

Board of Trustees Workshop

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Agenda

Current Year “Structural Deficit”

Historical Trends: Importance of Fund Balance

Proposal for Multi-year Budget Plan
(Format, Process, Parameters)

Fund Accounting primer, or, *how to read an account string at SCCD*

Budget transfers

What else?

15-16 Reductions to Workshop \$6.8M Structural Deficit

Reduced by one-time board actions

- Increase of Board reserve from 5% to 7% = \$1.9M
- 3.5% one-time salary restoration = \$2.1M

Reduces estimated on-going Structural Deficit to \$2.8M

Source: Slide #8, September 8, 2015 board meeting

15-16 Structural Deficit Calculation

	Mitigation	Cumulative	Description
From 9/8		-2,800,000	Slide #8, 9/8
SERP Savings	350,000	-2,450,000	From H.R.
14/15 deficit reduced at closing	745,000	-1,705,000	Various
Additional State Revenue	200,000	-1,505,000	Increase to Prop. 98 guarantee
2% non-salary accts less than A.B.	310,000	-1,195,000	2% X Other Expense, AB, P.18
Projected net Utility savings	220,000	- 975,000	Net, conservative
Defer \$1M OPEB	\$1,000,000	+ 25,000	3 Rd year in a row

Ending Balances

Cohort district Comparison – *Handout A*

District Ending Balance trend – *Handout B*

Why important – look at 2011-12

- \$6 million from Fund Balance to fund operations
- If that balance was not available
- How many sections would have been reduced?
- How many students turned away?
- Staff layoffs?

Current reserve could be wiped-out in one year

Summary Trend Analysis

Unrestricted General Fund Changes Compared to Actual 14-15	ACTUAL INCREASE <u>SINCE 05-06</u>	ACTUAL INCREASE <u>SINCE 09-10</u>
CURRENT INCOME	33%	7%
CERTIFICATED SALARY	26%	12%
CLASSIFIED SALARY	43%	18%
BENEFITS	70%	16%
SUPPLIES/MATERIALS	130%	5%
OPERATING EXPENSE	44%	5%
CAPITAL OUTLAY	-74%	-84%
TOTAL EXPENDITURE	38%	10%
ENDING BALANCE	-4%	-31%

Going in the Right Direction?

Actual Change from 05-06 to 14-15

- Income: +33%
- Expenditures: +38%
- Ending Balance: -04%

Actual Change from 09-10 to 14-15

- Income: +07%
- Expenditures: +10%
- Ending Balance: -31%

5-Year Fiscal Plan

Why important

Example of format, *Handout C*

Example of Assumption, Handout D

Draft Process, *Handout E*

Next steps

- Board direction – see next slide
- Planning & Budget Committee follow-up

Return to Board in February

Directions Requested from Board to Superintendent/President

- *Handout C – Format*
- *Handout E*
 - *Process*
 - *Timeline*
 - *Basic parameters*

*Fund Accounting
Primer
PowerPoint
Presentation*

Budget Transfers

Major types

- Recognize new revenue
- Beginning of year transfers
- During the year between major objects
- During the year within the Same major object

What Does the Board approve and why?

- Next slide

What the Board approves & why from the *Budget & Accounting Manual (BAM)*

Once the budget is adopted, the total amount designated as proposed expenditure for each major object of expenditure classification is the maximum allowed without additional Governing Board authorization for transfers between **major classifications** or from the reserve for contingencies in accordance with California Code of Regulations Section 58307.

What are “Major Categories”?

Expenditure classification by object is the accounting segregation of expenditures into seven **major categories**:

1000 - Academic Salaries

2000 - Classified Salaries and Other
Nonacademic Salaries

3000 - Employee Benefits

4000 - Supplies and Materials

5000 - Other Operating Expenses and Services

6000 - Capital Outlay

7000 - Other Outgo

What is the SCCD Practice and Procedure?

Budget managers must approve Budget Transfer Request

Requests go to Finance Office

Must be approved by Director of Finance

List of budget transfers to the board quarterly

Ratification, not prior approval, except:

- Between Funds (10, 20, 30, etc.)
- From Contingency Reserve

WHAT ELSE?

THE END