El Monte Union High School District

Second Interim Fiscal Year 2015-16

Executive Summary



Board of Trustees

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Carlos Salcedo, Vice President
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Administration

Dr. Irella S. Perez, Superintendent
Cynthia Shieh, Chief Business Official
Dr. Sergio Flores, Assistant Superintendent of Education Services
Eddie Zuniga, Assistant Superintendent of Human Resources

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El Monte Union High School District

Budget Calendar FY 2015-16

June

Board adopts FY 2015-16 Budget.

July/August

Business Office Staff works on Year-end Closing (FY 2014-15)

August

Within 45 days, the District revises its budget to reflect significant changes

in the State's approved budget.

September

Unaudited Actuals submitted for approval.

October

First Interim for Fiscal Year 2015-16 ends on October 31, 2015.

November

Preparation of First Interim.

December

Submission of First Interim on or before December 15, 2015. Release of

Auditor's Report for prior fiscal year (2014-15).

January

Governor releases State budget proposal for the next fiscal year (2016-17);

Second Interim ends January 31, 2016.

School Board conducts a budget study session (based on the Governor's

Budget proposal)

March

District submits the Second Interim on or before March 15, 2016.

April

P-2 ADA cut-off

May

Release of Governor's May Revise (FY 2016-17).

June

Board conducts the public hearing and adopts 2016-17 Budget.

EXECUTIVE SUMMARY

El Monte Union High School District Second Interim for FY 2015-16

The Executive Summary is an overview of the financial data reported in the SACS Second Interim Report. It is provided to assist the reader in understanding the information being reported on the SACS forms. The Second Interim Report, seven months into the fiscal year, provides staff the opportunity to reflect on the activities that have occurred so far and might occur before June, 30, 2016.

With each Budget Report the District is asked to project the General Fund financial status through year-end, June 30, 2016. A multi-year projection is also required to determine if the District will be financially solvent for two subsequent years.

The Second Interim Report also includes supporting reports such as Average Daily Attendance estimates, and the Criteria and Standards report.

A Mission Statement is what we do/provide in order to bring our Vision into reality.

MISSION

The El Monte Union High School District will:

- Advocate, nurture and sustain a positive school culture through a challenging and rigorous, standards-based curriculum that promotes achievement for all students;
- Ensure management of the organization, operations and resources for a safe, efficient and effective learning environment that is conducive to student learning and staff professional growth;
- Collaborate with families and community members, respond to diverse community interests and needs, and mobilize community resources;
- Model a personal and institutional code of ethics and develop professional leadership capacity

BELIEVE IN THE POWER OF EDUCATION!

CREAMOS EN EL PODER DE LA EDUCACION!

相信教育的力量! Tin vào sức mạnh của giáo dục!

VISION

The VISION of the El Monte Union High School District is to cultivate and empower our students to be ethical, productive, successful and contributing members of our global society.

District Administration

Dr. Irella S. Perez, Superintendent Cynthia Shieh, Chief Business Official

Dr. Sergio Flores, Assistant Superintendent of Education Services Eddie Zuniga, Assistant Superintendent of Human Resources

School Site Administration

Arroyo HS:

Angelita Gonzales-Hernandez, Principal

Jose Gallegos, Assistant Principal - Instruction

Dr. Joaquin Valdez, Assistant Principal - Student Services

Oscar Gomez, Assistant Principal - Activities

El Monte HS:

Robin Torres, Principal

Gabriel Flores, Assistant Principal - Instruction Jorge Morales, Assistant Principal - Student Services

Nicole Price, Assistant Principal - Activities

Mountain View HS:

Larry Cecil, Principal

Jose Marquez, Assistant Principal - Instruction

Alejandro Leon, Assistant Principal - Student Services Allende Palma-Saracho, Assistant Principal - Activities

Rosemead HS:

Dr. Brian Bristol, Principal

Jose Banas, Assistant Principal - Instruction

Maria Alfaro, Assistant Principal - Student Services

James Eder, Assistant Principal - Activities

South El Monte HS:

Dr. Amy Avina, Principal

Michael Daly, Assistant Principal - Instruction Olga Lopez, Assistant Principal - Student Services Angelica De La Rosa, Assistant Principal - Activities

Fernando R. Ledesma HS:

Freddy Arteaga, Principal

El Monte-Rosemead:

Adult School

Dr. Deborah Kerr, Principal

Sara Shapiro, Assistant Principal

Introduction:

The Local Control Funding Formula (LCFF) establishes a base with supplemental and concentration add-ons for English Learners (EL), free and reduced-price meal eligible students and foster youth students, and provides additional funding for Grades 9-12, Home-to-School Transportation and the Targeted Instructional Improvement Grant (TIIG).

For Grade 9-12, Base Grant rate Fy 2015-16 is \$8,578/ADA, Fy 2016-17 is \$8,618/ADA.

1	Total LCFF Entitlement/Target	\$ 108,702,796
2	2015-16 Hold Harmless LCFF Funding (including Base, Augmentation, Supplemental & Concentration add-on, Transportation & TIIG)	\$ 88,499,150
3	Difference between Total LCFF Target and Current Year Hold Harmless(GAP)	\$ 20,203,646
4	Gap Funding % (51.97% per BAS) or (District Entry)	51.979
5	Gap Funding Amount (3 x 4)	\$ 10,499,835
	Altenate Current Year Funding (2 + 5)	\$ 98,998,988

COLAs and Gap Funding Amounts

The Base Grant rates are increased annually by the statutory COLA. The statutory COLA for 2015-16 is 1.02%. The estimated COLA for 2016-17 is 0.47%, and 2.13% for 2017-18. It is important to note that the COLA affects only the calculation of the LCFF Target, and does not describe the net increase in funding for each district.

The Governor proposes \$2.825 billion to increase LCFF funding in 2016-17. This would further implement the LCFF and would fund each district's Gap by about 49.08%. The department of Finance projects that enough additional funds will be provided to fund the Gap by 45.34% in 2017-18 and by 6.15% in 2018-19. The 2015-16 Gap has been slightly increased from 51.52% to 51.97%. This does not mean that each district will receive increases equal to these amounts, but that each district's Gap (the difference between their minimum State funding and their Target amounts) would be funded by those percentages.

Based on our calculations, the increases of the districts' LCFF revenues from 2015-16 to 2016-17 range from just above 3 % to 7.4% per ADA. This range indicates that each district must understand the unique impact of the LCFF funding on their district.

The Governor and the Administration continue to anticipate the transition to fully fund LCFF will take eight years, with full funding in 2020-21. Until then, increases in funding will be as the State budget appropriates funding for that purpose. There is no statutory guaranteed increase in any given year until full implementation is reached. Expiration of some temporary tax increases in 2016 and 2018, and uncertainty regarding the continued recovery of the State's economy, results in uncertainty regarding future years' increases in LCFF funding.

District's Funds and Budget:

Accounting is the fiscal information system for business. The District's accounting, referred to as Governmental Accounting, is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

In FY 2015-16, there are currently ten funds in the District accounting system. The District's funds include:

General Fund (Fund 01)
Adult Education Fund (Fund 11)
Child Development Fund (Fund 12)
Cafeteria Special Revenue Fund (Fund 13)
Deferred Maintenance Fund (Fund 14)
Special Reserve Fund – Post Employment Benefits (Fund 20)
Building Fund (Fund 21)
Capital Facilities Fund (Fund 25)
County School Facilities Fund (Fund 35)
Special Reserve Fund for Capital Outlay Projects (Fund 40)

Multi-Year Assumptions:

The multi-year projection for the Second Interim utilizes the recommended assumptions published by Los Angeles County Office of Education. Expenditure projections include step and column increases for salaries, as well as those expenditures addressed in the Local Control Accountability Plan (LCAP). Additional amounts have also been included to address the increase in CalSTRS and CalPERS employer rates. It is anticipated that the District's enrollment will remain relatively decline slightly over the next two years.

Assumptions for the Second Interim for FY 2015-16 include:

- Funding for the LCAP.
- Funding to address the needs of unduplicated counts of pupils which include English Learners, Free and Reduced Price Eligible Students, and Foster Youth via the proportionality calculation.
- Steps and columns for employees effective July 1, 2015.

Multi-year projections for the two subsequent years, FY 2016-17 and FY 2017-18, include:

- Continued LCFF funding model.
- Increased funding for unduplicated counts of pupils based on the proportionality calculation.
- Steps and columns for employees. No salary improvement has been built into the multi-year projections.
- Career Technical Education Incentive Grant 3 years.
- One Time Discretionary Fund \$214/ADA for accumulated outstanding Mandate Reimbursement Claims.
- Increased contributions to restricted maintenance equivalent to 3% of general fund expenditures in 2016-17 and 2017-18.
- Additional 5% increase thru multi-years for all utilities, Health & Benefits, Property & Liability.
- Inter-fund transfer to fund 14, Fy 2015-16 \$710,000, Fy 2016-17 \$2,593,000, Fy 2017-18 \$2,220,000

The following table shows major assumptions used in the Second Interim:

El Monte Union High School District							
MYP Budget Assumptions - 2nd Interim							
Factor		2015-16		2016/17		2017/18	
GAP Funding %		51.97%		49.08%		45.34%	
One-Time Funding	\$5	30 per ADA	(5214 per ADA		NA	
Statutory COLA		1.02%		0.47%		2.13%	
Projected Enrollment		9,114		8,920		8,859	
P-2 ADA		8,749		8,563		8,505	
Funded ADA		8,971		8,770		8,584	
Unduplicated Counts of Pupils		8,206		7,967		7,817	
3-Year Average % of Enrollment Eligible for Supplemental Add-on		91.70%		90.64%		89.20%	
\$ Per Pupil - Site Budget	\$	80.00	\$	80.00	\$	80.00	
\$ Per Pupil - Discretionary Fund	\$	39.00	\$	39.00	\$	39.00	
\$ Per Pupil - Athletic Transportation	\$	45.00	\$	45.00	\$	45.00	
California Consumer Price Index (CPI)		1.90%		2.22%		2.52%	
Lottery - Unrestricted (Base)	\$	140	\$	140	\$	140	
Lottery - Restricted (Prop. 20)	\$	41	\$	41	\$	41	
CalPERS Employer Rate		11.847%		13.050%		16.600%	
CalSTRS Employer Rate (+1.85 per year)		10.730%		12.580%		14.430%	
Interfund Transfers To Fund 14*	\$	710,000	\$	2,593,000	\$	2,220,000	
Interfund Transfers To Fund 40**	\$	3,500,000		-		-	
* 5 years Deferred Maint. Plan - Asbestos, Lead Paint Abatement, Classroom lighting, Electrical, Floor covering, HVAC, Painting, Paving, Plumbing, Roofing & Wall systems.							
** \$2M Mt. View HS Special Project, \$1.5M 5 years Buses Replacement							

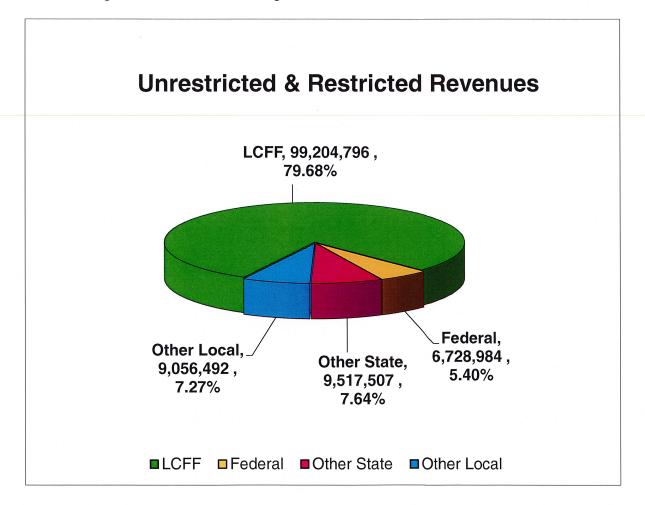
GENERAL FUND (Fund 01): This is the chief operating fund for the District. It is used to account for the ordinary operations of the District. All transactions except those required or permitted by law to be in another fund are accounted for in this fund. In the General Fund, there are General Fund Unrestricted and General Fund Restricted.

General Fund Unrestricted: Unrestricted funds are monies received that are not restricted in their use. The district can spend unrestricted monies on whatever programs it chooses. To help us cope with reduced funding, the state has eliminated the restrictions on some previously restricted funding sources- allowing districts the flexibility to determine locally the best use of the funds.

General Fund Restricted: This is to account for those projects and activities that are funded by external revenue sources that are legally restricted or restricted by the donor to specific purposes. For example, special education funds are restricted. They can only be spent on students with identified special needs and in the manner outlined in state and federal law.

General Fund Revenues: \$124,507,779 (Unrestricted \$108,086,737; Restricted \$16,421,042)

The following chart illustrates the funding source of the total General Fund revenues.



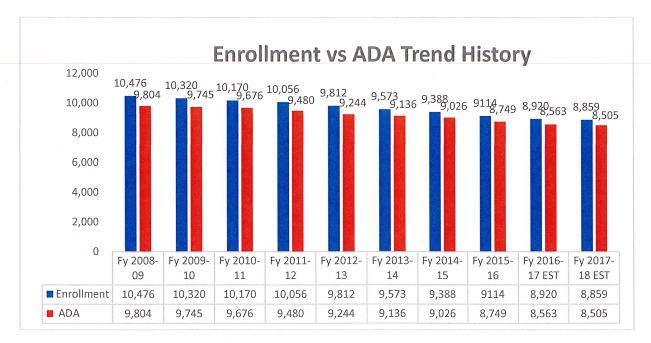
LCFF Source (Object 8010-8099): \$99,204,796 (Unrestricted \$99,204,796, Restricted \$0)

This represented 79.68% of the total general fund revenues. It is the primary revenue component of the District's total revenue source.

The unrestricted portions represented in the LCFF funding include the Principal Apportionment (P2 ADA), Education Protection Account, and Property Taxes. EC Section 42238.5(a)(1) allows districts with declining attendance to continue to receive funding based on the greater of prior year or current year actual attendance. This provides, in effect, a one-year cushion for the loss of revenue due to declining enrollment/attendance. Because the District is in declining enrollment, the State will use prior year P2 ADA, (9,026) to calculate the District's LCFF funding.

The following chart shows annual enrollment (based on the informational date which is the first Wednesday of October each year) and P-2 Average Daily Attendance (ADA). Each school agency reports its attendance three times during a school year. The First Principal apportionment ADA, called the P-1 ADA or the P-1 count, is counted from July 1 through the last school month ending on or before December 31 of a school year. The Second Principal apportionment ADA, called the P-2 ADA, is counted from July 1 through the last school month ending on or before April 15 of a school year. The final recalculation of the apportionment is based on a school agency's P-2 ADA.

The following chart illustrates the ten-year trend analysis between enrollment and P-2 ADA.



Blue = Enrollment **Orange** = P-2 ADA

Note: The table represents a snapshot on CalPads data which was updated on January 30, 2016.

Federal Revenue (Object 8100-8299): \$6,728,984 (Unrestricted \$9,790, Restricted \$6,719,194)

This represents 5.40% of the total general fund revenues. The restricted amount includes IDEA Local Assistance, Federal Mental Health, Migrant Education, Carl Perkins Vocational Education and No Child Left Behind (NCLB) including Title I, Title II, and Title III.

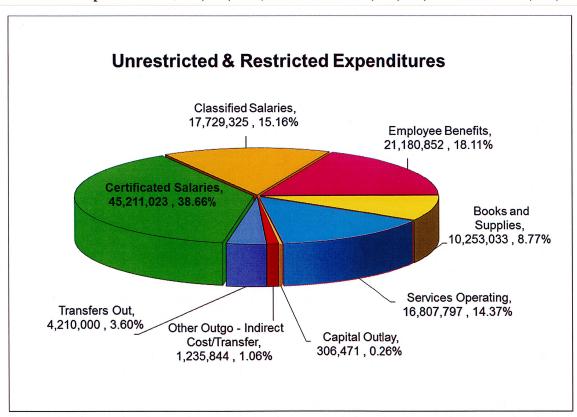
Other State Revenue (Object 8300-8599): \$9,517,507 (Unrestricted \$6,733,806; Restricted \$2,783,701)

This is the second largest revenue source for the District; it represents 7.64% of the total general fund revenues. The unrestricted portion includes Lottery, Advance placement reimbursement, and Mandated Cost Reimbursement deferral payment one-time \$4,766,245 and Mandated Cost Block Grant ongoing. The restricted portions includes Emergency repair, Educator Effectiveness, Lottery, State Mental Health, Workability, and California Partnership Academy grants.

Other Local Revenue (Object 8600-8799): \$9,056,492 (Unrestricted \$2,138,345; Restricted \$6,918,147)

This represents 7.27% of the total general fund revenues. The unrestricted portions include Rental Leases, ROP, RDA, Student fees for Advance Placement, other districts transportation income, recycle and interest income The restricted portions include SELPA allocation for Special Ed, donations grants , E-Rate rebate, Safety Credit, Nutrition Education Obesity Prevention (NEOP), lab fees, transcript, use of facilities, and District contribution for Instructional Materials.

General Fund Expenditures: \$116,934,345 (Unrestricted \$90,073,909; Restricted: \$26,860,436)



Certificated Salaries (Object 1000-1999): \$45,211,023 (Unrestricted: \$ 38,865,813; Restricted \$6,345,210)

Certificated salaries are salaries for positions that require a credential or permit issued by the Commission on Teacher Credentialing. Total district general education staffing for 2015-16 is projected to be 504 full-time equivalents (FTE). It represents 38.69% of the total general fund expenditures.

Classified Salaries (Object 2000-2999): \$17,729,325 (Unrestricted: \$14,831,474; Restricted \$2,897,851)

This classification represents the salaries paid for the positions that do not require a credential or permit issued by the Commission on Teacher Credentialing. The positions in this classification are office manager, administrative clerk, clerical assistant, receptionist, secretary, health clerk, district office staff, instructional aides, student workers, campus security and maintenance and operation staff, For 2015-16 is projected to be 426 full-time equivalents (FTE). It is about 15.17% of the total general fund expenditures.

Employee Benefits (Object 3000-3999): \$21,180,852 (Unrestricted: \$18,164,433; Restricted \$3,016,419)

This classification is to account for employers' contributions to retirement plans (State Teachers' Retirement System, and Public Employees' Retirement System), alternative retirement plans, early retirement incentive programs, health and welfare benefits, and the payroll related statutory costs such as Workers' Compensation, State Unemployment Insurance, FICA, and Medicare. It is about 18.13% of the total general fund expenditures.

Books and Supplies (Object 4000-4999): \$10,253,033 (Unrestricted \$4,871,272; Restricted \$5,381,761)

This is to account for expenditures for Textbooks, Classroom instructional materials, technology supplies, office supplies, custodial supplies, foods supplies and non-capitalized equipment. It represents about 8.77% of the total expenditures. Only the school site budget are subject to carryover.

Services and Other Operation Expenditures (Object 5000-5999): \$16,807,797 (Unrestricted \$9,735,768; Restricted \$7,072,029)

This is to account for expenditures for services, rentals, leases, repairs, maintenance contracts, dues, travel, insurance, utilities, Consultant/Contract services, and other operating expenditures. It is about 14.38% of the total expenditures.

Capital Outlay (Object 6000-6999): \$306,471 (Unrestricted \$22,886; Restricted \$283,585)

This is to account for expenditures capitalized intangible capital assets above \$5,000. It represents less and 0.26% of the total expenditures. Turt Vacuum Sweeper, E-Rate Rebate- Network Equipments and IT computers.

Other Outgo (Object 7100-7499): \$1,235,844 (Unrestricted -\$627,737, Restricted \$1,863,581)

This represents special education tuition and excess costs to other agencies, district-referred students enrolled in LACOE and OCDE community school and Specialized Secondary School programs and lease and interest payments on District copiers. It represents just over 0.99% of the District's total expenditures.

Transfer Out (Object 7600-7629): \$4,210,000 (Unrestricted \$4,210,000) 3.60%

Transfer to Fund 14 \$710,000, Fund 40 \$3,500,000.

Unrestricted Ending Balance:

One of the key fiscal indicators for fiscal health risk analysis is the Reserve for Economic Uncertainty. Progress toward the 8-year goal set by the Governor and Legislature is measured by how much of a year over year dollar increase is provided by subsequent Administrations and Legislatures over the next few years and beyond.

		Fy 2015-16	**************	Fy 2016-17		Fy 2017-18
Unrestricted						
Total Revenues	\$	108,086,626	\$	107,092,749	\$	106,023,686
Transfers In	\$	111	\$	-	\$	-
Total Expenditures	\$	85,863,909	\$	92,315,241	\$	96,245,034
Transfers Out	\$	4,210,000	\$	2,593,000	\$	2,220,000
Contributions	\$	(8,974,005)	\$	(10,520,508)	\$	(10,999,590)
Net	\$	9,038,823	\$	1,664,000	\$	(3,440,938)
Beginning Balance	\$	16,666,141	\$	25,704,964	\$	27,368,964
Ending Balance	\$	25,704,964	\$	27,368,964	\$	23,928,026
Restricted			************		*************	
Total Revenues	\$	16,421,042	\$	12,957,295	\$	12,926,389
Total Expenditures	\$	26,860,436	\$	23,477,803	\$	23,925,979
Contributions	\$	8,974,005	\$	10,520,508	\$	10,999,590
Net	\$	(1,465,389)	\$	-	\$	-
Beginning Balance	\$	1,465,389	\$	-	\$	-
Ending Balance	\$	-	\$	-	\$	_
Combined (Unrestricted & Restricted)						
Total Revenues	\$	124,507,779	\$	120,050,044	\$	118,950,075
Total Expenditures	\$	112,724,345	\$	115,793,044	\$	120,171,013
Transfers Out	\$	4,210,000	\$	2,593,000	\$	2,220,000
Contributions	\$		\$		\$	
Net	\$	7,573,434	\$	1,664,000	\$	(3,440,938)
Beginning Balance	\$	18,131,530	\$	25,704,964	\$	27,368,964
Ending Balance	\$	25,704,964	\$	27,368,964	\$	23,928,026
Required Reserve %	ļ	11%	***************************************	11%		11%
						
Required Reserve Bal		\$12,862,778		\$13,022,465		\$13,463,011

OTHER FUNDS

ADULT EDUCATION FUND (Fund 11): This fund is used to account separately for federal, state, and local revenues for Adult Education programs. The main revenue for Fund 11 of \$8,669,460 are from Adult Education Block Entitlement (MOE) of \$8,584,772, and other state revenue of \$84,688 (Calworks). Federal revenues of \$1,331,999 are from Carl Perkins Adult Vocational Education \$123,516, Adult Basic Education & ESL \$885,015, Adult Education Secondary & GED \$315,198, and English Literacy & Civics Ed \$8,270. Other local revenues of \$1,421,470 are from Rio Hondo Consortium of \$1,206,870 and interest, fees, and other revenue of \$214,600. Grand total revenues of \$11,422,929. The total expenditures are \$12,185,697. This amount includes \$1,589,746 for Adult Ed Construction, and \$55,000 Contribution to Fund 12. The beginning fund balance for this fund was \$10,813,609 and ending fund balance is projected at \$10,050,841 as of June 30, 2016.

Other Local Revenue increased from Rio Hondo Consortium. Certificated Salaries decreased due to resignation and no hire of counselor. Classified Salaries increased due to newly hired positions, Benefits follows the salaries. Decreased on Books & Supplies due to over budgeted. Decreased on Services & other operating expenditures due to over budgeted on repairs, advertising and emergency money.

CHILD DEVELOPMENT FUND (Fund 12): This fund is used to account separately for federal, state, and local resources to operate Child Development Programs. The programs include one State Preschools located at Adult Center in El Monte. Total revenues of \$344,606 are from Los Angeles Universal Preschool (LAUP) \$289,459, interest of \$147, and \$55,000 contribution from Adult Education to cover deficit balance due to no longer collecting parent fees. The total expenditures are \$389,467. The beginning fund balance for this fund was \$44,861 and ending fund balance is projected at \$0.00, the program will be ended at June 30, 2016.

CAFETERIA SPECIAL REVENUE FUND (Fund 13): This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code* sections 38090–38093). Total revenues for the Cafeteria Special Fund were \$5,214,902 which includes \$4,379,238 from Federal (Child Nutrition Programs) & \$76,445 other Federal (Equipment Grant), \$430,969 from the State (Child Nutrition Program), \$313,250 from paid meals, local revenue \$5,000 and interest \$10,000. Cafeteria fund has an unspent carryover balance of \$463,865 (Child Nutrition Program) waiting for approval from the state before we can spend, per state requirements we must reserve three months operating expenses. The total expenditures were \$5,570,893. The beginning fund balance for this fund was \$1,713,388 and ending fund balance is projected at \$1,357,397 as at June 30, 2016.

DEFERRED MAINTENANCE FUND (Fund 14): This fund is used to account separately for state apportionments and the LEA's contributions for deferred maintenance purposes (Education Code sections 17582-17587). The only revenue for this fund was interest earned \$10,657 and inter-fund transfer from General Fund \$710,000. The total expenditures were \$710,000. The beginning fund balance for this fund was \$1,529,065 and ending fund balance is projected at \$1,539,722 as at June 30, 2016.

5 years deferred Maint. Plan will spend on Asbestos, Lead Paint abatement, Classroom lighting, Electrical, Floor covering, HVAC, Painting, Paving, Plumbing, Roofing & Wall systems.

SPECIAL RESERVE FUND FOR POSTEMPLOYMENT BENEFITS (Fund 20): This fund was established to reserve funds for postemployment benefits. This fund may be used pursuant to *Education Code* Section 42840 to account for amounts the LEA has earmarked for the future cost of postemployment benefits but has not contributed irrevocably to a separate trust for the postemployment benefit plan. Amounts accumulated in this fund must be transferred back to the general fund for expenditure (*Education Code* Section 42842). The only revenue for the year is the interest in Other Local Revenue a total of \$18,888. There were no expenditures for the year. The beginning fund balance for this fund was \$2,808,069 and ending fund balance is projected at \$2,826,957 as at June 30, 2016.

BUILDING FUND (Fund 21): It is known as G.O. Bond Fund. This fund exists primarily to account for proceeds from the sale of bonds and may not be used for any purposes other than those for which the bonds were issues. This represents 2005 & 2008 (refunding) outstanding General Obligation Bonds. The District received \$135,143 in interest and reimbursement of \$9,152,079 from Fund 35.0 - construction costs for Arroyo CTE, Rosemead CTE and Rosemead HS Growth. Expenditures includes salary and benefit amounts paid to the Director of Facilities and Construction Account Technician III in the amount of \$185,406 and \$7,607,883 for facility repairs, improvements, architect fees, construction management fees, and other construction costs. The beginning fund balance for this fund was \$9,104,322 and ending fund balance is projected at \$10,598,255 as at June 30, 2016.

CAPITAL FACILITY FUND (Fund 25): It is known as Developer Fees money. This fund is used to account for monies received from fees levied on developers or other agencies as a condition of approving a development. The interest earned in this fund is restricted to this fund. The expenditures in this fund are restricted to the purposes specified in agreements with the developer or specified in Government Code. The revenue in the amount of \$319,830 of which \$17,453 represents interest income and \$302,377 from developer fees collected. The total expenditures of \$1,166,580 are for building improvements, legal and administrative costs, justification reports preparation and the Districtwide needs assessment. The beginning fund balance for this fund is \$2,783,208 and ending fund balance is projected at \$1,936,458 as at June 30, 2016.

COUNTY SCHOOL FACILITIES FUND (Fund 35): This fund is used primarily to account separately for state apportionments for the State School Facilities Fund. There is no activities for this fund except reimbursement by state of \$9,152,079 to Fund 21 for construction costs at Arroyo CTE, Rosemead CTE and Rosemead HS Growth. Currently all the state projects are closed. The beginning fund balance for this fund was \$9,152,079 and ending fund balance is projected at \$0 as at June 30, 2016.

SPECIAL RESERVE FUND FOR CAPITAL OUTLAY PROJECTS (Fund 40): This fund exists to provide for the accumulation of general fund monies for capital outlay purposes. This fund may also be used to account for any other revenues specifically for capital projects. The revenues for this fund were interest income \$14,000, and inter-fund transfer of \$3,500,000 from General Fund for Mt View special projects of \$2,000,000 and Bus replacement plan of \$1,500,000 for 5 years spending. Total expenditures are \$2,042,543. The beginning fund balance for this fund was \$2,370,834 and ending fund balance is projected at \$3,842,291 as at June 30, 2016.

Second Interim Report Certification Recommendation:

Considering all outlined above, District staff recommends to the Board to adopt a positive certification for the current financial statements. This certification reflects the fact that the District is projected to meet its financial obligations for the current fiscal year and two subsequent fiscal years.

Next Steps

In this interim report, the District staff has summarized the changes that have occurred to the Adopted Budget from July 1 through January 31, 2016, and additionally included in the projected actuals those revenues and expenditures that might occur between February 1, 2016 and June 30, 2016. These projections incorporate the provisions of the Governor's Budget released in January 2016 and are likely to change, at least to a degree, by conscious decisions and by influences beyond the District's control.

Staff is in the process of examining and identifying possible revisions to the LCAP for 2016-17 and budget development activities related to LCAP budget allocations as well as budget allocations for the balance of the General fund and other operating funds.

By early May, 2016, the Governor will update his proposed budget for fiscal year 2016-17 with what is called the May Revision. The revision will also potentially address any changes positive or negative that might impact the 2015-16 current year budget which will also be analyzed and reported to the Board of Education at the earliest possible moment and incorporated into the Estimated Actuals that accompany the Proposed District Budget for fiscal year 2016-17.