

Mountain View Whisman School District

Agenda Item for Board Meeting of June 18, 2015

Agenda Category: Review and Action
Agenda Item Title: Approval of Final Budget for 2015-16
Estimated Time: 20 minutes
Person Responsible: Terese McNamee, Chief Business Officer

Background:

The Board of Trustees is legally required to adopt a balanced budget with a 3% reserve for the 2015-16, 2016-17 and 2017-18 school years by June 30, 2015. On June 4, 2015, the Board adopted multi-year budget assumptions that are the basis of the 2015-16 multi-year budget projections. The 2015-16 budget will be adjusted at the First and Second Interim Reports to reflect any changes. These reports will be presented to the Board of Trustees in December 2015 and March 2016.

A copy of the SACS budget has been provided under separate cover to the Board and is available at the District Office for review.

Fiscal Implication:

General Fund:

The General Fund revenues projected for 2015-16 are \$56,504,486. This is an increase of 12.6% compared to the 2014-15 General Fund Revenues of \$50,200,307 as projected actuals. The General Fund revenue for 2015-16 includes projected revenues of \$2,800,000 from the Parcel Tax and \$691,715 from the Mountain View Educational Foundation. The largest increase in revenue comes from one-time State funding of \$2.9 million and an increase in supplemental funding for target students of \$2 million.

Total Outgo (including transfers and expenditures) in the General Fund is projected at \$56,791,036 for 2015-16. This increase of 12.2% includes one time expenses for instructional materials, coaches, professional development and math pathways.

The estimated Ending Balance of the 2015-16 General Fund Budget is \$22,922,945. The estimated Ending Balance includes the following:

- \$551,040 for Parcel Tax Reserves, and
- \$31,856 for Revolving Cash and Prepaid Expense and
- \$652,750 for Site Designated Funds
- \$7,234,090 in Committed and Restricted Categorical Funds

The 3% required reserve for the district is \$1,688,533 of General Fund Unrestricted. Additional undesignated reserves above the 3% are \$11,064,339 or 19.66%. Given the volatility in State revenue, and historical revenue reductions as high as 23%, the recommended undesignated reserves should be substantially higher than the State recommended 3%. It is expected that this Balance will be required to address our annual operating deficit.

The Multi-Year Projection indicates that the district will meet the required 3% reserve for all three years.

Other Funds:

Fund 12: Child Development Fund. The District operates preschool classes for needy families at Castro School and at the Slater School site. The Proposed Budget includes \$709,383 in revenues from State and Federal Sources and \$888,084 in expenditures. Estimated Ending Balance is projected to be \$116,432.

Fund 13: Cafeteria Fund. The Proposed Budget includes \$2,095,600 in revenues and \$2,553,374 in expenditures. (At this time, the projected transfer from the General Fund in support of the Cafeteria Fund for 2015-16 is \$457,774). Estimated Ending Balance is projected to be \$44,477 in stores and prepaid expenses.

Fund 14: Deferred Maintenance Fund. The Proposed Budget includes \$256,786 in revenue and \$15,315 in expenditures. Estimated Ending Balance is projected to be \$1,289,046.

Fund 17: Special Reserve for Whisman School Renovation Fund. This fund was established by Board action on May 31, 2001 for the purpose of meeting the repair and renovation needs of Whisman School since all of the site renovations recommended in the 1996 Whisman Long Range Facility Master Plan were not completed when the site was closed as a district school. The Proposed Budget includes \$550 in revenues and \$0 for expenditures. Estimated Ending Balance is projected to be \$120,289. This fund is considered general fund and can be redesignated toward renovating any campus.

Fund 20: Special Reserve Fund for Post-employment Benefits. This Special Reserve Fund is used to account for amounts the District has earmarked for the future cost of retiree benefits, but has not contributed irrevocably to a separate trust for the retiree benefit plan. By designating funds to mitigate liabilities, bond rating agencies look upon these favorably when determining the Districts bond rating. The Proposed Budget includes \$14,000 in revenue from interest and \$0 in expenditures. Estimated Ending Balance is projected to be \$4,997,859.

Fund 21: Building Fund. The Building Fund originated from sale of property owned by the District. In addition, Measure G passed in 2012 has increased funds available to finance capital construction. The funds are used to pay for the District's major maintenance and repair needs. The Proposed Budget has a Beginning Balance in this Fund of \$32,865,231. Projected Interest Revenue is \$87,500. Projected Expenditures are \$15,437,908. Once the elementary school budgets are approved, these numbers will be updated for the first interim budget. Based on the middle school projects, the Estimated Ending Balance is projected to be \$17,514,823.

Fund 25: Capital Facilities Fund. This is the Developer Fee fund. Revenues are fees collected from residential and commercial development to offset the impact of student growth from this new construction. Expenditures are made to accommodate increased enrollment or rehabilitate facilities to reduce the impact of new students. Expenditures must be made within five years of receiving the fees. The Proposed Budget includes \$1,003,000 in revenues and \$10,210 in expenses. Estimated Ending Balance is projected to be \$5,408,612. Over the three year projections, we expect the balance to grow by \$1 million per year.

Fund 73: The Whisman Sports Center Special Purpose Fund. This fund was established by Board Action on May 12, 1994 for the purpose of operating and maintaining the Whisman Sports Center, a

joint venture of the Whisman School District and the City of Mountain View. Funds to establish this program were from the sale of ½ interest in a 2.82-acre site of the Whisman Sports Center to the City of Mountain View. The Proposed Budget has a beginning Balance of \$149,191 with Revenues of \$15,514 and \$137,835 in expenditure, leaving an Ending Balance of \$26,870. Once these reserves are exhausted, annual expenditures will come from general fund.

Recommended Action:

That the Board of Trustees approve the Budget for the 2015-16 school year as presented.