



# ORANGE UNIFIED SCHOOL DISTRICT

## BOARD OF EDUCATION

### Budget Study Session

May 21, 2015

# Presentation Overview

**Budget Overview**

**General Budget Principles and Standards**

**Building the Budget**

**Building Blocks and Budget Development Process**

**Budget Components**

**Revenues, Expenditures, Ending Fund Balance**

**Multi-Year  
Projections**

**3-Year Projections  
(May Revise Projections not Included)**

**Oversight &  
Monitoring**

**Oversight, Budget Reports and Updates**



# BUDGET OVERVIEW

# Budget Principles



The purpose of the budget is:

- ❖ To serve as a guideline for the utilization of resources to meet the needs of students
- ❖ To reflect the educational goals of the District
- ❖ To serve as an accountability tool
- ❖ To serve as a public information document

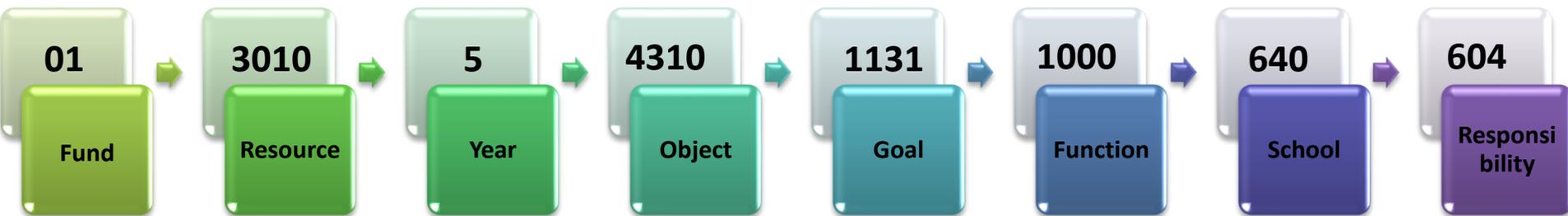
# Fund Budgeting

The State requires the use of various funds based on the type of revenues and expenditures

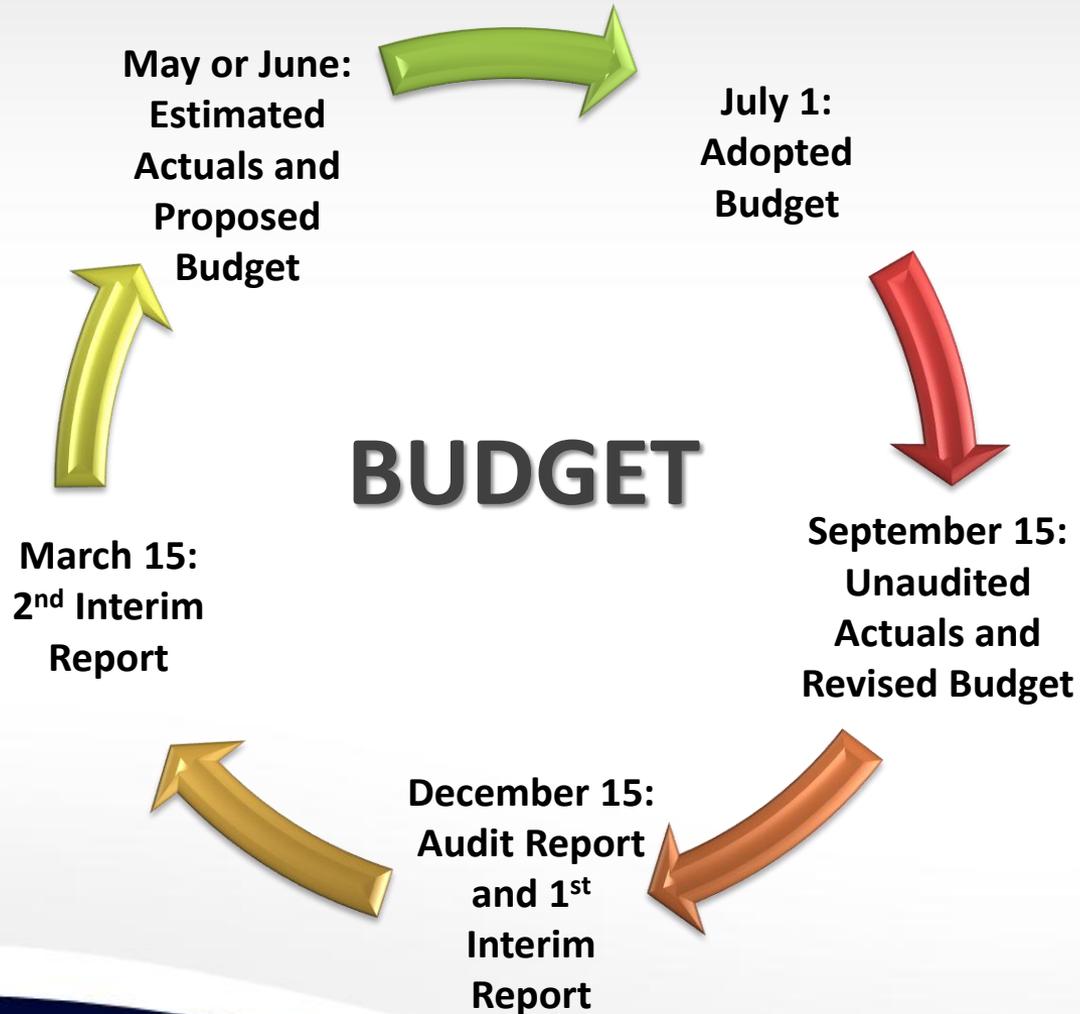
<b>Fund 01</b>	• General Fund
<b>Fund 09</b>	• Charter Schools Fund
<b>Fund 12</b>	• Child Development
<b>Fund 13</b>	• Nutrition Services
<b>Fund 14</b>	• Deferred Maintenance
<b>Fund 25, 35, 40, 49, 56</b>	• Capital Facilities/Debt Service Funds
<b>Fund 67</b>	• Self-Insurance – Workers' Compensation
<b>Fund 71</b>	• Retiree Benefit Fund

# Budget Standards

- ❖ California School Accounting Manual - CSAM
- ❖ Chart of Accounts - State Account Code Structure



# The Budget Cycle



# Common Finance Terms



- ❖ ADA – Average Daily Attendance
- ❖ Attendance Reports
  - ❖ P1, P2, and Annual
- ❖ COLA – Cost of Living Adjustment
- ❖ Categorical Funds
- ❖ CSR – Class-Size Reduction
- ❖ Encroachment/Contributions

# Common Finance Terms



- ❖ LCFF – Local Control Funding Formula
  - ❖ Base Grant
  - ❖ Supplemental Grant
  - ❖ Concentration Grant
  - ❖ GAP Funding
- ❖ Proposition 30
- ❖ Proposition 98



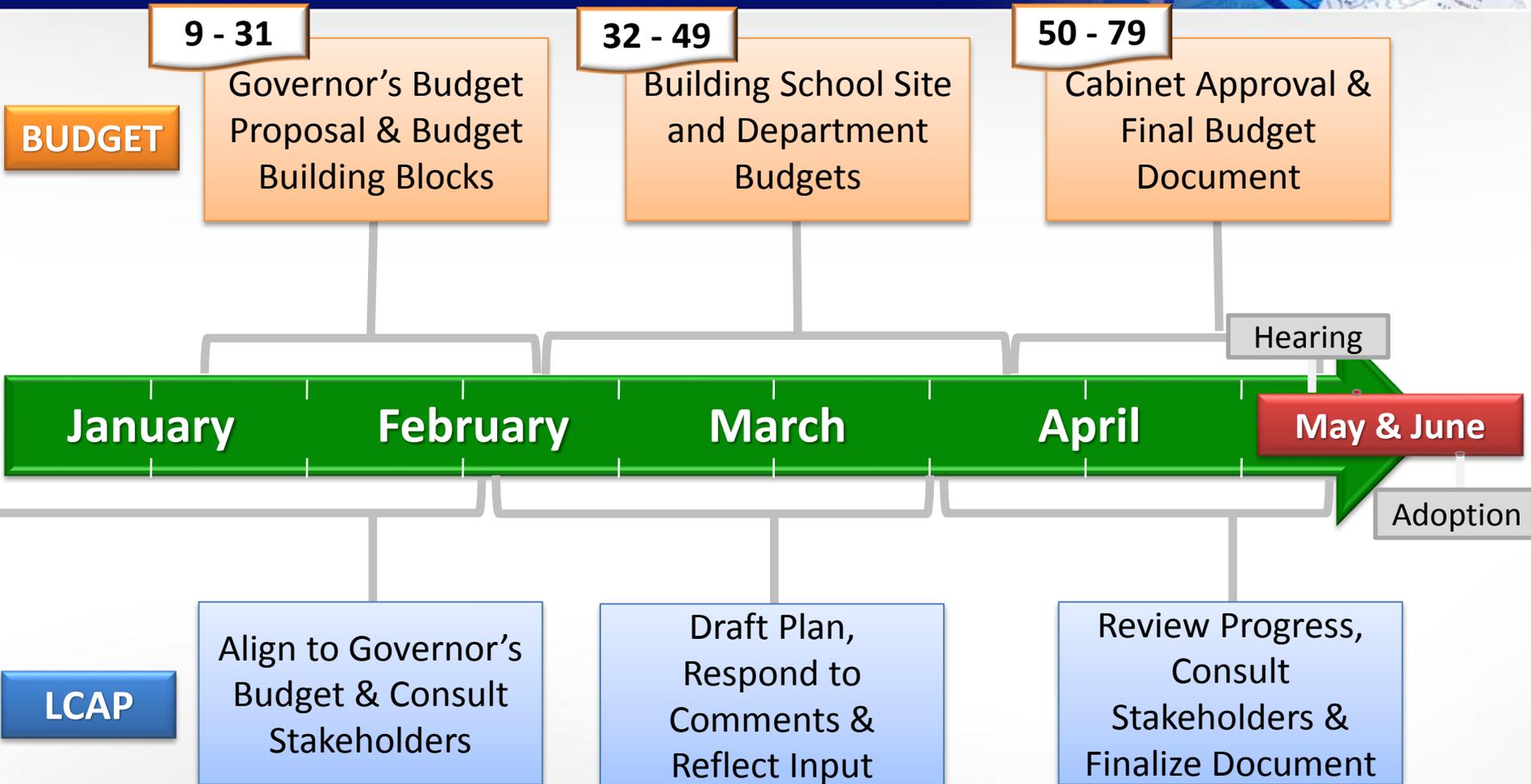
# BUILDING THE BUDGET

# Budget Calendar

ORANGE UNIFIED SCHOOL DISTRICT BUDGET DEVELOPMENT TASKS FOR 2015-2016			
	DATE	RESPONSIBLE	
<b>JULY-AUGUST-SEPTEMBER</b>			
1	Major K-12 Budget Changes - None (45 days after State Budget)	8/4/2014	Business Services
2	Update on Impact of Adopted State Budget on OUSD to Cabinet	9/9/2014	Business Services
3	Board Adoption of Final Revised 2014-15 Budget	9/11/2014	Business Services
<b>NOVEMBER - DECEMBER - JANUARY</b>			
4	Review of Enrollment-based Classified School Site Staffing	11/3/2014	Human Resources
5	Board Approval of 1st Interim Report	12/11/2014	Business Services
6	Board Approval of Student Calendar for 15-16 (if needed)	12/11/2014	Human Resources
7	Board Approval of Student Calendar for 16-17 (if needed)	12/11/2014	Human Resources
8	Development of Preliminary Work Calendars for 2015-16	12/18/2014	Human Resources
9	Governor Announces State Budget Proposals	1/10/2015	Governor
10	Initial Non-Staff Allocation Site Formulas for 2015-16	1/27/2015	Cabinet
11	Report on Initial District-wide Enrollment/ADA Projections (First Interim)	1/27/2015	Business Services
<b>FEBRUARY</b>			
12	Departments Receive Budget Materials	2/5/2015	Business Services
13	Development of Work Calendars for 2015-16	2/9/2015	Human Resources
14	Initial Classified Non-Management Staffing Plan	2/9/2015	Human Resources
15	Initial Classified Non-Management Staffing Plan	2/9/2015	Human Resources
16	Initial Regular Program Staffing	2/9/2015	Human Resources
17	Initial Special Education Staffing	2/9/2015	Human Resources
18	Initial Category/LCAP Program Staffing (centralized)	2/9/2015	Education Services
19	Initial Management Staffing Plan	2/9/2015	Human Resources
20	Report on Compensation Costs for Employees	2/9/2015	Business Services
21	Review of Salary Schedules	2/9/2015	Business Services
22	Review of Costs of Step and Column	2/9/2015	Business Services
23	Review of Costs of Statutory Benefits	2/9/2015	Business Services
24	Review of Costs of Health and Welfare Benefits	2/9/2015	Business Services
25	Identification of Current 2014-15 Staff by Site	2/9/2015	Human Resources
26	Identification of Projected Staff for 2015-16 by Site	2/9/2015	Human Resources
27	Identification of Staffing Shortages and Overages by Site	2/9/2015	Human Resources
28	Presentation of Impact of Governor's Proposal Budget on OUSD	2/26/2015	Business Services
29	Board Approval for Annual Release of Temporary Certificated Employees	2/26/2015	Human Resources
30	Board Adoption of Resolution to Implement a Reduction in Force	2/26/2015	Human Resources
31	Determine School Allocations	2/23/2015	Education Services & Business Svcs
32	Schools Receive Budget Materials	2/26/2015	Business Services
33	Program changes for LCAP - District Level	2/27/2015	Education Services
<b>MARCH</b>			
34	Schools Program Begin Budget	3/2/2015	Ed Svcs/Bus Svcs/Principals
35	Departments Submit Proposed Budgets	3/2/2015	Dept. Heads
36	Preliminary Layoff Notice Provided to Affected Certificated Employees	3/9/2015	Human Resources
37	Notice of Possible Release Provided to Affected Certificated Administrators	3/9/2015	Human Resources
38	Update on Current and Proposed Budget to Cabinet	3/10/2015	Business Services
39	Report on District-wide Enrollment/ADA Projections to Cabinet (2nd Interim)	3/10/2015	Business Services
40	Report on Initial School Level Enrollment Projections to Cabinet	3/10/2015	Human Resources
41	Cabinet Approval of Tentative Certificated Staffing Plan for 2015-16	3/10/2015	Human Resources
42	Cabinet Approval of Tentative Classified Staffing Plan for 2015-16	3/10/2015	Human Resources
43	Annual Notice of Release Provided to Temporary Certificated Employees	3/10/2015	Human Resources

ORANGE UNIFIED SCHOOL DISTRICT BUDGET DEVELOPMENT TASKS FOR 2015-2016			
	DATE	RESPONSIBLE	
44	Board Approval of Second Interim Report	3/12/2015	Business Services
45	Closed Session Discussion on Negotiations - Direction to Negotiators	3/12/2015	Human Resources
46	School Site Staffing Plans	3/16/2015	Human Resources
47	Layoff Hearing Packet Provided to Certificated Employees Upon Request	3/16/2015	Human Resources
48	Departments/Schools Complete Budget	3/25/2015	Ed & Bus Svcs/Principals/Dept. Heads
<b>APRIL</b>			
49	Layoff Hearing	TBA	Human Resources
50	Proposed Department Budgets Reviewed by Asst. Supts.	4/6/2015	Asst. Superintendents
51	Proposed Site/Dept. Budgets Reviewed by Cabinet	4/6/2015	Business Services
52	Proposed Schools/Department Budget Above Base	4/6/2015	Cabinet
53	School Site Budget Plans Approved by Cabinet	4/6/2015	Education Services
54	School Site Plans Developed	4/6/2015	Principals
55	Long-Term Debt Repayment Plan	4/6/2015	Business Services
56	Instructional Materials Procurement Plan	4/6/2015	Education Services
57	Utilities Expenditure Plan	4/6/2015	Business Services
58	Update on Current and Proposed Budget to Cabinet	4/6/2015	Business Services
59	Notice of Public Hearing to County	4/10/2015	Business Services
60	LCAP Draft due to OCDE	4/15/2015	Education Services
61	Board Approval of Initial Proposals to Emp. Associations	4/16/2015	Human Resources
62	Closed Session Discussion on Negotiations - Direction to Negotiators	4/16/2015	Human Resources
63	Publication of Notice of Public Hearing	4/24/2015	Business Services
<b>MAY</b>			
64	Proposed Budget Available for Public Review	5/4/2015	Business Services
65	Public Hearing for the LCAP	5/7/2015	Education Services
66	Public Hearing of 2014-15 Estimated Actuals & 2015-16 Budget	5/7/2015	Business Services
67	Closed Session Discussion on Negotiations - Direction to Negotiators	5/7/2015	Human Resources
68	Board Approval of Classified Layoffs (if needed)	5/7/2015	Human Resources
69	Board Consideration of Proposed Decision of ALJ Regarding Layoff (if needed)	5/7/2015	Human Resources
70	Final Layoff Notice Provided to Affected Certificated Employees	5/15/2015	Human Resources
71	May Revise Released by State	5/15/2015	Governor
72	Update of Enrollment/ADA Projections to Cabinet (P-2 Report)	5/18/2015	Business Services
73	Update on Current Budget, Proposed Budget and May Revise to Cabinet	5/18/2015	Business Services
<b>JUNE</b>			
74	Board Approval of Notice of Release to Affected Certificated Administrators	6/4/2015	Human Resources
75	Board Adoption of the LCAP	6/4/2015	Education Services
76	Board Approval of 2015-16 Budget	6/4/2015	Business Services
77	Closed Session Discussion on Negotiations - Direction to Negotiators	6/4/2015	Human Resources
78	Notice of Release Provided to Affected Certificated Administrators	6/22/2015	Human Resources
79	Adoption of State Budget	6/30/2015	Legislature
	Human Resources		
	Education Services		
	Principals/Dept. Heads		
	Cabinet		
	Business Services		

# Budget Calendar - Milestones



# Budget Development Process



- ❖ Based on the proposed goals and actions of the LCAP, District staff determines the programs and services to be increased, improved, implemented or eliminated.
- ❖ During February and March, District staff meets with each site and department administrator to develop their 2015-16 budget.
- ❖ Zero-based budget approach

# Budget Approval Process



- ❖ Proposed school site and department budgets are reviewed by Executive Cabinet
- ❖ Business Services prepares final draft for public review
- ❖ Proposed LCAP and Budget are presented at public hearing in May and for adoption in June
- ❖ During the year, the Board approves:
  - ❖ Budget revisions
  - ❖ Contracts, purchase orders, warrant listings, and personnel reports

# Budget Assumptions: Revenues

## ❖ Local Control Funding Formula - LCFF

- ❖ Decline in enrollment of 150 for the next two years

- ❖ Attendance Rate: 96.36%

- ❖ COLA Funding

<b>15-16 = 1.58%</b>	<b>16-17 = 2.17%</b>	<b>17-18 = 2.43%</b>
----------------------	----------------------	----------------------

- ❖ GAP Percentage Funding

<b>15-16 = 32.19%</b>	<b>16-17 = 0%</b>	<b>17-18 = 0%</b>
-----------------------	-------------------	-------------------

## ❖ Federal Revenues

- ❖ 0% COLA for the next two years

# Budget Assumptions: Revenues

## ❖ State Revenues

- ❖ Lottery: \$128 unrestricted and \$34 restricted
- ❖ Mandate Block Grant: \$28 per K-8 ADA, \$56 per 9-12 ADA
- ❖ Mandate Reimbursement: one time \$171 per K-12 ADA for 2015-16
- ❖ Categorical COLA 0% except for Special Education

## ❖ Local Revenues

- ❖ Interest – 0.49% for all years

# Budget Assumptions: Expenditures



- ❖ Annual class sizes according to collective bargaining agreements
- ❖ Step and Column: 1.2% for Certificated, 2% for Classified and 1.2% for Leadership
- ❖ 0% COLA for all groups
- ❖ Increases in STRS and PERS employer contribution rates
- ❖ No anticipated increases in Health and Welfare caps

# Budget Assumptions: Expenditures



- ❖ Additional expenses for Technology Replacement and VAPA (Visual and Performing Arts)
- ❖ 5% increase in energy rates
- ❖ Routine Restricted Maintenance: 3% of total general fund expenditures
- ❖ Deferred Maintenance: Contribution of 1.5% of total general fund expenditures

# Budgetary Building Blocks

LCFF  
Calculation



*Key variables to calculate  
REVENUES and EXPENDITURES*

Enrollment:  
27,193

ADA:  
26,206.76

GAP:  
32%

COLA:  
1.58%

Unduplicated  
Count: 49.88%

Attendance  
Ratio: 96.36%

Federal, Other  
State & Local

Per-pupil  
allocations

Staffing  
Formulas

Salary Levels

Music  
& Art

LCAP

Employee  
Benefits

Books &  
Supplies

Services

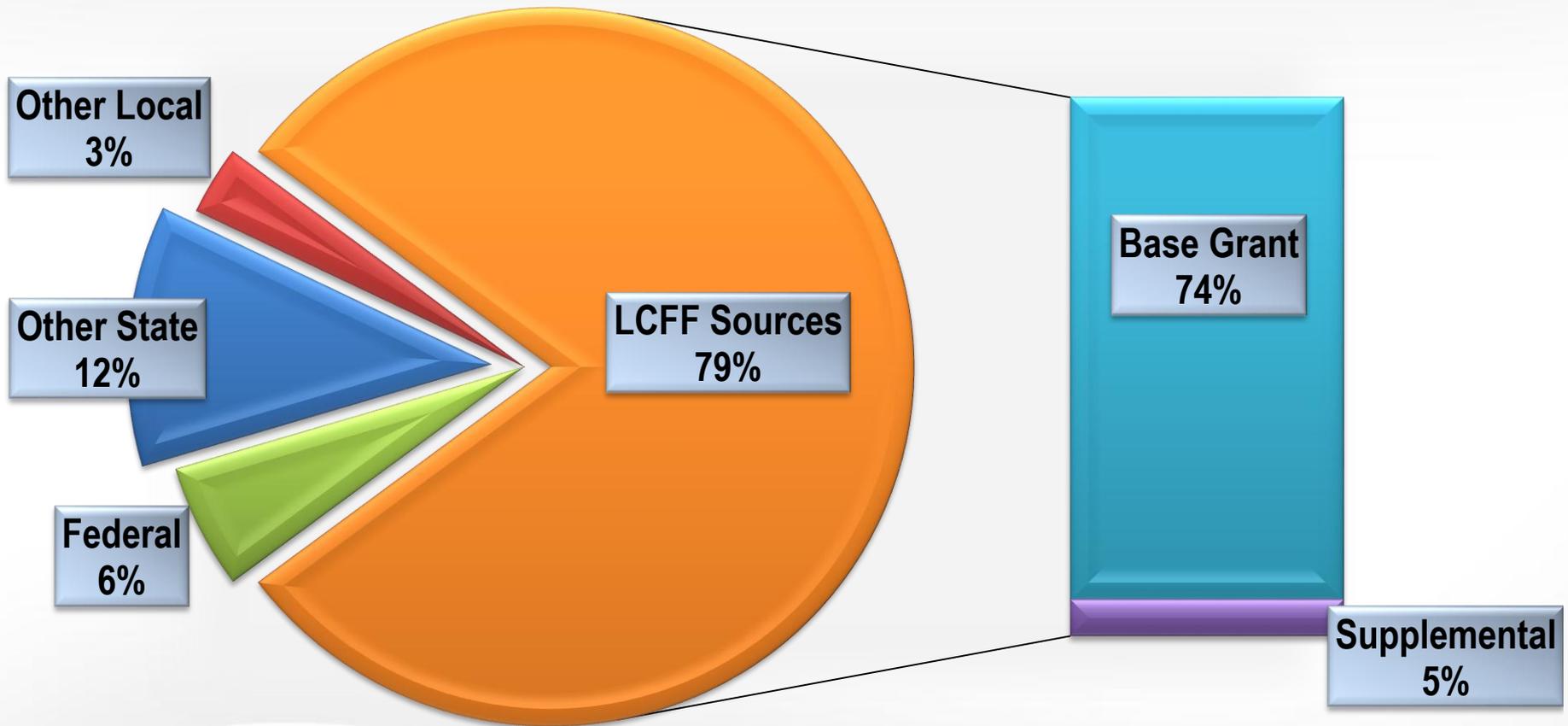


# BUDGET COMPONENTS

# General Fund – Revenues (May Revise not Included)

	2015-16
LCFF Sources	187,177,043
Federal Revenues	14,189,188
Other State Revenues	29,622,011
Other Local Revenues	7,799,015
<b>Subtotal</b>	<b>238,787,257</b>
<i><b>Governor's January Proposal</b></i>	<i><b>13,852,636</b></i>
<b>TOTAL REVENUES</b>	<b>252,639,893</b>

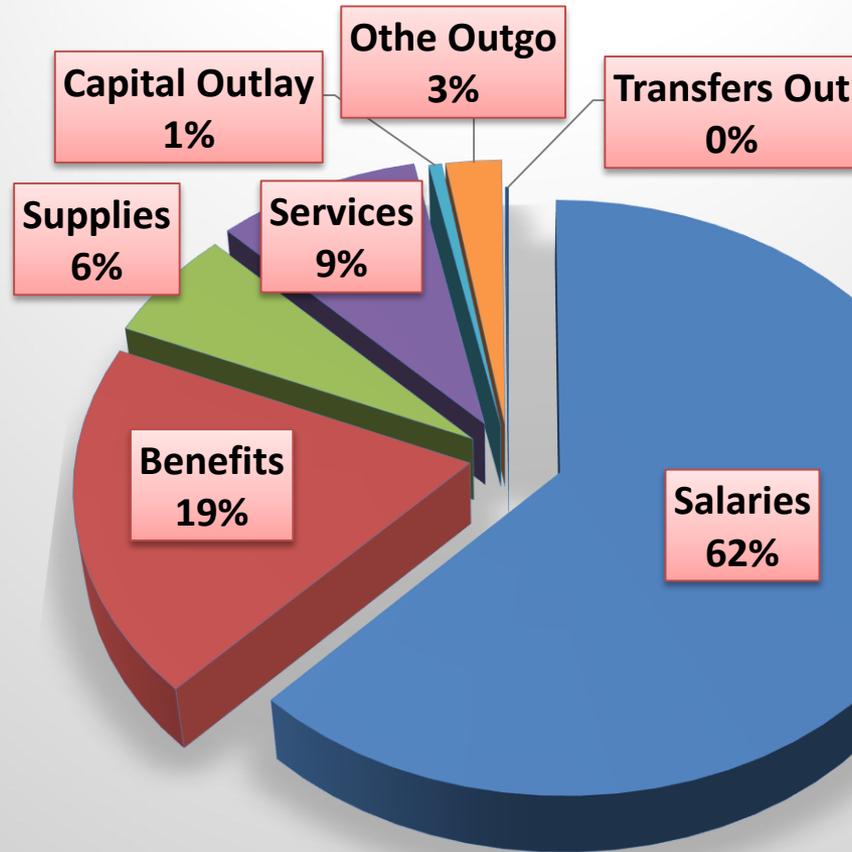
# General Fund – Revenues (May Revise not Included)



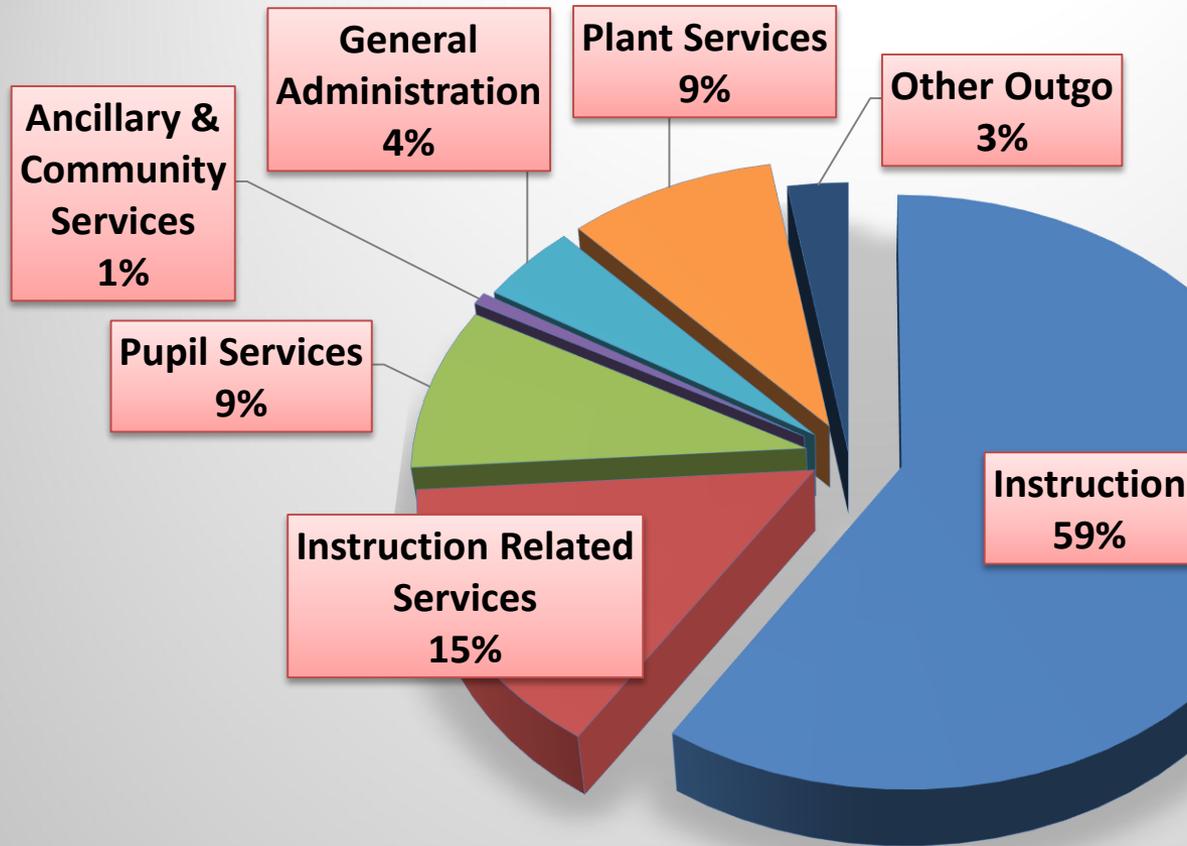
# General Fund – Expenditures

	2015-16
Certificated Salaries	123,407,669
Classified Salaries	42,582,730
Employee Benefits	51,470,639
Books and Supplies	16,428,162
Services and Other Operating	24,467,842
Capital Outlay	1,531,676
Other Outgo	6,674,089
Transfers Out	400,309
<b>TOTAL EXPENSES</b>	<b>266,963,116</b>

# General Fund – Expenditures By Object Code



# General Fund – Expenditures By Function (Activity)



# General Fund – Ending Balance

	2015-16
Beginning Balance	77,020,500
Net Increase/Decrease	(14,323,223)
<b>Projected Ending Balance</b>	<b>62,697,277</b>
Components of Ending Fund Balance	
Reserve for Revolving Cash & Stores	250,000
Assigned Reserves	1,019,457
Reserve for Economic Uncertainties	8,008,894
<b>Unappropriated Fund Balance Above 3%</b>	<b>53,418,926</b>



# MULTI-YEAR PROJECTIONS

# Multi-Year Projections (May Revise not Included)

	2015-16	2016-17	2017-18
<b>REVENUES</b>	239,190,437	233,518,248	232,354,719
<i>Governor's Budget Proposal 2015-16</i>	<b>13,852,636</b>	<b>13,852,636</b>	<b>13,852,636</b>
<i>CTE/ROP Revenue Cut</i>	<b>(403,180)</b>	<b>(806,360)</b>	<b>(1,209,540)</b>
<b>TOTAL REVENUES</b>	<b>252,639,893</b>	<b>246,564,524</b>	<b>244,997,815</b>
<b>EXPENDITURES</b>	261,066,287	261,331,190	266,064,546
<i>Additional Expenditures Supplemental</i>	<b>3,662,289</b>	<b>3,662,289</b>	<b>3,662,289</b>
<i>Increase in STRS &amp; PERS Contributions</i>	<b>2,234,540</b>	<b>4,932,357</b>	<b>7,851,469</b>
<b>TOTAL EXPENDITURES</b>	<b>266,963,116</b>	<b>269,925,836</b>	<b>277,578,304</b>
INCREASE (DECREASE) IN FUND BALANCE	<b>(14,323,223)</b>	<b>(23,361,312)</b>	<b>(32,580,489)</b>
BEGINNING BALANCE	77,020,500	62,697,277	39,335,965
<b>PROJECTED ENDING BALANCE</b>	62,697,277	39,335,965	6,755,476
Adjustments to Ending Fund Balance			
Stores, Revolving Cash and Carryover	<b>(1,269,457)</b>	<b>(1,691,592)</b>	<b>(334,295)</b>
3% State Required Contingency	<b>(8,008,894)</b>	<b>(8,097,775)</b>	<b>(8,327,349)</b>
<b>Unappropriated Fund Balance Above 3%</b>	<b>53,418,926</b>	<b>29,546,598</b>	<b>(1,906,168)</b>

# Multi-Year Projections (May Revise not Included)

## ORANGE UNIFIED SCHOOL DISTRICT COMBINED GENERAL FUND SUMMARY (01)

	ESTIMATED	PROPOSED	PROJECTED	DIFFERENCE		PERCENT	PERCENT
	ACTUALS	BUDGET	BUDGET	DIFFERENCE	DIFFERENCE	CHANGE	CHANGE
	2014-2015	2015-2016	2016-17	2014-15 vs. 2015-16	2015-16 vs. 2016-17	2014-15 vs. 2015-16	2015-16 vs. 2016-17
<b>REVENUES</b>							
LCFF Sources	188,708,436	201,029,679	200,430,118	12,321,243	-599,561	7%	0%
Federal Revenue	14,616,716	14,189,188	13,342,588	-427,528	-846,600	-3%	-6%
Other State Revenue	29,363,199	29,622,011	25,445,218	258,812	-4,176,793	1%	-14%
Other Local Revenue	9,650,867	7,799,015	7,346,600	-1,851,852	-452,415	-19%	-6%
<b>TOTAL REVENUES</b>	<b>242,339,218</b>	<b>252,639,893</b>	<b>246,564,524</b>	<b>10,300,675</b>	<b>-6,075,369</b>	<b>4%</b>	<b>-2%</b>
<b>EXPENDITURES</b>							
Certificated Salaries	118,115,025	123,407,669	124,708,561	5,292,644	1,300,892	4%	1%
Classified Salaries	40,395,413	42,582,730	43,398,063	2,187,317	815,333	5%	2%
Employee Benefits	47,097,990	51,470,639	54,640,673	4,372,649	3,170,034	9%	6%
Books and Supplies	11,949,161	16,428,162	11,854,698	4,479,001	-4,573,464	37%	-28%
Services, Other Operating Exp.	22,825,141	24,467,842	24,526,295	1,642,701	58,453	7%	0%
Capital Outlay	1,415,392	1,531,676	1,077,860	116,284	-453,816	8%	-30%
Other Outgo	6,841,041	7,170,186	10,215,474	329,145	3,045,288	5%	42%
Direct Support/Indirect Costs	-544,933	-496,097	-496,097	48,836	0	-9%	0%
<b>TOTAL EXPENDITURES</b>	<b>248,094,230</b>	<b>266,562,807</b>	<b>269,925,527</b>	<b>18,468,577</b>	<b>3,362,720</b>	<b>7%</b>	<b>1%</b>
<b>OTHER FINANCING SOURCES/USES</b>							
Interfund Transfers							
a) Transfers In	0	0	0				
b) Transfers Out	-300	-400,309	-309				
<b>Total Other Financing Sources/Uses</b>	<b>-300</b>	<b>-400,309</b>	<b>-309</b>				
<b>NET INCREASE(DECREASE) FUND BALANCE</b>	<b>-5,755,312</b>	<b>-14,323,223</b>	<b>-23,361,312</b>	<b>-8,567,911</b>	<b>-9,038,089</b>	<b>148.87%</b>	<b>63.10%</b>
<b>FUND BALANCE, RESERVES</b>							
Beginning Fund Balance July 1	82,775,812	77,020,500	62,697,277	-5,755,312	-14,323,223	-6.95%	-18.60%
Ending Balance June 30	<b>77,020,500</b>	<b>62,697,277</b>	<b>39,335,965</b>	<b>-14,323,223</b>	<b>-23,361,312</b>	<b>-18.60%</b>	<b>-37.26%</b>

# General Fund – Expenditures

	Proposed 2015-16	VAPA	Adjusted 2015-16	%
Certificated Salaries	122,229,577	1,178,092	123,407,669	1%
Classified Salaries	42,509,626	73,104	42,582,730	0%
Employee Benefits	51,183,485	287,154	51,470,639	1%
Books and Supplies	15,499,007	929,155	16,428,162	6%
Services and Other Operating	24,450,842	17,000	24,467,842	0%
Capital Outlay	1,531,676	-	1,531,676	0%
Other Outgo	6,674,089	-	6,674,089	0%
Transfers Out	400,309	-	400,309	0%
<b>TOTAL EXPENSES</b>	<b>264,478,611</b>	<b>2,484,505</b>	<b>266,963,116</b>	<b>1%</b>



# OVERSIGHT & MONITORING

# Oversight and Monitoring



- ❖ Criteria & Standards Review
  - ❖ State-adopted provisions
  - ❖ Trend analysis
- ❖ Orange County Department of Education
  - ❖ Guidelines and assessment
  - ❖ Budget advisory
  - ❖ Payroll checks and vendor checks
  - ❖ Procurement rules and regulations

# Oversight and Monitoring



- ❖ External Auditor
  - ❖ Internal control procedures
  - ❖ Compliance to rules and regulations
  - ❖ General Accepted Accounting Principals (GAAP)
  - ❖ Issues an opinion
- ❖ State Controller's Office
- ❖ Federal and State Monitoring
  - ❖ Regular audits and reviews

# May Revision in Broad Strokes

- ❖ State Revenues are up \$3.3B in 2014-15 and \$1.7B in 2015-16
- ❖ Contribution of \$1.9B to Rainy Day fund
- ❖ \$1.9B to pay down existing debt
- ❖ Total of \$6.1B in LCFF revenues for 2015-16
- ❖ 1.02% COLA for categoricals outside the LCFF
- ❖ Additional \$2.4B in one-time funds to offset mandate reimbursement claims

# Next Steps

## Deadlines: Education Code (42127, 42130)

**June 30, 2015**

- Adopt 2015-16 District Budget

**September 15, 2015**

- Adopt 2014-15 Unaudited Actuals and 2015-16 Budget

## State Action

**May 2015**

- May Revision

**June 30, 2015**

- Adopt 2015-16 Budget

# Budget Reports and Updates

**BUSINESS SERVICES DIVISION**

**(714) 628-4479**

[www.orangeusd.org](http://www.orangeusd.org)

www.orangeusd.org/budget/budget\_update.asp

Orange Unified School District  
1401 North Handy Street • Orange, CA 92867 • 714-628-4000

Community - Parents - Students - Faculty & Staff - Divisions - Our Schools - Facilities Plan

OU SD Home OUSD Budget Reports Budget Updates

Budget Suggestions State Legislative Contacts Budget Reports Frequently Asked Questions Federal Stimulus Funding Budget Updates

Education Protection Account

Budget Updates	
PDF Downloads	Date Presented
Orange USD Futuris Annual Statement	July 15, 2014
Orange USD 2014 Futuris Annual Notification Letter	July 15, 2014
Budget Update Presentation to the Board of Education: 2013-2014 Estimated Actuals 2014-2015 All Funds Budget	June 5, 2014
2013-2014 Estimated Actuals and 2014-2015 All Funds Budget	June 5, 2014
Budget Update Presentation to the Board of Education: 2013-2014 Second Interim Budget	March 13, 2014
Budget Update Presentation to the Board of Education: 2013-2014 First Interim Budget	December 12, 2013
Orange Unified School District 2012-13 Unaudited Actuals; 2013-14 Revised Budget Presentation to the Board of Education	September 12, 2013

