

**FIRST INTERIM REPORT 2019-20  
NARRATIVE FOR GENERAL FUND**

The following is a brief overview of the various budget adjustments made to the original adopted budget for the General Fund:

**First Interim Adjustments**

***Revenues Have Increased by Approximately \$5,314,569:***

- LCFF sources have a net increase of \$13,719. A slight increase compared to Adopted Budget due to the unduplicated pupil count increasing to 3,519 from 3,488. Although enrollment is higher, the District has not adjusted revenue based on the increase in enrollment. Since schools are funded based on Average Daily Attendance (ADA) not enrollment, once the first period ADA report is available (typically January), the District will use the data from this report to revise LCFF projections at Second Interim. The District's LCFF rolling percentage of unduplicated students remained constant at 42.85%.
- Federal income has a net increase of \$949,762. This increase is mostly due to income from restricted resources increasing as a result of unspent resources from the prior year and any new Federal grants awarded to the District since Adopted Budget.  
The largest sources of carryover funds include \$148,900 in Title I, \$17,463 in Title II, \$71,616 in Title III, \$720,099 in Title IV, and \$41,104 in Medi-Cal Administrative Activities funding. However, funding for Perkins, Medi-Cal, Special Education, Workability, and other Federal programs have decreased since Adopted Budget by \$49,419.
- State income has a net increase of \$2,594,973. The increase is due to several fluctuations in State income - some programs were increased while others decreased. The Governor's provided one-time resources toward early intervention/preschool programs through the Special Education Early Intervention Preschool Grant – the District will receive \$513,568. Several grants were increased such as \$20,639 for the After School Education and Safety Grant, \$7,501 from the Career Technical Education and Vocational Education grants, \$9,368 from Special Education grants, and State lottery funding increased by \$35,540. The Low Performing Students Block Grant funds were included as part of the beginning fund balance; therefore, revenue in the amount of \$665,989 was removed from the budget.  
Since 2015, school districts have had to recognize the State's on-behalf contribution toward CalSTRS. As part of these reporting requirements, school districts now must record the State's pension contributions as revenue with an equal amount as expense (net zero impact). Since Adopted Budget, the District has increased the estimate for the State's CalSTRS contribution by \$2,674,346.
- Local income has a net increase of \$1,756,116. This increase includes new and carryover funds from donations or local grants totaling \$1,023,444. The amount the District would receive from Redevelopment Property Tax Trust Fund increased by \$581,065. The District estimates to collect an additional \$89,800

from facility rentals. Based on last year's data, the District is estimating that it will collect \$233,000 additional interest revenue. Finally, the Special Education Local Plan Area (SELPA) latest projections for the District's allocation of special education funding show a reduction of \$171,194.

***Expenses Have Increased by \$10,045,384:***

- Salaries and benefits have a net increase of \$4,592,479. Budget changes are due to step/column changes, actual salaries of new hires, additional hours and stipend payroll for various support programs, and the settlement of salaries and benefits for all employee groups across the District. As discussed above, the District has increased the estimate for the State's CalSTRS contribution by \$2,674,346.
- Books and supplies increased by \$2,388,874. A combination of Unrestricted and Restricted carryover is budgeted for instructional materials, technology, books and supplies, and routine maintenance supplies. A significant portion contributing to this increase is that \$441,232 is budgeted for materials towards the Title IV Student Support & Academic Enrichment Grant and the Low-Performing Students Block Grant. In addition, \$1,000,000 is budgeted for new textbooks and materials for the Science and History adoption in the unrestricted General Fund and \$523,194 is budgeted from carryover towards Routine Repair and Maintenance. The remaining amount reflects prior year unspent carryover in Restricted Funds and a reallocation of funds from other expense lines.
- Services and Other Operating Expenditures increased by \$2,332,789. Expenditures in this area of the budget are mainly used for professional services delivered by independent contractors. Since Adopted Budget, the District incurred an additional \$282,226 in contracts for special education contracted employees and services. \$107,319 is budgeted for contracts and services towards the new Title IV Student Support & Academic Enrichment Grant, the Low-Performing Students Block Grant, and the Classified School Employee Professional Development Block Grant and \$607,000 is budgeted for textbook and material licenses for the Science and History adoption and carryover of Restricted Lottery funds (for textbooks and print instructional materials). An additional \$866,758 is budgeted from carryover towards Routine Repair and Maintenance repairs and contracts. The remaining amount reflects prior year unspent carryover in Restricted Funds and a reallocation of funds from other expense lines.
- Capital Outlay increased by \$781,243. The District is planning on replacing aged buses for the Transportation Department in the amount of \$417,250. The District also plans to purchase a mower for the Maintenance and Grounds Department in the amount of \$150,000. Carryover from one-time discretionary dollars will be used for site improvements at Machado and Sobrato schools in the amount of \$153,993. Additional carryover will be used to replace Britton's older fire alarms for \$60,000.
- Other Outgo decreased by \$38,787. This reflects an increase in special education costs paid to the County Office of Education.

- Transfers and indirect costs increased \$11,214. This increase reflects changes made to the indirect cost amounts in other funds that are credited back to the general fund.

***Interfund Transfers have increased by \$1,225,538:***

- Since Adopted Budget, the transfer to the Cafeteria Fund has decreased by \$26,259; however, the transfer to Routine Maintenance from the Redevelopment Property Tax Trust Fund revenues has increased by \$1,204,288 and the transfer to Special Education for compensatory hours has increased by \$47,509.

***Fund Balance/Undesignated/Unappropriated Amount Decreased by \$1,520,680:***

- The ending unappropriated amount is \$15,498,597.
- The District continues to maintain a 3% reserve of \$3,233,910.
- Included in the set-asides are resources for IMF carryover, CAHSEE carryover, TIGG carryover, LCFF Supplemental funds carryover, the unbudgeted amount from the one-time discretionary grant, and the unbudgeted amount from the one-time Special Education Early Intervention Preschool Grant.

The District will continue to monitor all revenue and expenditure changes and inform the Board of Education when more information becomes available.