</b>

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EXPENDITURE FACTORS (in millions):

Additional savings salaries and benefits	\$1.0
Additional costs supplies, services and operating	<\$1.0>
Additional costs in capital outlay	<\$0.2>
Additional savings in other outgo	\$0.7
Reduction in indirect cost transfers	<\$0.5>
<b>Total change in expenditures</b>	<b>\$0.0</b>

CONTRIBUTION FACTORS (in millions):

Reduction in Special Education contribution	\$0.9
Reduction in Routine Restricted Maintenance contribution	\$0.2
<b>Total savings in decreased need of contributions</b>	<b>\$1.1</b>
<b>Total improvement over Estimated Actuals</b>	<b>\$4.0</b>

With the passage of Local Control Funding Formula (LCFF), funding has been allocated towards reinstatement of instructional days, reinstatement of salary concessions, increased district contributions toward employee health and welfare costs, and the expansion and implementation of programs approved in the Local Control and Accountability Plan (LCAP).

The restricted ending balance increased by \$1.4 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 2014/15.

Budget projections in 2014/15 reflect changes since adoption in the following areas:

- Local Control Funding Formula (LCFF) Gap adjustments
- Hourly certificated salary increase due to contract rate increase
- One Time carryover allocation
- Common Core State Standards carryover allocation
- Facility Maintenance and Deferred Maintenance annual allocation

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The budget does not reflect the Local Control and Accountability Plan (LCAP) items which will be budgeted in the following months.

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, 2014.

RECOMMENDATION

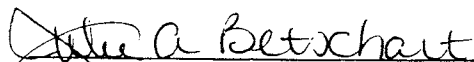
It is recommended that the Board of Education approve the unaudited financial statements for 2013/14.

Originating Department: Accounting and Finance


APPROVED

Reviewed and Recommended by:

Approved for Recommendation  
to the Governing Board by:



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



Pamela Able  
Superintendent