



Cold Spring School District

Proposed Original Budget Fiscal Year 2019-2020

Public Hearing

6:00 PM, June 10, 2019

Proposed Governing Board Adoption

6:00 PM, June 11, 2019

Cold Spring School District

2243 Sycamore Canyon Rd
Santa Barbara, CA 93108
(805) 969-22678

Budget Adoption
Fiscal Year 2019-2020

It is my pleasure to present to the Governing Board the proposed Original Budget for Fiscal Year 2019-2020. The proposed budget is balanced. This narrative explains the budget and describes the assumptions that form the underlying basis for the figures in the budget.

Along with the Budget, the document includes our proposed positive certification, a report of Average Daily Attendance (ADA), a Lottery Report, and a document entitled "School District Criteria and Standards Review" that validates the criteria used for developing the budget. The District is certifying that it will be able to meet its financial obligations in the current and two subsequent fiscal years.

The Budget incorporates the direction of the Governing Board as well as the guidance from the Santa Barbara County Education Office (SBCEO).

Budget Overview

The proposed original budget is zero-based in that it was developed from scratch. This is the first time in many years that all District expenditures were carefully analyzed, account codes restructured, and a student-focused budget created from scratch. The budget was designed to carefully follow/support the LCAP and the Vision Mission of the Cold School District. The budget also was designed to support the leadership and direction of your Superintendent/Principal in achieving her goals for the Cold Spring children.

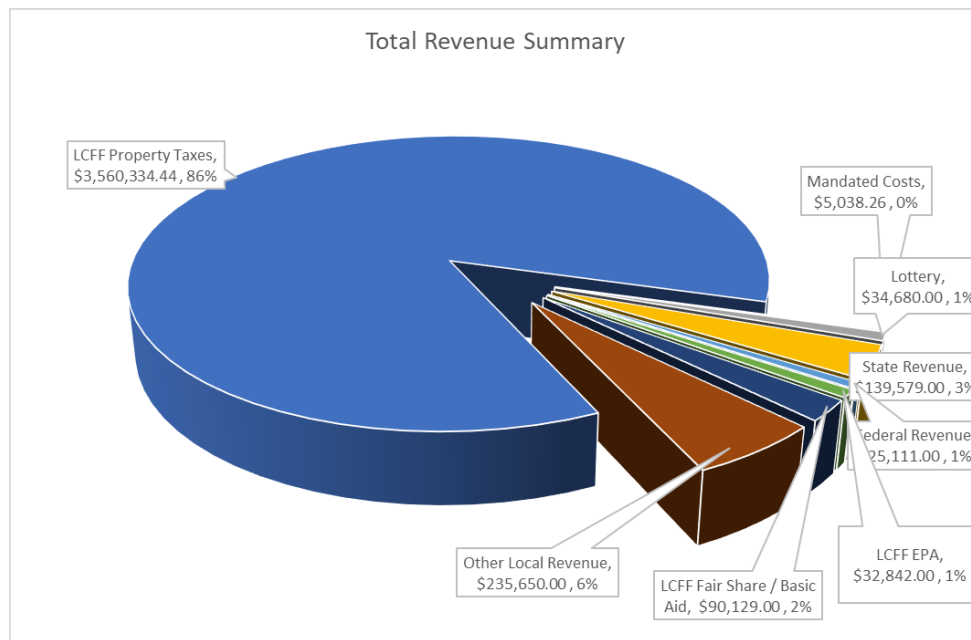
As the account codes were restructured, we also took the time to simplify the overall presentation of the budget and provide for additional clarity and transparency in the presentation of information. These improvements will facilitate better decision-making and more effective management of resources.

Revenues

The District's revenues are comprised of our local tax revenue collected on our behalf by the County of Santa Barbara. This revenue accounts for 86% of the District's revenue. Each year, the District projects the amount of increase in Assessed Value to plan for the subsequent year. The County will report the Assessed Value for the District in early to mid-August. Once reported, the number is then reflected in our First Interim Report with the appropriate adjustment. Based on the Board workshop of June 3, 2019, the Governing Board was comfortable with projecting an increase of 1.5% in Assessed Value for the upcoming fiscal year. A one percent (1%) increase in Assessed Value would add \$33,578.96 in revenue for the District. A one and a half percent (1.5%) increase in Assessed Value is \$50,368.44 in revenue for the District. We believe that a projection of 1.5% is the appropriate post-Debris Flow projection for Fiscal Year 2019-20.

The other sources of revenue include, Lottery Funds, State Education Protection Account funds pursuant to the California Constitution (Section 36 of Article XIII), LCFF Fair Share funding because we are a Basic Aid District, and a small amount of funding from the State's Mandated Block Grant. The District also receives Federal funding in the form of Title I, Title II and Title IV funding. The following table shows the break-down of Revenue sources for the District:

District Revenue Sources	
LCFF Property Taxes	\$ 3,560,334.44
Mandated Costs	\$ 5,038.26
Lottery	\$ 34,680.00
State Revenue	\$ 139,579.00
Federal Revenue	\$ 25,111.00
LCFF EPA	\$ 32,842.00
LCFF Fair Share / Basic A	\$ 90,129.00
Other Local Revenue	\$ 235,650.00
	\$ 4,123,363.70

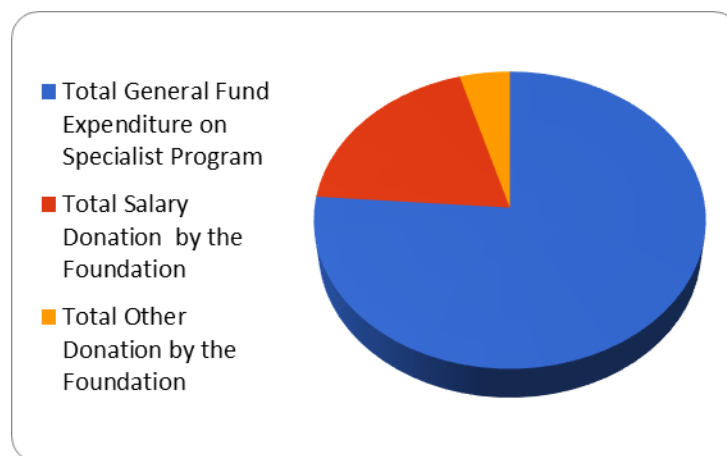


The District also receives revenue from the Cold Spring Education Foundation, a variety of private donations and contributions from parents associated with District programs. These are noted in the budget as "Other Local Revenue".

The following table shows the larger expected contributions/donations from the Foundation and those that are program related. The Foundation's \$125,000 contribution towards the Specialist programs is divided among the programs based on the staffing for the respective programs.

Other Local Revenue	
Program revenue for Lease to Own	\$ 13,500.00
CIMI Camp	\$ 6,175.00
PALI Institute Trip	\$ 11,925.00
Foundation Contribution towards STEAM	\$ 37,500.00
Foundation Contribution towards Art	\$ 29,000.00
Foundation Contribution towards Physical Education	\$ 15,500.00
Foundation Contribution Lease to Own Laptops	\$ 30,000.00
Foundation Contribution towards Music Program	\$ 28,000.00
Program Revenue from parents for Music Program	\$ 11,500.00
Foundation Contribution towards Library Program	\$ 27,500.00
	\$ 210,600.00

The following graph illustrates the proportion of the Foundation contribution as compared to the General Fund expenditure towards the specialist program.



The Foundation funds approximately 31% of the District's Specialist Program.

Expenditures

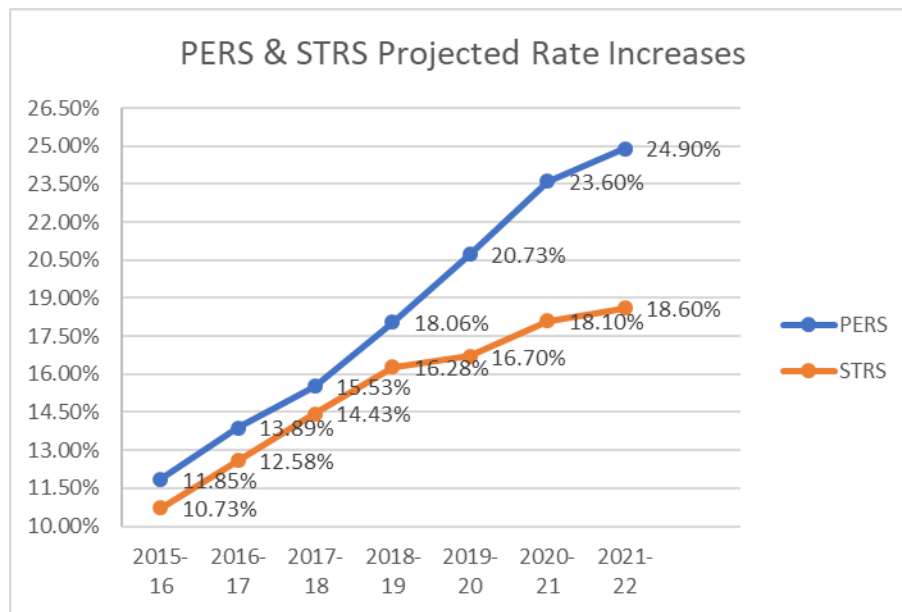
The budgeted expenditures include very few, if any, programmatic changes. The significant change that should be noted is the addition of a classroom teacher and the addition of an instructional aid to the District staffing. The new teacher and aid will permit the District to split the incoming 1st grade class into two classes of approximately 16 children. In 2019-20, the District will have split classes in 1st, 3rd and 4th grades for a total of ten (10) regular classes in TK through 6th grade. In addition to the regular classroom teachers, the District will continue to employ the following specialists:

1. Reading Specialist/Librarian
2. Art Teacher
3. Technology/Physical Education Teacher
4. Music Teacher
5. STEAM Teacher

The Specialist positions will remain unchanged in the upcoming year.

All positions have been accounted for in the budget and include the 2.5% increase that was negotiated this fiscal year for the 2019-20 fiscal year. The Budget also includes all step and column increases. The significant cost increase in the multi-year projection is the result of rising PERS and STRS contributions by the District on behalf of the employees. The following table shows the projected increases for retirement.

	PERS	STRS
2015-16	11.85%	10.73%
2016-17	13.89%	12.58%
2017-18	15.53%	14.43%
2018-19	18.06%	16.28%
2019-20	20.73%	16.70%
2020-21	23.60%	18.10%
2021-22	24.90%	18.60%



These increases in the employer contribution towards retirement results in a slight projected deficit in the 2020-2021 and 2021-2022 fiscal years of (\$19,005) and (\$23,129), respectively. This is shown in the District's Multi-Year Projection.

The District continues to participate in the County JPA for Special Education services. These have been projected to increase slightly but remain below the amount that has been set aside in the budget. The number has been adjusted slightly to reflect more closely the amount projected for next year.

The following is an overview of the projected combined restricted and unrestricted budget for the upcoming year:

Combined Restricted/Unrestricted			
	Original Budget 2018-2019	Estimated Actuals	Original Budget 2019-2020
	30-Jun-18	30-Jun-19	1-Jul-19
Total Revenue	\$ 3,521,928.17	\$ 4,232,476.69	\$ 4,123,363.70
Total Expenses	\$ 4,029,709.56	\$ 4,158,384.76	\$ 4,122,683.56
Net	\$ (507,781.39)	\$ 74,091.93	\$ 680.14
Beginning Fund Balan	\$ 1,255,061.50	\$ 1,255,061.50	\$ 1,054,038.63
Transfers In/Out	\$ 33,916.11	\$ (275,114.80)	\$ -
Ending Fund Balance	\$ 781,196.22	\$ 1,054,038.63	\$ 1,054,718.77

Dolphin Center: Fund 63

As was presented during the budget workshop, the Dolphin Center is no longer operating at a deficit. During the 2018-2019 school year with the changes that were implemented, the program is now operating at a self-sufficient level. Based on the latest invoicing and expenditure reports, the program provided 8,386 hours of student care this year.

The Dolphin Center is now closed for the Summer. We are in the process of closing the books and will have a complete presentation for the Board, including the average cost to provide an hour of Dolphin care service. The following are the revenue and expenditures for 2018-2019 as of May 31, 2019.

	Original Budget	First Interim Projection	Second Interim Projection	Actuals as of May 31
	30-Jun-18	31-Oct-18	31-Jan-19	31-May-19
Total Program Revenue	\$ 52,649.00	\$ 52,649.00	\$ 52,649.00	\$ 70,268.86
Total Program Expenses	\$ 61,707.89	\$ 59,812.65	\$ 54,110.24	\$ 46,000.46
Net	\$ (9,058.89)	\$ (7,163.65)	\$ (1,461.24)	\$ 24,268.40
Beginning Fund Balance	\$ -	\$ -	\$ -	
Transfers In/Out	\$ -	\$ -	\$ 5,000.00	\$ (5,000.00)
Ending Fund Balance	\$ (9,058.89)	\$ (7,163.65)	\$ 3,538.76	\$ 19,268.40

The projected budget for the program for 2019-2020 will project a similar revenue stream and is based on the same staffing as this fiscal year.

Ending Fund Balances

The following table provides a summary of the beginning and ending fund balances for the District for the 2019-2020 fiscal year. You will note that the General Fund is showing a sizeable ending fund balance

that is the result of one-time sources of revenue primarily related to the debris flow event of January 9, 2018. The figure includes the Restart Grant proceeds that were received by the District this fiscal year and are reflected in our books for the 2017-2018 fiscal year.

Fund	Beginning Fund Balance	Ending Fund Balance
1 General Fund	\$ 1,054,038.63	\$ 1,054,718.77
5% Reserve for Economic Uncertainties	\$ 206,134.18	\$ 206,134.18
17 Board Special Reserve	\$ 651,121.76	\$ 658,621.76
21 Building Fund	\$ 142,810.29	\$ 145,110.29
25 Capital Facilities Fund	\$ 373,275.35	\$ 423,775.35
40 Board Special Reserve - Facilities	\$ 532,505.73	\$ 541,280.73
63 Dolphin Center	\$ 7,597.65	\$ 24,880.08

The Governing Board is in the process of fully funding its BP 1300 Basic Aid Reserve that would provide the funds to cover both the cash flow needs of the District and provide a sufficient cushion in the event of a downturn in the economy or an event like the debris flow that would adversely impact the District's Assessed Value and, therefore, LCFF tax funding for operations.

The Governing Board is required to adopt the Justification documentation for maintaining a reserve that is in excess of the State mandated minimum 5% for Cold Spring School District. The document will be presented at the June 11, 2019, Board meeting and contains the following table:

Combined Assigned and Unassigned/unappropriated Fund Balances			
Form	Fund	2021-22 Adopted Budget Form MYP	
01	General Fund/County School Service Fund	\$ 987,307	Form 01-enter sum of Objects 9780/9789/9790
17	Special Reserve Fund for Other Than Capital Outlay Projects	826,122	Form 17-enter sum of Objects 9780/9789/9790
	Total Assigned and Unassigned Ending Fund Balances	\$ 1,813,429	
	District Standard Reserve Level	5%	Enter percentage from Form 01CS Line 108-4
	Less District Minimum Reserve for Economic Uncertainties	210,347	Enter amount from Form 01CS Line 108-7
	Remaining Balance That Needs to be Substantiated	\$ 1,603,082	
Reasons for Fund Balances in Excess of Minimum Reserve for Economic Uncertainties			
Form	Fund	2021-22 Adopted Budget Form MYP	Enter descriptions of need. Replace sample descriptions below:
01	General Fund/County School Service Fund	\$ 929,460.00	Set aside for cash flow needs of the District
01	General Fund/County School Service Fund	\$ -	
01	General Fund/County School Service Fund	\$ -	
01	General Fund/County School Service Fund	\$ -	
01	General Fund/County School Service Fund	\$ -	
17	Special Reserve Fund for Other Than Capital Outlay Projects	\$ 673,621.76	BP 1300 Basic Aid Reserve 20% of GF Expenditures
17	Special Reserve Fund for Other Than Capital Outlay Projects	-	
	Insert additional rows above as needed	-	
	Total of Substantiated Needs	\$ 1,603,082	
	Remaining Unsubstantiated Balance	\$ 0	Balance should be zero

We have completed this with the simple explanation that the District requires this level of reserves to meet its cashflow obligations and to sustain operations in the event of a downturn in the District's Assessed Value.