



# Linden Unified School District

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Instruction  
  
Sandra Lepley (Interim)  
Chief Business Officer

**DATE:** September 17, 2014  
**TO:** Board of Education  
**FROM:** Ron Fortenberry, Chief Business Officer  
**SUBJECT:** **Unaudited Actuals/Financial Statement for Year Ending June 30, 2014**

## BACKGROUND:

In June 2013 the Board of Education received and adopted budgets for the various funds of the District for the 2013-2014 fiscal year and served as the financial framework for the District's educational and support program. During this past year, significant changes were made in the funding for school districts from Revenue Limit to Local Control Funding Formula. These changes significantly reduced the number of prescribed categorical programs while providing additional funds to districts such as LUSD to improve achievement for all students as well as students eligible for more targeted support. The District has determined how a large portion of the LCFF funding would be distributed based on an adopted Local Control and Accountability Plan which had to be in place prior to the adoption of the 2014-15 budget.

The Board of Trustees received updated financial information through the interim reporting process, receiving the 1<sup>st</sup> Interim Report in December, and the 2<sup>nd</sup> Interim in March. At 2<sup>nd</sup> Interim it was anticipated there could be as much as a \$522,959 operating deficit (expenses exceeding revenues) which would reduce the ending balance by as much as 3%. This projected deficit was reduced substantially in the projected actuals prepared in June as part of the Adopted Budget documentation for 2014-15. At that time, the anticipated deficit had reduced significantly to only \$124,459. In June it was estimated that revenues would exceed 2<sup>nd</sup> Interim projections by approximately \$275K, reflecting increases in federal and local sources. On the other hand, expenditures were projected to decrease by approximately \$400K. The unrestricted ending balance was projected to increase by \$157,000.

The Unaudited Actuals show an even more improved fiscal position. Note the following:

- General Fund Unrestricted actual revenues are \$67,270 higher than projected.
- General Fund Unrestricted actual expenditures are \$158,681 lower than projected.
- Contributions to Restricted Programs (Special Education, Restricted Maintenance Account) have decreased by \$321,451. Much of this is due to reclassifying expenditures to resources that had available balances (such as using restricted lottery funds to fund instructional materials expenses in excess of prior year carry-over or exceeded their restricted revenue allocation).

- Shifting costs from unrestricted to eligible restricted programs, releasing encumbered funds and matching expenditures and revenues in restricted programs reduced the overall impact on unrestricted by an additional \$169,408.
- The overall impact of the revenue and expenditure actuals compared to the adopted budget projections has resulted in an increase of \$714,850 in the unrestricted ending balance.

The components of the General Fund Ending Balance of \$6,535,325 are as follows:

Revolving Cash	3,000
Stores Inventory	24,473
Prepaid Expenses	161,945
Restricted Funds	929,105
Unrestricted Ending Balance	\$5,415,803

It is recommended that the Unrestricted Ending Balance be distributed as follows:

Assigned Reserves:	600,000
Reserve for Economic Uncertainties	4,015,803
Unassigned/Unappropriated	800,000
Total	\$5,415,803

It is further recommended that the Assigned Reserves would be designated as follows:

Textbook Adoptions	200,000
Technology Refresh Reserve	100,000
Major Maintenance Reserve	150,000
Major Equipment Replacement	150,000

The Unassigned/Unappropriated would be distributed as identified for specific activities in support of the LCAP. It should be understood that the entire \$5,415,803 would be available in the event of a significant fiscal or operational event. The \$4,015,803 represents 21.53% of the total General Fund 2013-14 expenditures.

Additional information will be presented at the board meeting.

Copies of the 2013-2014 Unaudited Actuals and Financial Statements are available in the office of the Chief Financial Officer.

**FISCAL IMPACT:** The District's General Fund remains fiscally sound and all other funds of the District have positive ending balances.

**RECOMMENDATION:** It is recommended the Board of Education accept the 2013-2014 Unaudited Actuals and Financial Reports as presented for submittal to the San Joaquin County Office of Education for their review and approval.