

Association of California County Boards of Education Starting Strong Series Budget & Compliance for New Board Members

May 5, 2025 at 6:00 PM

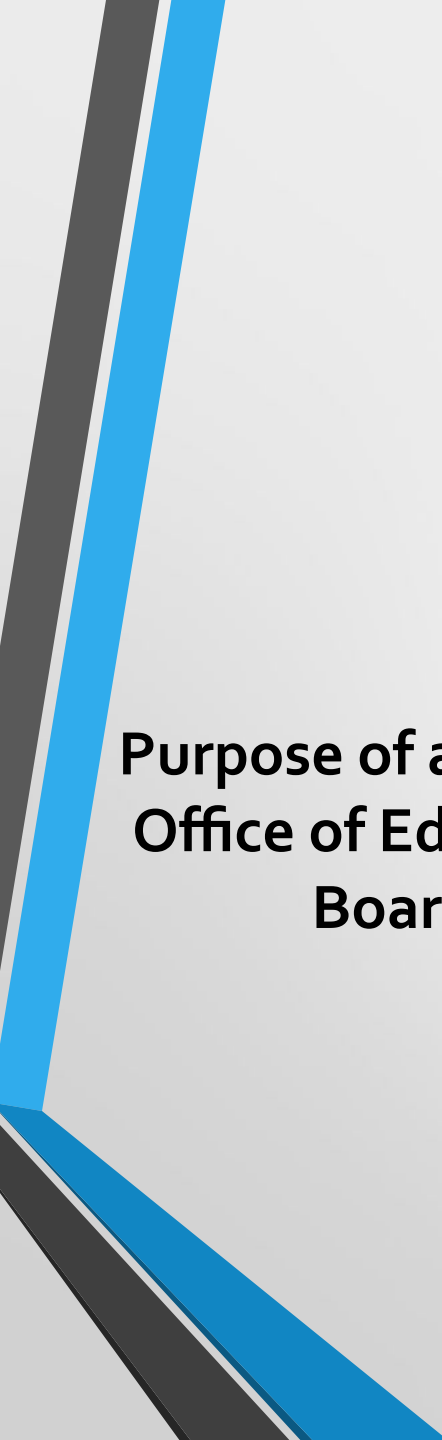
Presented by: Elizabeth Rico, Deputy Superintendent

Tuolumne County Superintendent of Schools

erico@tcsos.us, (209) 536-2020


Agenda

- Budget: Why the Budget Matters
- The Role of the Board
- The Budget Process
- Review Revenue Sources
 - Local Control Funding Formula (LCFF) and Property Taxes
 - Federal, State, Local Revenue
- Review Expenditures
- Summary of Expenditures and Budget Considerations for COEs
- Ending Fund Balance vs. Cash
- State Required Minimum Reserve Levels
- Broad Overview of Form 01 General Fund Activity
- Looking Ahead...
- Q&A



Purpose of a County Office of Education Board

1. Adopts the County Office of Education's (COE) annual budget and LCAP
2. Appellate Board related to student expulsions, interdistrict transfers, and charter school petitions
3. Approves charter school petitions only under specific circumstances (e.g., appeals or direct oversight)
4. Sets policy for County Board operations, not for the governance of local districts or the COE's internal management
5. Provides community-level oversight and accountability for county-run educational programs (e.g., juvenile court schools, special education) and Ensures public transparency in how the COE serves districts and high-needs student populations
6. Supports, but does not supervise, the County Superintendent, who is independently elected (or appointed in some counties)

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- What is the purpose of the budget?
 - Why is accountability important?
 - What are the key components of a budget?

Budget Timelines

California law requires local education agencies (LEAs) to report financial data in the SACS format a minimum of four times a year:

- Adopted Budget prior to July 1 subsequent to LCAP approval
- First Interim Report for transactions through October 31 due by December 15
- 2nd Interim Report for transactions through January 31st due by March 15
- 3rd Interim Report for transactions through April 30 due by June 1st
- Unaudited Actuals for final transactions due by September 15

Interim Certifications

Per Education Code 42131, the District Governing Board determines a certification of positive, qualified or negative.

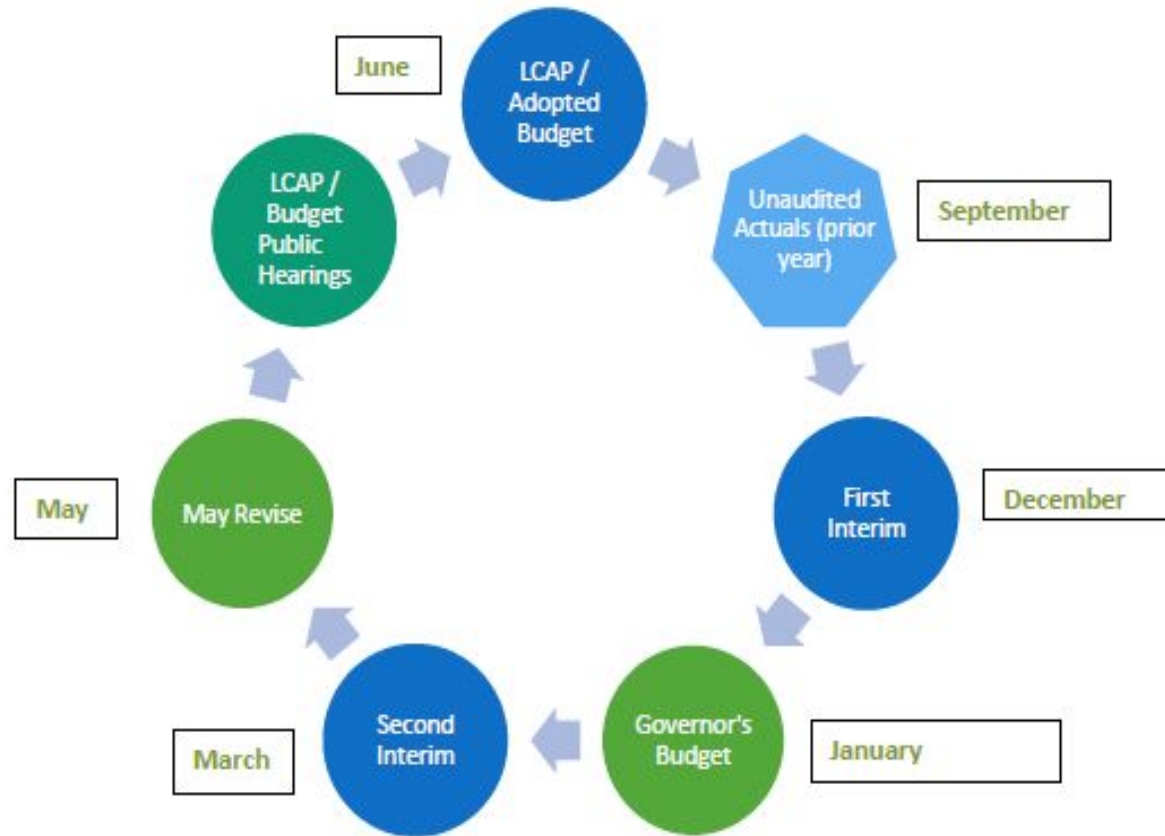
- Positive – *“Positive certification shall be assigned to any school district that, based upon current projections, will meet its financial obligations for the current fiscal year and subsequent two fiscal years.”*
- Qualified – *“Qualified certification shall be assigned to any school district that, based upon current projections, may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.”*
- Negative – *“Negative certification shall be assigned to any school district that, based upon current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year.”*

The Budget Development Cycle

Boards are responsible for approving and revising district budgets three (3) times per year.

Initial Annual Budget development begins early

While developing next year's budget, the current year budget is also revised



LCFF Funding Categories & Property Taxes

- Districts are classified as either LCFF (State Aid) Funded or Community Aid Funded.
- Property Taxes
 - Assessment
 - Tax Rate Application
 - Collection
 - Apportionment

LCFF Explained

<https://youtu.be/dAszykp8GQ?feature=shared>

Revenues

- Local Control Funding Formula (LCFF)
 - Property Taxes
 - State Aid
- Federal Funding
 - ESSA Title Funding
 - Special Education (IDEA)
 - Forest Reserve (pending for current year reauthorization)
- Other State Funding
 - Lottery
 - Categorical Grants
 - AB602 Special Education Funding
- Local Funding
 - Interest Earnings
 - Donations
 - Property Leases

Fund Classifications

- Restricted Funds
- Unrestricted Funds

Expenditures

- Certificated & Classified Salaries
- Employee & Retiree Benefits
- Supplies
- Operations and Housekeeping
- Consultants/Contracts

Ending Fund Balance vs. Cash

- Ending fund balance is a function of the operating budget:

Beginning Fund Balance

+ Total Revenues

- Total Expenditures

= Ending Fund Balance

State Required Minimum Reserve Levels

Reserve Standard

- 5% or \$50,000
- 4% or \$50,000
- 3%
- 2%
- 1%

Size of District (ADA)

- Under 300
- 301 to 1,000
- 1,001 to 30,000
- 30,001 to 400,000
- 400,001 and Over



Sample COE Interim Budget Overview

Funds

- The General Fund (Fund 01) – includes all Special Education related fiscal activity (Fund 08)
- Other Funds:
 - Fund 11 – Adult Education
 - Fund 12 – Child Development
 - Fund 14 – Deferred Maintenance
 - Fund 17 – Special Reserve for Other than Capital Outlay
 - Fund 20 – Special Reserve for Postemployment Benefits
 - Fund 40 - Capital Outlay

FORM 01 - Page 1 Excerpt

Sample COE

2024-25 First Interim
County School Service Fund
Summary - Unrestricted/Restricted
Revenues, Expenditures, and Changes in Fund Balance

55 10553 0000000
Form 011
F813GYK5TJ(2024-25)

Description	Resource Codes	Object Codes	Original Budget (A)	Board Approved Operating Budget (B)	Actuals To Date (C)	Projected Year Totals (D)	Difference (Col B & D) (E)	% Diff Column B & D (F)
A. REVENUES								
1) LCFF Sources		8010-8099	8,192,277.00	8,192,277.00	2,771,494.33	8,167,406.00	(24,871.00)	-0.3%
2) Federal Revenue		8100-8299	1,972,837.95	1,972,837.95	109,155.50	1,982,256.60	9,418.65	0.5%
3) Other State Revenue		8300-8599	6,156,104.64	6,156,104.64	1,871,094.21	6,468,209.77	312,105.13	5.1%
4) Other Local Revenue		8600-8799	9,048,638.60	9,048,638.60	2,766,702.45	9,933,734.19	885,095.59	9.8%
5) TOTAL, REVENUES			25,369,858.19	25,369,858.19	7,518,446.49	26,551,606.56		
B. EXPENDITURES								
1) Certificated Salaries		1000-1999	4,887,794.13	4,887,794.13	1,899,449.41	4,961,932.41	(74,138.28)	-1.5%
2) Classified Salaries		2000-2999	6,391,229.03	6,391,229.03	2,585,183.15	6,516,086.88	(124,857.85)	-2.0%
3) Employee Benefits		3000-3999	4,811,052.53	4,811,052.53	1,703,876.18	4,793,265.00	17,787.53	0.4%
4) Books and Supplies		4000-4999	707,846.70	707,846.70	245,542.96	780,915.79	(73,069.09)	-10.3%
5) Services and Other Operating Expenditures		5000-5999	6,200,077.79	6,200,077.79	1,585,615.52	6,652,417.81	(452,340.02)	-7.3%
6) Capital Outlay		6000-6999	1,425,001.00	1,425,001.00	514,203.93	1,430,754.00	(5,753.00)	-0.4%
7) Other Outgo (excluding Transfers of Indirect Costs)		7100-7299 7400-7499	30,955.00	30,955.00	0.00	0.00	30,955.00	100.0%
8) Other Outgo - Transfers of Indirect Costs		7300-7399	(21,818.98)	(21,818.98)	(4,588.73)	(21,818.98)	0.00	0.0%
9) TOTAL, EXPENDITURES			24,432,137.20	24,432,137.20	8,529,282.42	25,113,552.91		
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)			937,720.99	937,720.99	(1,010,835.93)	1,438,053.65		
D. OTHER FINANCING SOURCES/USES								
1) Interfund Transfers								
a) Transfers In		8900-8929	0.00	0.00	0.00	0.00	0.00	0.0%
b) Transfers Out		7600-7629	0.00	0.00	0.00	0.00	0.00	0.0%
2) Other Sources/Uses								
a) Sources		8930-8979	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	0.0%
3) Contributions		8980-8999	0.00	0.00	0.00	0.00	0.00	0.0%
4) TOTAL, OTHER FINANCING SOURCES/USES			0.00	0.00	0.00	0.00		
E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)			937,720.99	937,720.99	(1,010,835.93)	1,438,053.65		
F. FUND BALANCE, RESERVES								
1) Beginning Fund Balance								
a) As of July 1 - Unaudited		9791	18,827,850.87	18,827,850.87		18,827,850.87	0.00	0.0%
b) Audit Adjustments		9793	0.00	0.00		0.00	0.00	0.0%
c) As of July 1 - Audited (F1a + F1b)			18,827,850.87	18,827,850.87		18,827,850.87		
d) Other Restatements		9795	0.00	0.00		0.00	0.00	0.0%
e) Adjusted Beginning Balance (F1c + F1d)			18,827,850.87	18,827,850.87		18,827,850.87		
2) Ending Balance, June 30 (E + F1e)			19,765,571.86	19,765,571.86		20,265,904.52		
Components of Ending Fund Balance								
a) Nonspendable								
Revolving Cash		9711	2,000.00	2,000.00		2,000.00		
Stores		9712	0.00	0.00		0.00		

LCFF Funding for Sample COE

- Total LCFF Revenue: \$8,167,406
 - State Aid: \$6,040,058
 - Education Protection Account (EPA): \$312,179
 - Local Property Taxes: \$1,815,169

Other Revenue Sources

- Federal Revenue: \$1,982,256
- Other State Revenue: \$6,468,209
- Local Revenue: \$9,933,734
- Includes SELPA transfers, tuition, interest income, contracts

Expenditures Breakdown

- Total Expenditures: \$25,113,552
- Salaries & Benefits:
 - Certificated Salaries: \$4,961,932
 - Classified Salaries: \$6,516,086
 - Employee Benefits: \$4,793,265
- Books & Supplies: \$780,915
- Services & Operations: \$6,652,417
- Capital Outlay: \$1,430,754

Components of Ending Fund Balance

Sample COE

- **Total Ending Fund Balance: \$20,265,904**
- Non-spendable: \$2,000 (Revolving Cash)
- Lottery: \$77,672
- Restricted: \$6,675,948
- Assigned: \$13,510,284
 - Joint Powers Authority: \$11,773
 - SmileKeepers: \$213,159
 - TCSOS Bell: \$34,078
 - MC Admin Activity Fund: \$866,734
 - Maintenance/Facility Lease Mitigation: \$500,000
 - Deferred Maintenance (HVAC/Elevator/Other): \$2.25 million
 - Facility Expansion Fund: \$2.5 million
 - Declining Enrollment Impact Fund: \$1 million
 - Cash Flow: \$780,826
 - Technology Infrastructure: \$500,000
 - Innovation: \$50,000
 - Special Education (Fund 08) Cash Flow: \$645,647
- Reserve for Economic Uncertainties: \$4.16 million (Fund 01)
- Reserve for Economic Uncertainties: \$1.11 million (Fund 17)

FORM 01 - Page 2 Excerpt

Sample COE

First Interim
Components of Ending Fund Balance/Net Position

55 10553 0000000
Form CEFB:01:0000
F813GYK5TJ(2024-25)

Fund: 01 County School Service Fund Resource: 0000 Unrestricted		
Description	Object	2024-25 Projected Totals
Ending Fund Balance	979Z	13,512,284.19
Components of Ending Fund Balance		
Nonspendable		
Revolving Cash	9711	2,000.00
Stores	9712	0.00
Prepaid Expenditures	9713	0.00
All Others	9719	0.00
Restricted	9740	0.00
Committed		
Stabilization Arrangements	9750	0.00
Other Commitments	9760	0.00
Assigned		
Other Assignments	9780	9,352,217.19
0003 JOINT POWERS AUTHORITY	9780	11,773.00
0074 SMILEKEEPERS	9780	213,159.00
0094 TCSOS BELL	9780	34,078.00
0124 MC ADMIN ACTIVITY FUND	9780	866,734.00
GENERAL FUND MAINTENANCE/FACILITY LEASE MITIGATION FUND	9780	500,000.00
GENERAL FUND DEFERRED MAINTENANCE FUND (HVAC/ELEVATOR)	9780	2,250,000.00
GENERAL FUND FACILITY EXPANSION FUND	9780	2,500,000.00
GENERAL FUND DECLINING ENROLLMENT IMPACT FUND	9780	1,000,000.00
GENERAL FUND CASH FLOW CONTINGENCY FUND	9780	780,826.19
GENERAL FUND TECHNOLOGY: INFRASTRUCTURE NETWORK AND SECURITY	9780	500,000.00
GENERAL FUND INNOVATION	9780	50,000.00
0124 SPECIAL EDUCATION MC ADMIN CASH FLOW FUND	9780	645,647.00
Unassigned/Unappropriated		
Reserve for Economic Uncertainties	9789	4,158,067.00
Unassigned/Unappropriated	9790	0.00

Looking Ahead...

- California Outlook
 - 2025-26 COLA projected at 2.30% (SSC Posted 4/30/2025)
 - He intends to limit program expansion, due to uncertainty
 - Governor May Revise will be released on May 9th at 10 AM
- Federal Outlook
 - President Trump released his proposed budget calling for a 15.3% reduction in education funding compared to CY
 - Reductions exclude Special Education Programs
- Key Takeaways for Board Members
 - Monitor May Revise and federal policy updates
 - Advocate for sustained funding



Questions?



Thank You for your attention!