



CABRILLO UNIFIED SCHOOL DISTRICT

Every Student. Every Day!

Cabrillo Unified School District Budget Advisory Committee

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October 11, 2023

Unrestricted v. Restricted Revenue

Unrestricted:

- Based on LCFF Calculations (Students we serve)
- Flows to CUSD in alignment with LCFF or Basic Aid Status
- Used to provide equal CORE Program to students: General Fund (teachers, facilities, safety, operations, etc.) – BREAD of the Cake

Restricted:

- Legislated for specific purposes (State, Federal, Local)
- Flows to the CUSD via grants, entitlements, parcel tax, etc.
- Used exclusively for legislated purposes – ICING of the Cake



Unrestricted v. Restricted Revenue (Cont.)

Most Unrestricted Revenue is subject to Supplement – Not Supplant Rules

Effective Management of Revenue:

1. Use Revenue for the purposes intended by law
2. Based on student assessed need: USE MOST RESTRICTIVE FUNDS FIRST
3. Align Plan(s) and expenditures (LCAP, SPSA, Restricted Revenue Plans)
4. Restricted Revenue may not be use for General Fund Purposes



Unrestricted v. Restricted Revenue (Cont.)

How to efficiently manage CUSD Revenue:

1. Based on student assessed need; **Discern effective use of Unrestricted and Restricted funds**: Spend today's dollars on today's students
2. **Comply** with rules of each funding source: Study the legislation that generated the funding
 - Compliance is the dance between what's legislated to be right for children and what CUSD determines that is right for children
 - Build compliance systems to do what's right for children
 - Beware of enslavement or permissiveness to "legal requirements"
 - Serve ALL Children based on assessed need



CUSD Fiscal Standing:

CUSD 2022-23 Financial Reports:

The First Interim Financial Report (December 2022) synthesized revenue and expenditures through October 31, 2022. It was filed as “**Qualified.**”

The Second Interim Financial Report (March 2023) was filed as **Qualified.**

The SMCOE required Third Interim Financial Report (May 30, 2023) was filed as “**Negative.**”

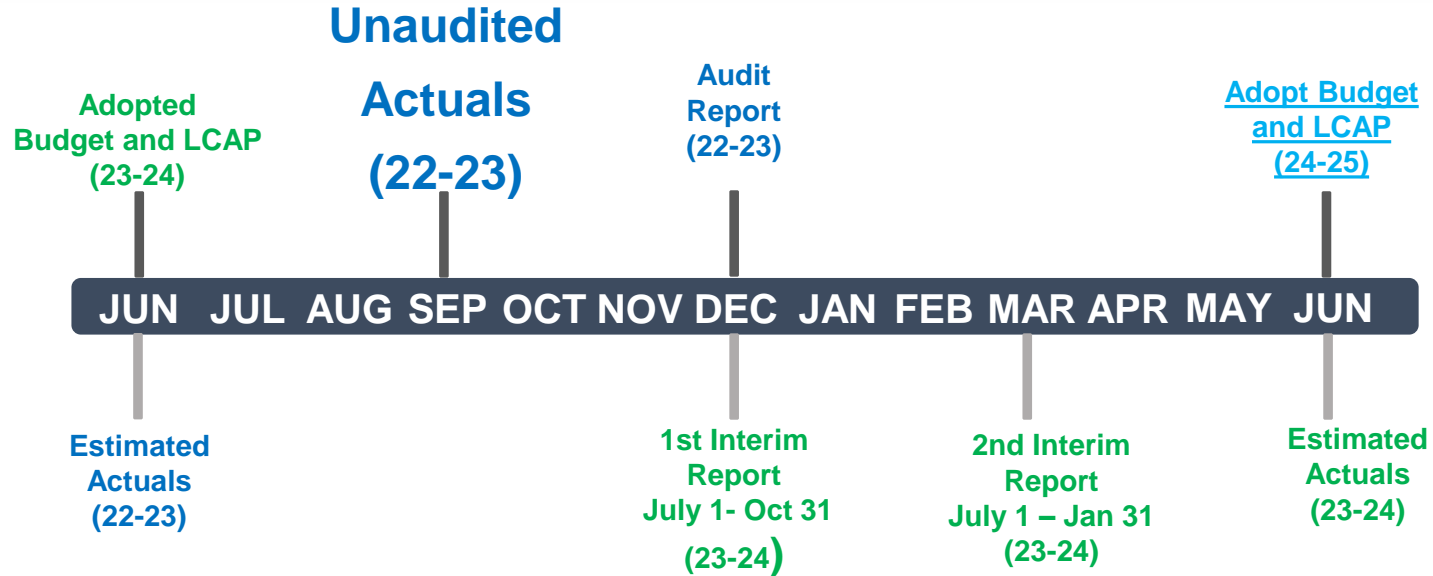
The 2023-24 Budget filed with SMCOE was filed with a **Negative status.**

2022-23 Unaudited Actuals shows an over 2.5M deficiency of revenue over expenditures - Unrestricted Side

*(change from Jan/change from 2022 Budget Act)
Source – Capitol Advisors



Financial Reports Based on Assumptions: Except for Unaudited Actuals – Real Rev. and Exp.



Description	Resource Codes	Object Codes	2022-23 Unaudited Actuals			2023-24 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
A. REVENUES									
1) LCFF Sources		8010-8099	32,398,343.22	2,330,467.83	34,728,811.05	34,933,179.00	2,275,943.00	37,209,122.00	7.1%
2) Federal Revenue		8100-8299	0.00	1,561,291.83	1,561,291.83	19,235.00	1,630,007.00	1,649,242.00	5.6%
3) Other State Revenue		8300-8599	648,378.86	8,445,190.85	9,093,569.71	550,686.00	4,067,993.00	4,618,679.00	-49.2%
4) Other Local Revenue		8600-8799	399,100.04	3,261,391.00	3,660,491.04	282,536.00	2,442,525.00	2,725,061.00	-25.6%
5) TOTAL, REVENUES			33,445,822.12	15,598,341.51	49,044,163.63	35,785,636.00	10,416,468.00	46,202,104.00	-5.8%
B. EXPENDITURES									
1) Certificated Salaries		1000-1999	13,320,904.74	4,318,756.31	17,639,661.05	13,023,289.00	3,994,669.00	17,017,958.00	-3.5%
2) Classified Salaries		2000-2999	3,717,996.71	4,507,238.56	8,225,235.27	3,762,460.00	4,273,715.00	8,036,175.00	-2.3%
3) Employee Benefits		3000-3999	6,711,130.72	5,441,904.63	12,153,035.35	6,957,540.00	5,132,439.00	12,089,979.00	-0.5%
4) Books and Supplies		4000-4999	1,058,124.11	1,778,621.94	2,836,746.05	991,163.00	1,817,640.00	2,808,803.00	-1.0%
5) Services and Other Operating Expenditures		5000-5999	3,608,088.17	3,504,111.81	7,112,199.98	3,318,913.00	3,298,038.00	6,616,951.00	-7.0%
6) Capital Outlay		6000-6999	0.00	122,543.88	122,543.88	0.00	86,495.00	86,495.00	-29.4%
7) Other Outgo (excluding Transfers of Indirect Costs)		7100-7299 7400-7499	59,364.74	214,592.80	273,957.54	99,289.00	164,933.00	264,222.00	-3.6%
8) Other Outgo - Transfers of Indirect Costs		7300-7399	(12,617.84)	12,617.84	0.00	(21,695.00)	12,283.00	(9,412.00)	New
9) TOTAL, EXPENDITURES			28,462,991.35	19,900,387.77	48,363,379.12	28,130,959.00	18,780,212.00	46,911,171.00	-3.0%
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)									
			4,982,830.77	(4,302,046.26)	680,784.51	7,654,677.00	(8,363,744.00)	(709,067.00)	-204.2%
D. OTHER FINANCING SOURCES/USES									
1) Interfund Transfers									
a) Transfers In		8900-8929	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Transfers Out		7600-7629	170,000.00	0.00	170,000.00	200,000.00	0.00	200,000.00	17.6%
2) Other Sources/Uses									
a) Sources		8930-8979	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Uses		7630-7699	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
3) Contributions		8980-8999	(7,411,843.50)	7,411,843.50	0.00	(7,847,534.00)	7,847,534.00	0.00	0.0%
4) TOTAL, OTHER FINANCING SOURCES/USES			(7,581,843.50)	7,411,843.50	(170,000.00)	(8,047,534.00)	7,847,534.00	(200,000.00)	17.6%
E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)									
			(2,599,012.73)	3,109,797.24	510,784.51	(392,857.00)	(516,210.00)	(909,067.00)	-278.0%
F. FUND BALANCE, RESERVES									
1) Beginning Fund Balance									
a) As of July 1 - Unaudited		9791	3,283,272.65	1,748,785.53	5,032,058.18	533,300.92	4,858,582.77	5,391,883.69	7.2%
b) Audit Adjustments		9793	(150,959.00)	0.00	(150,959.00)	0.00	0.00	0.00	-100.0%

Unaudited Actuals
General Fund
Unrestricted and Restricted
Expenditures by Object

Description	Resource Codes	Object Codes	2022-23 Unaudited Actuals			2023-24 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
c) As of July 1 - Audited (F1a + F1b)			3,132,313.65	1,748,785.53	4,881,099.18	533,300.92	4,858,582.77	5,391,883.69	10.5%
d) Other Restatements		9795	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
e) Adjusted Beginning Balance (F1c + F1d)			3,132,313.65	1,748,785.53	4,881,099.18	533,300.92	4,858,582.77	5,391,883.69	10.5%
2) Ending Balance, June 30 (E + F1e)			533,300.92	4,858,582.77	5,391,883.69	140,443.92	4,342,372.77	4,482,816.69	-16.9%
Components of Ending Fund Balance									
a) Nonspendable									
Revolving Cash		9711	25,000.00	0.00	25,000.00	15,000.00	0.00	15,000.00	-40.0%
Stores		9712	14,300.63	0.00	14,300.63	30,000.00	0.00	30,000.00	109.8%
Prepaid Items		9713	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Others		9719	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Restricted		9740	0.00	4,858,582.77	4,858,582.77	0.00	4,342,372.77	4,342,372.77	-10.6%
c) Committed									
Stabilization Arrangements		9750	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Commitments		9760	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
d) Assigned									
Other Assignments		9780	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
e) Unassigned/Unappropriated									
Reserve for Economic Uncertainties		9789	494,000.29	0.00	494,000.29	95,443.92	0.00	95,443.92	-80.7%
Unassigned/Unappropriated Amount		9790	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
G. ASSETS									
1) Cash									
a) in County Treasury		9110	1,116,947.07	4,317,314.59	5,434,261.66				
1) Fair Value Adjustment to Cash in County Treasury		9111	(154,876.00)	0.00	(154,876.00)				
b) in Banks		9120	0.00	0.00	0.00				
c) in Revolving Cash Account		9130	25,000.00	0.00	25,000.00				
d) with Fiscal Agent/Trustee		9135	0.00	0.00	0.00				
e) Collections Awaiting Deposit		9140	0.00	0.00	0.00				
Investments		9150	0.00	0.00	0.00				
2) Accounts Receivable		9200	134,856.96	1,719,413.09	1,854,270.05				
3) Due from Grantor Government		9290	94,450.78	1,626,436.76	1,720,887.54				
4) Due from Other Funds		9310	9,715.41	11,956.45	21,671.86				
5) Stores		9320	14,300.63	0.00	14,300.63				
6) Prepaid Expenditures		9330	0.00	0.00	0.00				
7) Other Current Assets		9340	0.00	0.00	0.00				

CUSD Journey back to Fiscal Health

- SMCOE issued Lack of Going Concern Letter - June 28, 2023:
- CUSD required to provide a ***Solvency and Fiscal Stabilization Plan***
- SMCOE assigned a fiscal expert from SMCOE staff to advise CUSD
- SMCOE referred CUSD to the Fiscal Crisis and Management Assistance Team to conduct a Fiscal Health Risk Analysis (Aug 29-30, 2023)
- SMCOE directed CUSD to address the fiscal conditions that resulted in the determination of CUSD may not being able to meet its financial obligations.



CUSD Journey back to Fiscal Health (Cont.)

- ***Solvency and Fiscal Stabilization Plan*** to include:
 - Plan to address \$2.5 + M negative fund balance
 - Implementation of solutions to eliminate structural deficit
 - Staffing adjustments
 - Review of hiring practices and CUSD position control
 - Projections of enrollment and Average Daily Attendance
 - Study of staffing rations and allocations
 - Analysis of stipends, extra pay, substitute pay, overtime
 - Spending plan for one-time funds



CUSD Journey back to Fiscal Health (Cont.)

Actions:

- Business staff conducts regular ongoing meetings with cabinet level administrators for in-depth analysis of educational needs, costs, and potential operational reductions and savings
- Business staff compiles list of reductions and savings
- CBO and Business staff meet with Budget Advisory Committee
- A dynamic/live Solvency and Fiscal Stabilization Plan (Recovery Plan) will be presented to the Cabrillo Governing Board for approval in November



	Unaudited Actuals 2022-23	2023-24 Reductions	2023-24 Savings	2024-25 Reductions	2024-25 Savings	2025-26 Reductions	2025-26 Savings	Total
1000s								
Certificated Salaries	\$ 17,639,661.05							
Sub-Total	\$ 17,639,661.05	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2000s								
Classified Salaries	\$ 8,225,235.27							
Sub-Total	\$ 8,225,235.27	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3000s								
Employee Benefits	\$ 12,153,035.35							
Sub-Total	\$ 12,153,035.35	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4000s								
Supplies and Instructional Materials	\$ 2,836,746.05							
Sub-Total	\$ 2,836,746.05	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5000s								
Services and Other Operating Expenses	\$ 7,112,199.98							
Sub-Total	\$ 7,112,199.98	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6000s								
Capital Outlay	\$ 122,543.88							
Sub-Total	\$ 122,543.88	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7000s								
Other Outgo	\$ 273,957.54							

Next Steps:

- CUSD will continue to have a standing Fiscal Update item at every regularly scheduled Governing meeting
- SMCOE will continue its support and oversight of the CUSD fiscal recovery
- CUSD will implement the recommendations of Fiscal Crisis and Management Assistance Team (FCMAT) as published in the CUSD Fiscal Health Risk Analysis (FHRA) report
- CUSD will work closely with principals to efficiently staff for the 2024-25 school year
- CUSD will work on identifying and implementing operational savings



Questions?

Thank you!



CUSD

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