

GUIDE TO READING THE ANNUAL REPORT

The Annual Report is organized to clearly display how the expenditures relate to the purposes of BSEP Measure E1 of 2016.¹ Revenue is allocated to each of the purposes in accordance with the percentages specified in the measure, in separate and distinctly coded **Resources**.

Overview and Status Report

Each Resource is introduced with an **Overview** of revenue and expenditures, including salaries, benefits, supplies and other operating expenses. This brief narrative also compares the budget with actual expenditures, and explains significant variances. The overview is followed by a brief status report, providing detail on the on the projects funded by each BSEP Resource.

Revenue and Expenditures Comparison Report

Following the overview of each Resource is a **Comparison Report** which shows actual expenditures from FY 2017-18 next to the FY 2017-18 budget (revised at Second Interim, January 31, 2018), the (unaudited) actuals as of June 30, 2018, and the variance between the revised budget and actuals. This comparison report also shows a Fund Balance Analysis.

Budget, First Interim, Second Interim, and Unaudited Actuals (Closing)

Revenue is projected in February for the following fiscal year, with budget allocations initially distributed to each of the Purposes of the Measure in the percentages delineated in the BSEP Measure. Since the District receives tax revenue at various points throughout the fiscal year, First and Second Interim budgets (at October 31 and January 31 respectively) provide the opportunity to revise budgets. At the fiscal “closing” of the year on June 30, actual net revenue is recognized, and distributed to each Resource.

Indirect Costs

Each BSEP Resource, except Public Information and P&O Support (Resource 0754) is charged for Indirect Costs. The Indirect Cost rate in FY 2017-18 was 5.96%, as calculated by a formula determined by the State. The rate is applied to all expenses and transfers, and totaled \$1,446,1891. The funds are transferred to the General Fund to support the District’s common functions such as Payroll, Purchasing, Human Resources and Plant Operations.

Transfers to General Fund

Two resources, Class Size Reduction (Resource 0741) and Music, Visual and Performing Arts (Resource 0753) transferred a total of \$ 14,153,869 to the General Fund. The transfers funded 130.42 FTE to reduce class sizes and 2.32 FTE for music teachers providing General Fund release time. The transfers also supported costs associated with the increased FTE, as permitted by the Measure.

Fund Balance and Reserves

A fund balance is maintained in a central BSEP Resource for each Measure, to meet the 3% reserve required by the State. At the end of the year, the fund balance in the reserve for Measure A totaled \$100,000. This was a reduction of \$684,626 in the fund balance, with funds distributed to each Resource (according to the percentages in the Measure) and the \$100,000 balance retained for future Measure A expenditures and tax payer rebates. The reserve for Measure E1 was established at the end of the year and

¹ BSEP Measure E1, Section 8.D

ANNUAL REPORT OVERVIEW: FY 2018-19

totaled \$885,825. At closing, \$610,126 of revenue was retained in this resource to increase the reserve and to fully fund the 3% reserve for Measure E1 and offset the reduction in the Measure A reserve.