



Budget Balancing

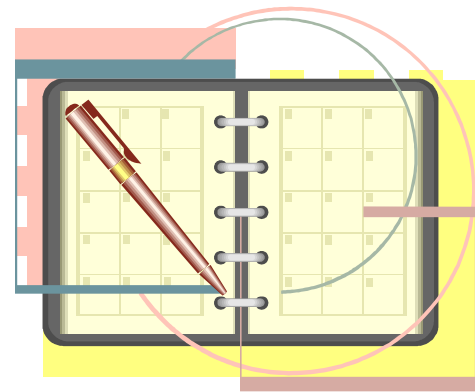
April 22, 2015

Ryland | SCHOOL BUSINESS
CONSULTING

- ▶ San Bruno Park School District

Agenda

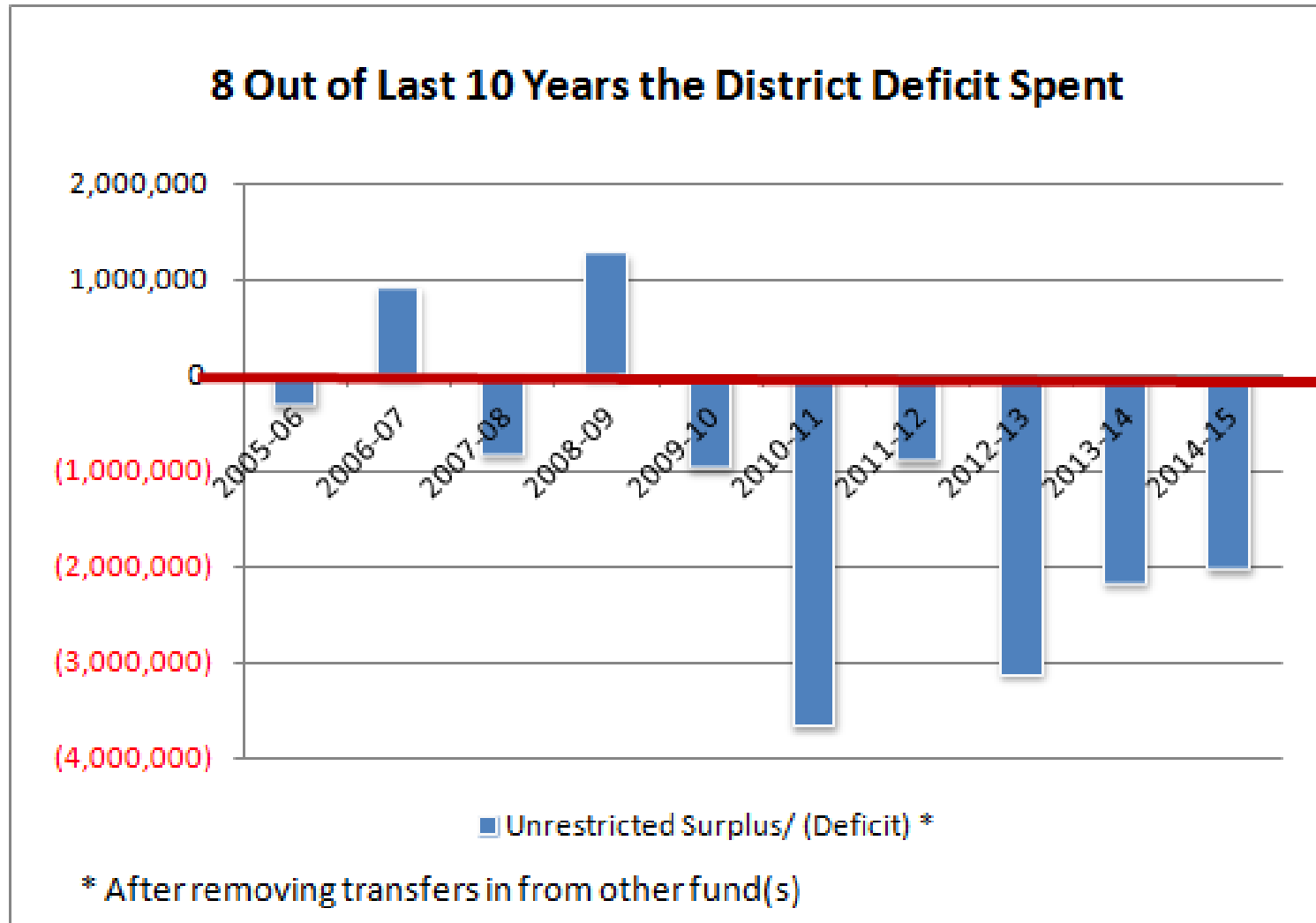
- ▶ How Did We Get Here?
- ▶ Budget and MYP
- ▶ Remaining Cuts Needed
- ▶ List of Ideas
- ▶ Action on Final \$400,000



Volatile Budget Numbers

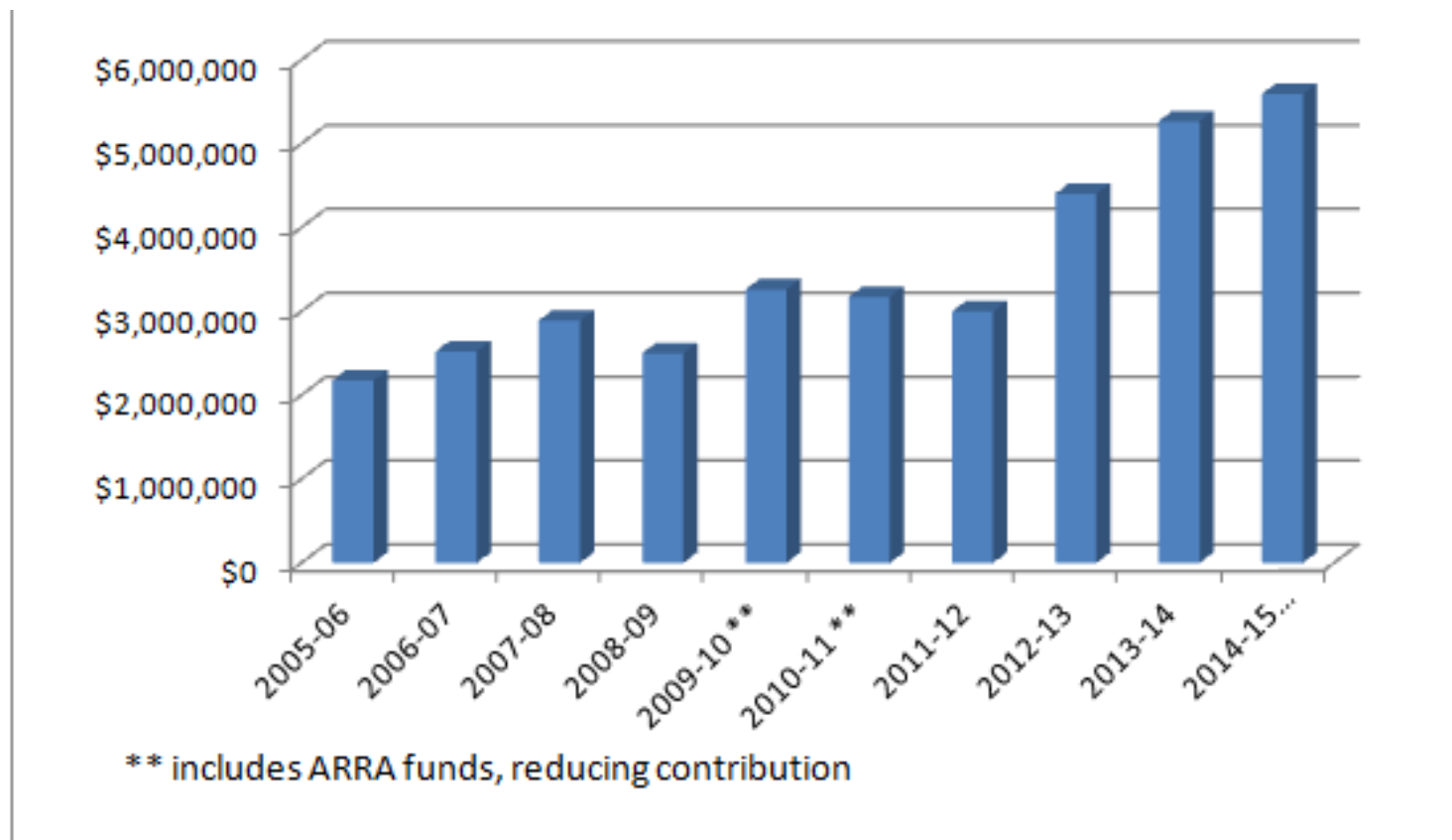
- ▶ Basic Aid to LCFF to Basic Aid
 - ▶ Property taxes change during year, especially Redevelopment (RDA)
 - ▶ Changes in Gap Funding, K-3 GSA assumptions change revenue
- ▶ ADA changes
- ▶ Special Ed actual placements
- ▶ Transportation needs
- ▶ One-time revenues (Mandated Cost Reimbursement, RDA, CCSS)
- ▶ One-time costs (Interim CBO, Superintendent costs, Real Estate broker)
- ▶ New Costs – STRS/PERS increases
- ▶ New Revenues – Crestmoor lease

Unrestricted GF Deficit Spending Not a Surprise



Contribution to Special Education

- ▶ Ever-increasing Special Education costs result in increased contributions to balance the program



Tracking the Combined General Fund

- ▶ Current year budget has shifted at each reporting period due to exhibited volatility of assumptions

| Total General Fund (in 000's) | | | | | |
|-------------------------------|-------------------|--------------------|--------------------------|------------------------------|-----------------------------|
| | 2013-14 Actual | 2014-15 Adopted | 2014-15 First Interim | 2014-15 Second Interim | 2014-15 Budget Update |
| Revenues | \$22,600 | \$22,500 | \$22,300 | \$23,500 | \$23,800 |
| Expenditures | \$24,200 | \$24,200 | \$25,300 | \$26,200 | \$26,000 |
| Surplus/(Deficit) | (\$1,600) | (\$1,700) | (\$3,000) | (\$2,700) | (\$2,200) |
| Beginning Fund Balance | \$5,000 | \$3,300 | \$3,300 | \$3,300 | \$3,300 |
| Ending Fund Balance | \$3,400 | \$1,600 | \$200 | \$600 | \$1,000 |
| Reserves as % of Total GF | 14.0% | 6.6% | 0.8% | 2.3% | 3.8% |

Changes in Assumptions From Year to Year

▶ Adding and subtracting revenues and expenditures

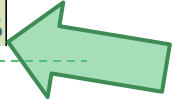
| <u>Adjustments for MYP</u> | Total Adj to Unr FB 2015-16 | Total Adj to Unr FB 2016-17 | Total Adj to Unr FB 2017-18 |
|--|--------------------------------|--------------------------------|--------------------------------|
| LCFF Gap Funding per DOF, base and supp/concentr | 554,000 | 878,000 | 890,000 |
| Reductions per Board action, loss of GSA step/column (3.0%, 1.5%) | 258,000 | - | - |
| Additional STRS contributions (incr 0.83%) | (326,000) | (311,000) | (319,000) |
| Incr instr materials for consumables and 1/2 adopt | (83,000) | (224,000) | (155,000) |
| Adjust for one-time costs, Enshalla, Supt contr | (200,000) | | |
| Add back Belle Aire Health Clinic costs counted toward Sup | 397,300 | | |
| Add add'l supt and Asst Supt comp | (275,000) | | |
| Additional PERS Contribution (incr 1.85%) | (161,700) | | |
| Additional contrib to RRM to bring to 3% | (55,000) | (57,000) | (58,000) |
| Remove one-time Mandated Cost Reimb | (157,000) | | |
| Remove PGE Solar Incentive | (171,600) | | (225,000) |
| Budget Reductions per Board action | 1,281,550 | - | - |
| Special Ed Encroachment Increase | (80,000) | (72,000) | (75,000) |
| Net Change in Fund Balance for Year | 981,550 | 214,000 | 58,000 |

MYP Without Additional Cuts Beyond Budget Plan

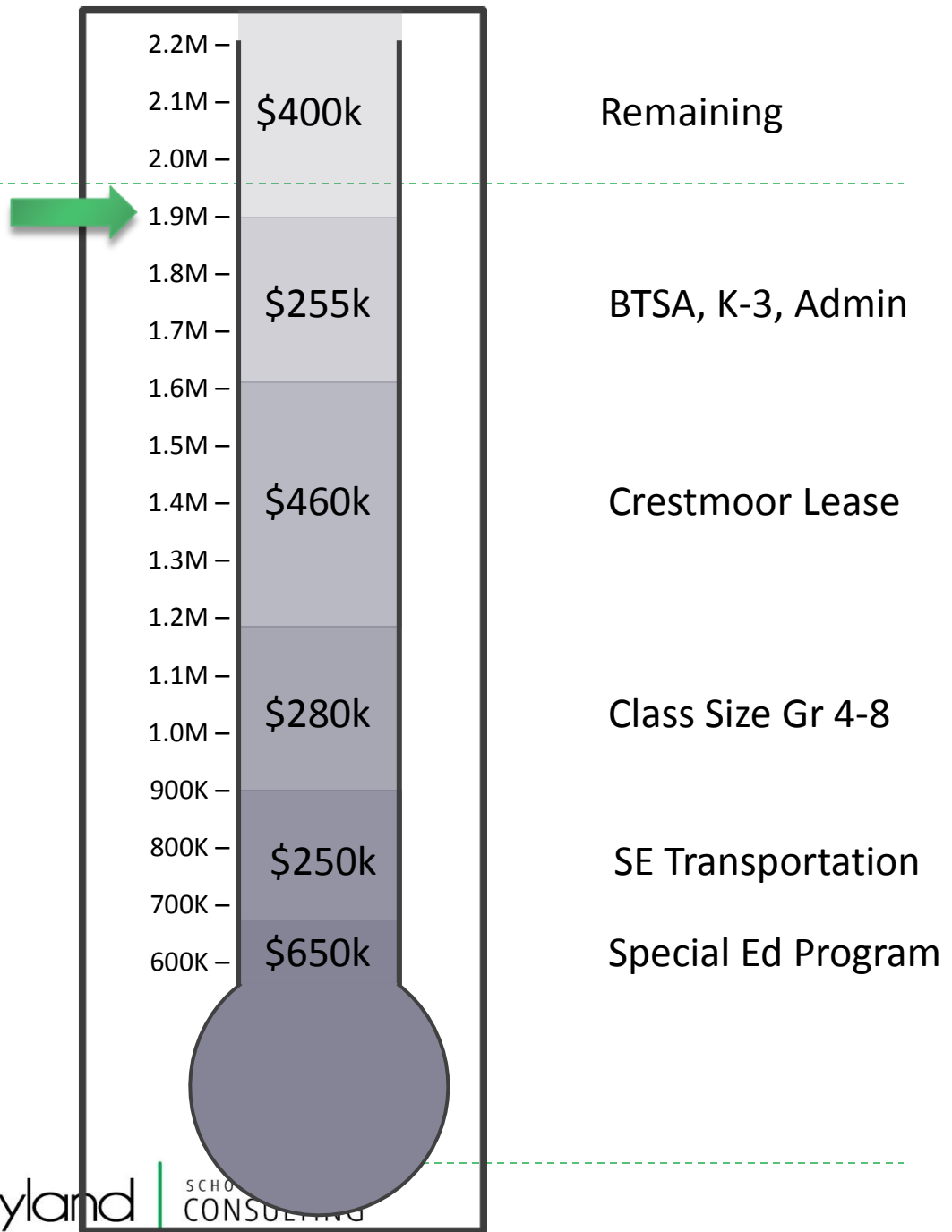
| | Third Interim 2014-15 | | | Notes | Projected 2015-16 | | | Notes | Projected 2016-17 | | |
|--|--------------------------|------------------|--------------------|-------|----------------------|------------------|-------------------|-------|----------------------|------------------|-------------------|
| | Unrestricted | Restricted | Combined | | Unrestricted | Restricted | Combined | | Unrestricted | Restricted | Combined |
| Revenue | | | | | | | | | | | |
| General Purpose Sources | 18,047,354 | 1,214,300 | 19,261,654 | 1 | 18,610,354 | 1,214,300 | 19,824,654 | 1 | 19,470,354 | 1,214,300 | 20,684,654 |
| Federal Revenue | 0 | 1,254,067 | 1,254,067 | | 0 | 1,254,067 | 1,254,067 | | 0 | 1,254,067 | 1,254,067 |
| State Revenue | 590,290 | 333,445 | 923,735 | 2 | 418,690 | 333,445 | 752,135 | | 418,690 | 333,445 | 752,135 |
| Local Revenue | 1,599,235 | 328,674 | 1,927,909 | | 1,637,535 | 328,674 | 1,966,209 | | 1,637,535 | 328,674 | 1,966,209 |
| Total Revenue | 20,236,879 | 3,130,486 | 23,367,365 | | 20,666,579 | 3,130,486 | 23,797,065 | | 21,526,579 | 3,130,486 | 24,657,065 |
| | 0 | | | | | | | | | | |
| Expenditures | | | | | | | | | | | |
| Certificated Salaries | 8,599,191 | 1,456,680 | 10,055,871 | 3,4 | 8,069,191 | 1,277,380 | 9,346,571 | 3,4 | 8,311,191 | 1,349,380 | 9,660,571 |
| Classified Salaries | 2,007,795 | 983,970 | 2,991,765 | 4 | 2,125,495 | 952,220 | 3,077,715 | 4 | 2,157,495 | 952,220 | 3,109,715 |
| Benefits | 3,264,930 | 714,526 | 3,979,456 | 5 | 3,443,930 | 714,526 | 4,158,456 | 5 | 3,761,930 | 714,526 | 4,476,456 |
| Books and Supplies | 379,954 | 572,839 | 952,793 | 6 | 718,954 | 572,839 | 1,291,793 | | 718,954 | 572,839 | 1,291,793 |
| Other Services & Oper. Expenses | 2,047,948 | 2,972,928 | 5,020,876 | 9 | 2,047,948 | 1,958,489 | 4,006,437 | 9 | 2,047,948 | 1,807,091 | 3,855,039 |
| Capital Outlay | 0 | 18,000 | 18,000 | | 0 | 18,000 | 18,000 | | 0 | 18,000 | 18,000 |
| Other Outgo 7xxx | 381,543 | 2,471,243 | 2,852,786 | | 381,543 | 2,471,243 | 2,852,786 | | 381,543 | 2,471,243 | 2,852,786 |
| Transfer of Indirect 73xx | (295,807) | 228,725 | (67,082) | | (295,807) | 228,725 | (67,082) | | (295,807) | 228,725 | (67,082) |
| Unidentified Budget Reductions Needed ⁸ | | | | 8 | | | | 8 | 0 | | |
| Total Expenditures | 16,385,554 | 9,418,911 | 25,804,465 | | 16,491,254 | 8,193,422 | 24,684,676 | | 17,083,254 | 8,114,024 | 25,197,278 |
| Deficit/Surplus | 3,851,325 | (6,288,425) | (2,437,100) | | 4,175,325 | (5,062,936) | (887,611) | | 4,443,325 | (4,983,538) | (540,213) |
| Transfers In | 363,002 | 0 | 363,002 | 7 | 363,002 | 0 | 363,002 | 7 | 363,002 | 0 | 363,002 |
| Transfers in (out) | (197,410) | 0 | (197,410) | 12 | (197,410) | 0 | (197,410) | | (197,410) | 0 | (197,410) |
| Contributions to Restricted | (5,578,088) | 5,578,088 | 0 | 10 | (4,911,538) | 4,911,538 | 0 | 10 | (4,983,538) | 4,983,538 | 0 |
| Net increase (decrease) in Fund Balance | (1,561,171) | (710,337) | (2,271,508) | | (570,621) | (161,398) | (722,019) | | (374,621) | 0 | (374,621) |
| Beginning Balance | 2,433,134 | 861,735 | 3,294,869 | | 871,963 | 151,398 | 1,023,361 | | 301,342 | 0 | 301,342 |
| Total Ending Balance | 871,963 | 151,398 | 1,023,361 | | 301,342 | 0 | 301,342 | | (73,279) | 0 | (73,279) |
| Fund Balance Percent | | | 3.9% | | | | 1.2% | | | | -0.3% |
| Reserve for Economic Uncertainty (3%) | 774,134 | | 774,134 | | 740,540 | | 740,540 | | 755,918 | | 755,918 |
| Restricted Fund Balance | | 151,398 | 151,398 | | | 0 | 0 | | | 0 | 0 |
| Unappropriated Ending Balance | 97,829 | | 97,829 | 11 | (439,198) | | (439,198) | 11 | (829,197) | | (829,197) |

Current MYP Requires an Additional \$400K Cuts

| | Third Interim 2014-15 | | | Projected 2015-16 | | | Projected 2016-17 | | |
|---|--------------------------|------------------|--------------------|----------------------|------------------|-------------------|----------------------|------------------|-------------------|
| | Unrestricted | Restricted | Combined | Unrestricted | Restricted | Combined | Unrestricted | Restricted | Combined |
| Revenue | | | | | | | | | |
| General Purpose Sources | 18,072,796 | 1,214,300 | 19,287,096 | 18,609,796 | 1,214,300 | 19,824,096 | 19,469,796 | 1,214,300 | 20,684,096 |
| Federal Revenue | 0 | 1,254,067 | 1,254,067 | 0 | 1,254,067 | 1,254,067 | 0 | 1,254,067 | 1,254,067 |
| State Revenue | 590,290 | 333,445 | 923,735 | 418,690 | 333,445 | 752,135 | 418,690 | 333,445 | 752,135 |
| Local Revenue | 1,599,235 | 328,674 | 1,927,909 | 1,637,535 | 328,674 | 1,966,209 | 1,637,535 | 328,674 | 1,966,209 |
| Total Revenue | 20,262,321 | 3,130,486 | 23,392,807 | 20,666,021 | 3,130,486 | 23,796,507 | 21,526,021 | 3,130,486 | 24,656,507 |
| | 25,442 | | | | | | | | |
| Expenditures | | | | | | | | | |
| Certificated Salaries | 8,599,191 | 1,456,680 | 10,055,871 | 8,069,191 | 1,277,380 | 9,346,571 | 8,311,191 | 1,349,380 | 9,660,571 |
| Classified Salaries | 2,007,795 | 983,970 | 2,991,765 | 2,125,495 | 952,220 | 3,077,715 | 2,157,495 | 952,220 | 3,109,715 |
| Benefits | 3,264,930 | 714,526 | 3,979,456 | 3,443,930 | 714,526 | 4,158,456 | 3,761,930 | 714,526 | 4,476,456 |
| Books and Supplies | 379,954 | 572,839 | 952,793 | 718,954 | 572,839 | 1,291,793 | 718,954 | 572,839 | 1,291,793 |
| Other Services & Oper. Expenses | 2,047,948 | 2,972,928 | 5,020,876 | 2,047,948 | 1,958,489 | 4,006,437 | 2,047,948 | 1,807,091 | 3,855,039 |
| Capital Outlay | 0 | 18,000 | 18,000 | 0 | 18,000 | 18,000 | 0 | 18,000 | 18,000 |
| Other Outgo 7xxx | 381,543 | 2,471,243 | 2,852,786 | 381,543 | 2,471,243 | 2,852,786 | 381,543 | 2,471,243 | 2,852,786 |
| Transfer of Indirect 73xx | (295,807) | 228,725 | (67,082) | (295,807) | 228,725 | (67,082) | (295,807) | 228,725 | (67,082) |
| Unidentified Budget Reductions Needed ^s | | | | (400,000) | | | (400,000) | | |
| Total Expenditures | 16,385,554 | 9,418,911 | 25,804,465 | 16,091,254 | 8,153,422 | 24,684,676 | 16,683,254 | 8,114,024 | 25,197,278 |
| Deficit/Surplus | 3,876,767 | (6,288,425) | (2,411,658) | 4,574,767 | (5,062,936) | (488,169) | 4,842,767 | (4,983,538) | (140,771) |
| Transfers In | 363,002 | 0 | 363,002 | 363,002 | 0 | 363,002 | 363,002 | 0 | 363,002 |
| Transfers in (out) | (197,410) | 0 | (197,410) | (197,410) | 0 | (197,410) | (197,410) | 0 | (197,410) |
| Contributions to Restricted | (5,578,088) | 5,578,088 | 0 | (4,911,538) | 4,911,538 | 0 | (4,983,538) | 4,983,538 | 0 |
| Balance | (1,535,729) | (710,337) | (2,246,066) | (171,179) | (151,398) | (322,577) | 24,821 | 0 | 24,821 |
| Beginning Balance | 2,433,134 | 861,735 | 3,294,869 | 897,405 | 151,398 | 1,048,803 | 726,226 | 0 | 726,226 |
| Total Ending Balance | 897,405 | 151,398 | 1,048,803 | 726,226 | 0 | 726,226 | 751,047 | 0 | 751,047 |
| Fund Balance Percent | | | 4.0% | | | 2.9% | | | 3.0% |



2015-2016
\$1.91 million in
cuts so far ~
reflected in the
MYP



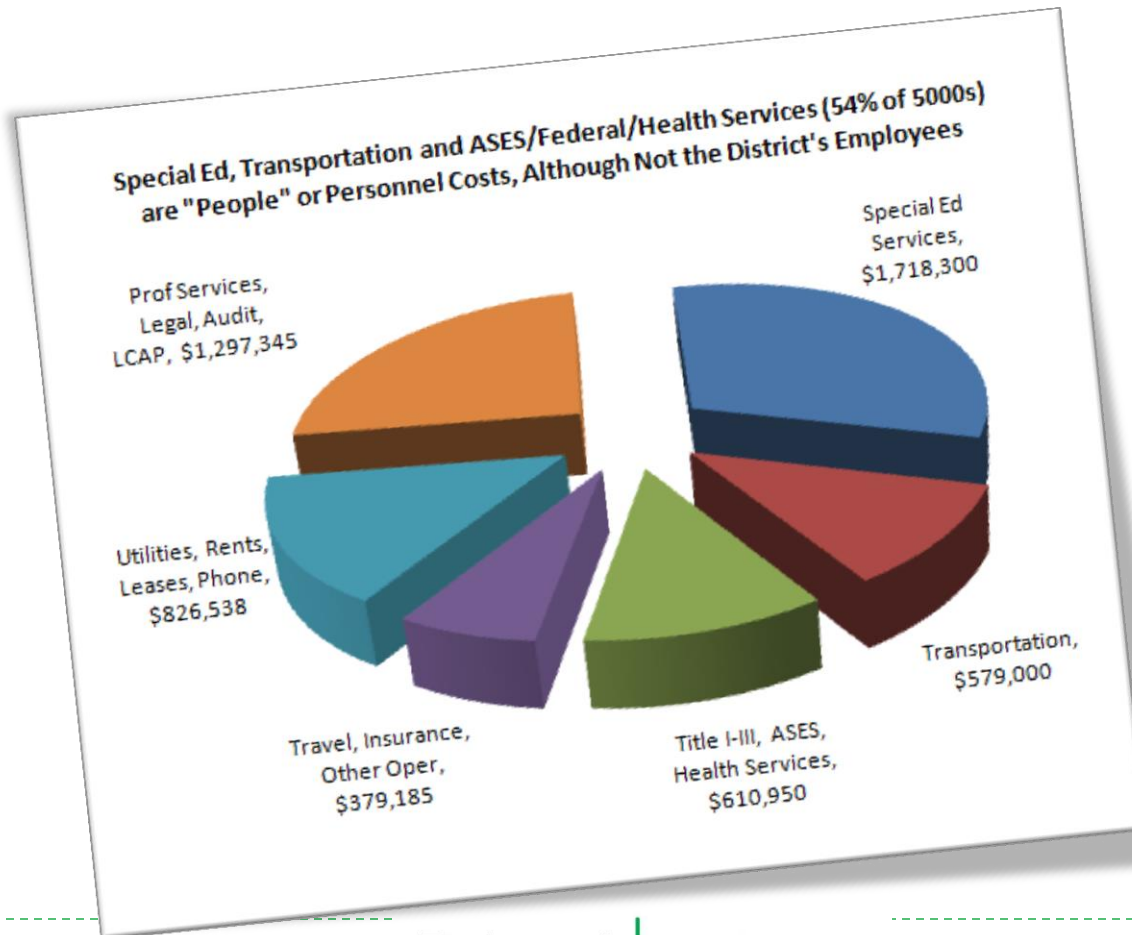
District Budget Action Plan

- ▶ The Board already adopted \$1.9M in budget adjustments
 - ▶ Some amounts are still tentative; they will need to be verified by staff and SMCOE as the 15-16 budget is developed

| Budget Action Plan 2015-16 | | | | | | |
|--|-------|---------------------|--------------------------|---------------|-----------|--------------------|
| | | 2015-16 | Cuts as Reflected in MYP | | | |
| | Notes | (estimated savings) | Salaries & Benefits | Prof Services | Revenue | Total Proj Savings |
| Special Ed Program | A,C | \$700,000 | 291,050 | 362,500 | - | 653,550 |
| Special Ed Transportation | B | \$100,000 | - | 250,000 | - | 250,000 |
| Staff Class sizes 31:1 grades 4-8 | C | \$300,000 | 282,000 | - | - | 282,000 |
| Staff Class sizes 31:1 grades k-3 | C | \$300,000 | 516,000 | - | (342,234) | 173,766 |
| Eliminate BTSA | D | \$72,000 | 72,000 | - | - | 72,000 |
| Reduce non-represented workyear by 3 days | E | \$24,000 | 24,000 | - | - | 24,000 |
| Add Crestmoor lease revenue (adj in 2014-15) | F | \$460,000 | - | - | 460,000 | 460,000 |
| Reduce one counselor- | C | \$0 | - | - | - | - |
| Reduce district receptionist one month- | G | \$0 | - | - | - | - |
| Reduce 0.75 maintenance worker- | G | \$0 | - | - | - | - |
| | | \$1,956,000 | | | | 1,915,316 |

Professional Services Breakdown (5000 Object)

- ▶ Total 5000s General Fund, including restricted programs like Special Ed, ASES and Federal programs



What/Who Are These Costs?

- ▶ On the Unrestricted Side (Not Categorical)
 - ▶ 5100 Rhythm & Moves (PE)
 - ▶ 5200-5300 Mileage and Travel Reimbursements to employees
 - ▶ 5450 Property and Liability Insurance
 - ▶ 55xx Utilities – PGE, City of SB, SPURR
 - ▶ 5600 Leases/Rents – GE Capital, Pitney Bowes, Rico and Sharp (copiers), tree services, landscaping services
 - ▶ 5800 Prof Services, Consultants – SMCOE, Blackboard, Enshallah, Ryland SBC, Maxim Healthcare, Pearson, Rhythm & Moves, SMUHSD, Notre Dame, SI&A, Toones Academic Music, School Services of California
 - ▶ 5805 Transportation services to ALC and SMUHSD
 - ▶ 5820 Legal – Fagen Friedman, Lozano Smith
 - ▶ 5860 – CalPERS, Chavan & Assoc (audit), Frontline, Pearson, SI&A
 - ▶ 5903 ATT

“The 5000s” Detail

► Unrestricted (non-categorical) 5000 budgets

| Professional Services Budget (Unrestricted Only) | | | | | | | |
|--|---------------------|------------------------|---------------------------------|--------------------|------------------|----------------------------|---------------------|
| Object Code | Budget | Percent of Total 5000s | Description | Actual YTD (March) | Remaining Budget | Percent Remain (33% of Yr) | Portion >35% Remain |
| 5100 | \$130,000 | 5.5% | Subagreements for Services (SE) | \$98,414 | \$31,586 | 24% | \$0 |
| 5200-5300 | \$33,358 | 1.4% | Travel, Mileage, Dues, PD | \$4,887 | \$28,471 | 85% | \$16,796 |
| 5450 | \$128,000 | 5.4% | Insurance | \$140,765 | (\$12,765) | -10% | \$0 |
| 55xx | \$314,110 | 13.2% | Utilities | \$213,248 | \$100,862 | 32% | \$0 |
| 5600 | \$225,275 | 9.5% | Rents, Leases, Repairs | \$82,412 | \$142,863 | 63% | \$64,017 |
| 5800 | \$667,112 | 28.1% | Prof Services (Sep Sched) | \$450,520 | \$216,592 | 32% | \$0 |
| 5805 | \$579,000 | 24.4% | Transportation | \$372,964 | \$206,036 | 36% | \$3,386 |
| 5809 | \$2,000 | 0.1% | Advertising | \$1,704 | \$296 | 15% | \$0 |
| 5815 | \$0 | 0.0% | Transp payments to parents | \$4,366 | (\$4,366) | | \$0 |
| 5820 | \$90,000 | 3.8% | Legal Fees | \$77,814 | \$12,186 | 14% | \$0 |
| 5821 | \$5,000 | 0.2% | Fingerprinting | \$2,055 | \$2,945 | 59% | \$1,195 |
| 5825 | \$262 | 0.0% | Curriculum | \$10,264 | (\$10,002) | -3818% | \$0 |
| 5860 | \$145,000 | 6.1% | Outside Services, HR, Audit | \$44,262 | \$100,738 | 69% | \$49,988 |
| 5903 | \$40,000 | 1.7% | Phone, Fax | \$41,752 | (\$1,752) | -4% | \$0 |
| 5904 | \$15,000 | 0.6% | Postal Courier | \$7,417 | \$7,583 | 51% | \$2,333 |
| | \$ 2,374,117 | 100.0% | Totals | \$1,552,846 | \$821,272 | | \$137,715 |

Potential Budget Savings

Tonight

- ▶ Must meet the San Mateo COE deadline for delivering an approvable budget
- ▶ \$400,000 additional on-going budget reductions identified **tonight** will give the district a positive fund balance heading to a 3% reserve by 2017-18
 - ▶ This will avoid a declaration by the SMCOE of a “Lack of Going Concern”



Options Already Identified

- ▶ Share principals at elementary schools (\$126,000 ea)
- ▶ Close school(s) in 2016-17 (est \$330,000 ea)
- ▶ Close libraries (\$101,600)
- ▶ Reduce Maintenance/Grounds by 0.75 FTE (\$52,500)
- ▶ ???
- ▶ ???
- ▶ ???



Next Steps

- ▶ While the district self-certified “Qualified” as of Second Interim, unless an additional \$400,000 of expenditure reductions or sources of revenue are identified by June Budget adoption, the COE will have to disapprove the annual budget and may find a “Lack of Going Concern”
 - ▶ This starts the “fiscal crisis” processes including FCMAT review, COE Fiscal Advisor, writing of legislation leading to State loan
- ▶ May Revise of the Governor’s budget proposal will update COLAs, gap funding, program changes and provide further direction
- ▶ “Third” Interim update to Board on budget in May
- ▶ LCAP and Budget adoption in June

Questions

