



***Buckeye Union School District  
2017-18 Proposed Budget***

***Communicating the District Budget to Staff and the  
Community***

***Presented: June 28, 2017***



# Buckeye Union School District General Information

## Board of Trustees:

Royce Gough, President  
Winston Pingrey, Clerk  
Dr. Brenda Hanson-Smith  
Kirk Seal  
Gloria Silva

## Cabinet

Dr. David Roth, Superintendent  
Jacqueline McHaney, Asst. Superintendent  
Patricia Randolph, Director, Curriculum/  
Instruction  
Nicole Schraeder, Director, Student Services



# Buckeye Union School District

## **VISION STATEMENT**

Working together with families, the community, and a highly qualified staff, the Buckeye Union School District ensures that each student masters the knowledge and skills needed to maximize his/her academic and personal success in a global society.

## **MISSION STATEMENT**

It is the mission of the Buckeye Union School District to provide the highest quality educational program for all students so that they fulfill their innate potential, become lifelong learners, and contribute to society as responsible citizens.



# Buckeye Union School District

## **BOARD GOALS**

- #1 - Student Achievement - Maximize the performance of each student in all academic areas
- #2 - Maintain fiscal integrity and accountability of the district
- #3 - Maximize the use of technology to enhance the work of students and staff
- #4 - Strengthen community relations and communications
- #5 - Promote the development of each student as a “whole” person



# Executive Summary

- By July 1st of each year, California school districts are required to adopt a budget for the subsequent fiscal year. The following has been prepared for the Board of Trustees for review and consideration for adoption as the budget for the Buckeye Union School District for the fiscal year July 1, 2017 to June 30, 2018. The numerical presentation is based on the best information available as of June 28, 2017.



# The Governor's Budget in Broad Strokes

The Governor's January 2017-18 Budget proposal included:

\$744 million for LCFF gap closure

\$422.9 million for the K-12 portion of Prop. 39 (2012) -  
Clean Energy Jobs Act

\$287 million for discretionary one-time uses

\$200 million for the Career Technical Education Incentive  
Grant (CTEIG) Program

\$93 million to support projected charter school ADA  
growth

\$58.1 million for categorical programs' cost-of-living  
adjustment  
([COLA] - 1.48%)

\$8.5 million for the Mandate Block Grant (MBG) to reflect  
the addition of the Training for School Employee  
Mandated Reporters program

\$2.4 million for county offices of education (COEs) to  
support COLA and ADA



# The Governor's Budget in Broad Strokes

## What is New Since January 2017?

### More Proposition 98

2017-18 funding up \$1.1 billion from January proposal

### LCFF\* Increases

May Revision ups the LCFF funding increase to \$1.4 billion

### Deferral Is Gone

2016-17 proposed deferral replaced by settle-up payment

### One-Time Funding Up

May Revision adds almost \$750 million to January's one-time funds, but with a twist

Note: As of June 27<sup>th</sup> Governor Brown signed the 2017-2018 State Budget – Granting \$877 million in discretionary funding, which equates to approximately \$145 per ADA.



# The Governor's Budget in Broad Strokes

## Implications for Funding

- ➡ The Administration continues to signal that the next recession is just around the corner
- ➡ The Governor was quick to point out that the current recovery is the third longest in the post-war period and if there is not a recession within the next two years it would be historic.
- ➡ However, the Budget forecast does not project a recession and, in fact, reflects continued growth over the next four years.
- ➡ The largest impact to education is the proposed suspension of the statutory Proposition 98 Test 3B supplemental appropriation of \$347 million for 2016-17, and an estimated \$867 million over the three-year period from 2018-19 through 2020-21
- ➡ Although funding reduced through this mechanism will be automatically added to the maintenance factor obligation, there are still unanswered questions on how this strategy will affect future Proposition 98 funding



# The Governor's Budget in Broad Strokes LCFF Promise

- ➡ The main premises of the Local Control Funding Formula (LCFF) when it was introduced were as follows:
  - ➡ Restoration of prerecession purchasing power to the 2007-08 level by 2020-21
  - ➡ Redistribution of funding among LEAs to fund additional services to targeted students and close the achievement gap
  - ➡ Greater local control over programs and resources



# The Governor's Budget in Broad Strokes

## LCFF Promise

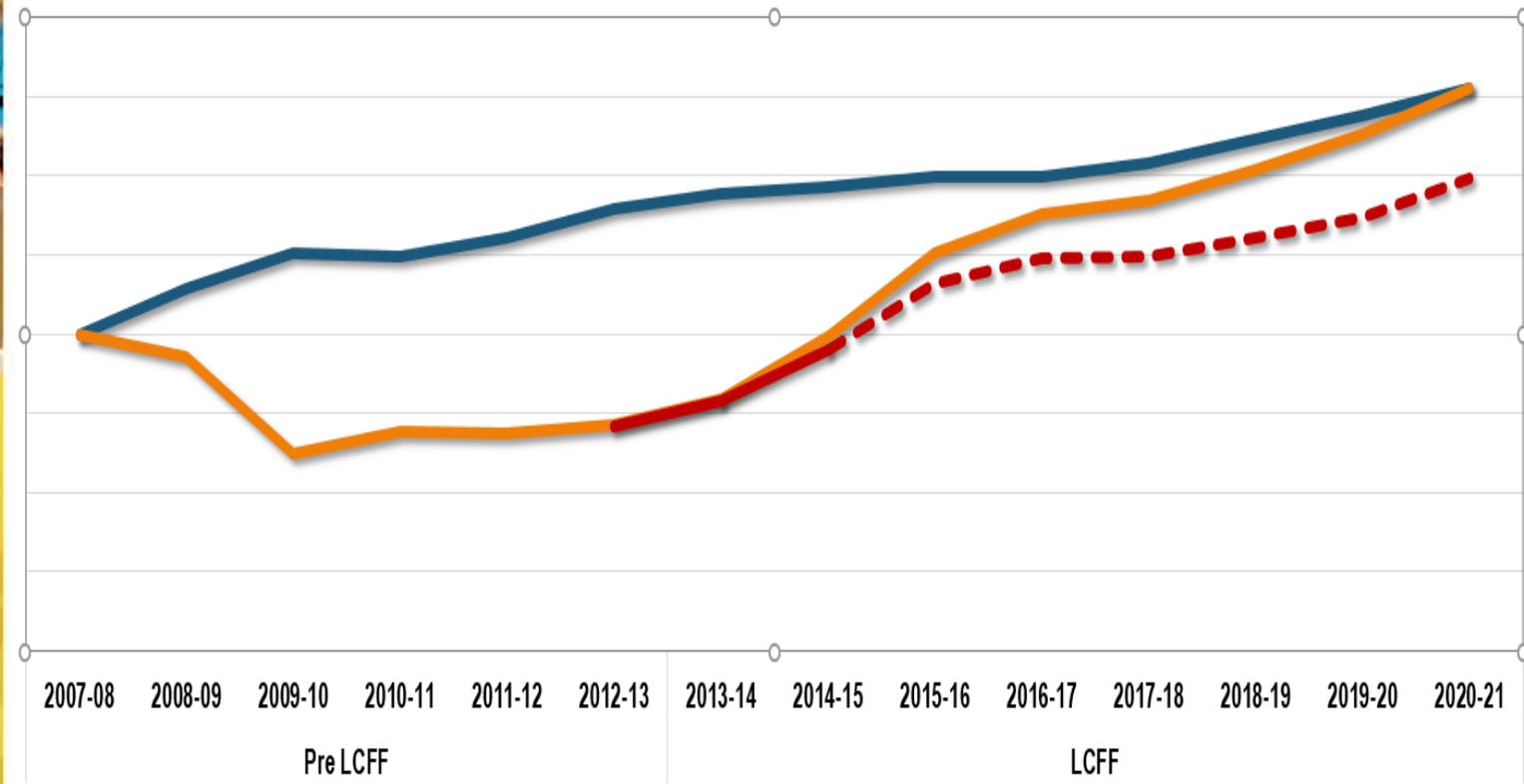
- ➡ The next couple of years will test all three of those tenets
  - ➡ Because of increased costs for California State Teachers' Retirement System (CalSTRS), California Public Employees' Retirement System (CalPERS), special education, and other nondiscretionary spending, it appears purchasing power will not be fully restored
- ➡ As funding increases slow, local agencies are finding that "local control" of budget cuts is difficult
  - ➡ Remember, the high unduplicated pupil percentage (UPP) LEAs may have gotten substantially more than other LEAs during the restoration years, but their revenue losses would also be substantially greater
  - ➡ The biggest funding crises will be in the high UPP LEAs with the highest funding per average daily attendance (ADA)

# The Governor's Budget in Broad Strokes

## Does the LCFF Promise Restore Purchasing Power?



Purchasing Power Under the LCFF



— Promise (2007-08 purchasing power)    — Actual Funding    - - - Actual Purchasing Power

# The Governor's Budget in Broad Strokes

- ➡ May Revision proposes more than \$1.4 billion for continued implementation of the LCFF, \$661 million above the January level
- ➡ New funding is estimated to close the gap between 2016-17 funding levels and LCFF full implementation targets by 43.97%
- ➡ 93% of the gap closed in the first five years
- ➡ Reaching to 97% of the targeted funding levels in 2017-18
- ➡ 1.56% COLA on the LCFF base grant targets
- ➡ 2017-18 LCFF growth provides an average increase in per-pupil funding of 2.69%, or \$249 per ADA. Individual results will vary widely. **For Buckeye Union School District the LCFF growth is approximately \$165 per ADA.**



# The Governor's Budget in Broad Strokes

## Statutory COLA

- ➔ The Governor's January Budget estimated the 2017-18 statutory COLA for K-12 education programs at 1.48%
- ➔ Based on actual Implicit Price Deflator factors available for the May Revision, the COLA increases to 1.56%
- ➔ What's the impact?
  - ➔ COLA is applied to the LCFF base grant target rate, but that doesn't directly affect LCFF growth, which is based on the funds appropriated each year for the transition to full implementation
  - ➔ Local educational agencies (LEAs) already at their LCFF target (i.e., fully implemented) will see a slight increase from January due to the modest COLA revision

# The Governor's Budget in Broad Strokes

## Statutory COLA

- The K-12 COLA is 1.56% for 2017-18, and is applied to the LCFF target base grants for each grade span

Grade Span	2016-17 Base Grant Per ADA	1.56% COLA	2017-18 Base Grant Per ADA
K-3	\$7,083	\$110	\$7,193
4-6	\$7,189	\$112	\$7,301
7-8	\$7,403	\$115	\$7,518
9-12	\$8,578	\$134	\$8,712

# The Governor's Budget in Broad Strokes

- Two grade span adjustments (GSAs) are applied as percentage increases against the adjusted base grant, also receiving the benefit of a 1.56% COLA in 2017-18
  - Grade K-3 - 10.4% increase for smaller average class enrollments
  - Grades 9-12 - 2.6% increase in recognition of the costs of Career Technical Education (CTE) coursework

Grade Span	2017-18 Base Grant Per ADA	GSA	2017-18 Adjusted Grant
K-3 (10.4%)	\$7,193	\$748	\$7,941
4-6	\$7,301	-	\$7,301
7-8	\$7,518	-	\$7,518
9-12 (2.6%)	\$8,712	\$227	\$8,939

# The Governor's Budget in Broad Strokes

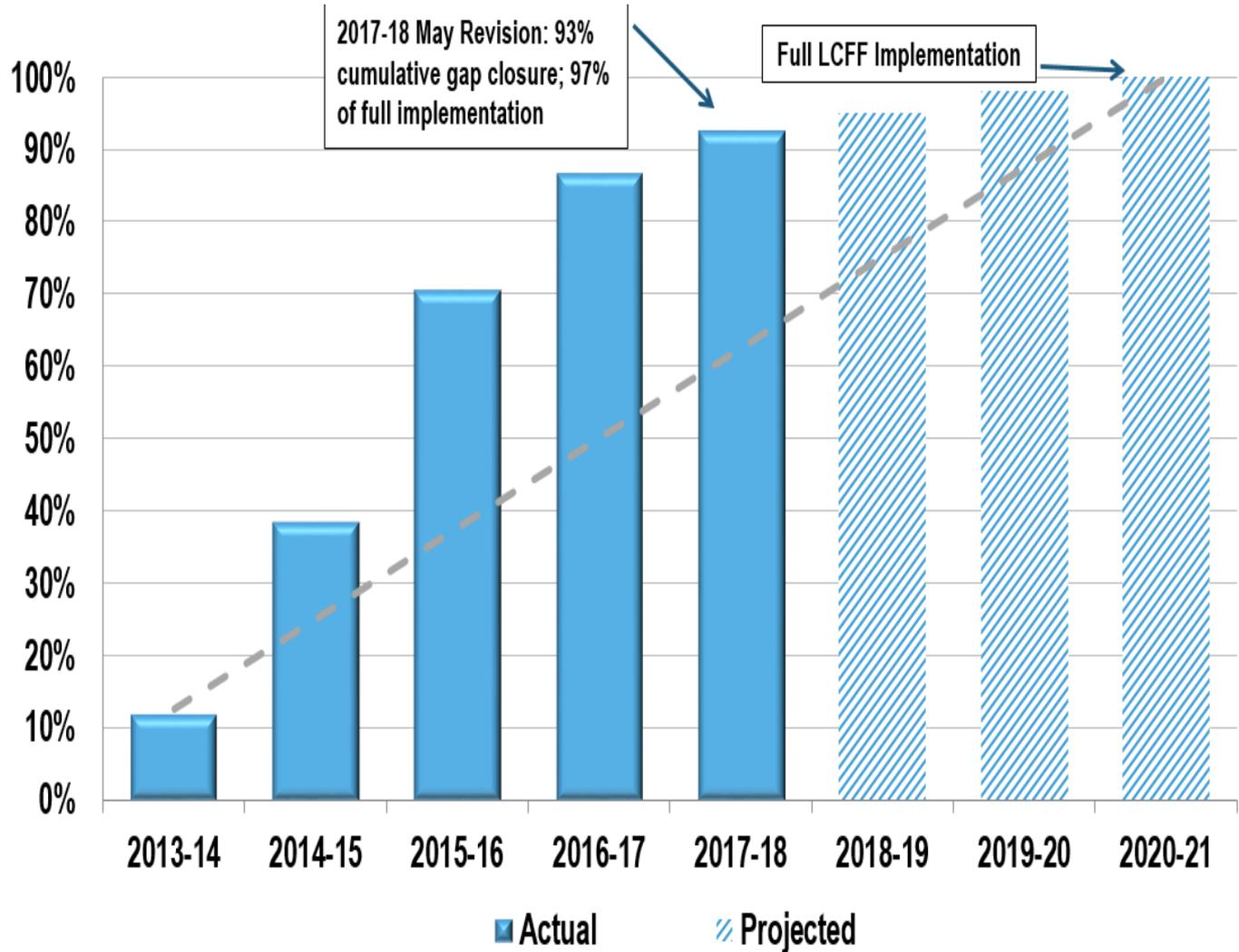
- Supplemental and concentration (S/C) grants are calculated based on the percentage of an LEA's enrolled students who are English learners (EL), free and reduced-price meal program eligible, or foster youth - the unduplicated pupil percentage (UPP)

Grade Span	2017-18 Adjusted Grants Per ADA	20% Supplemental Grant – Total UPP	50% Concentration Grant – UPP Above 55%
K-3	\$7,941	\$1,588	\$3,971
4-6	\$7,301	\$1,460	\$3,651
7-8	\$7,518	\$1,504	\$3,759
9-12	\$8,939	\$1,788	\$4,470



# The Governor's Budget in Broad Strokes

## Progress Toward Implementation





# The Governor's Budget in Broad Strokes Progress Toward LCFF Implementation - What Is Ahead When LCFF Implemented?

- ➔ At full LCFF implementation, what can Buckeye expect?
  - Base grant funding will be equalized across all LEAs
  - Supplemental and concentration grant funding will be determined by the LEA's UPP
  - Annual growth in LCFF funding will be determined by (1) the change in LEA ADA, and (2) the statutory COLA
    - In other words, minimal increases of 2% to 3% annually
- ➔ Proposition 98 funding in excess of LCFF requirements for growth and COLA?
  - Available for new or expanded categorical programs
  - Discretionary incentives to LCFF

# One-Time Discretionary Funds

- 
- ➔ The proposed Budget includes \$877 million in discretionary one-time Proposition 98 funding - Equal to about \$145 per ADA
  - ➔ The Governor suggests the one-time funds may be used to support investments in:
    - Content standards implementation, professional development, induction programs for beginning teachers, deferred maintenance, and instructional materials and technology
  - ➔ This is not a mandate and the funds can be used for any one-time purpose
    - However, any funds received will offset state obligations for any LEA with outstanding mandate reimbursements, consistent with the approach used in the 2014 and 2015 Budget Acts

# CalPERS Rate Increases

- The California Public Employees' Retirement System (CalPERS) Board adopted an employer contribution rate of 15.531% for 2017-18, almost 2% higher than the current-year rate of 13.888%
- While the new projected rates are slightly lower than those previously released by CalPERS, they are still significant annual increases that will add to the squeeze on base revenues
- CalPERS Board also adopted the contribution rate for employees subject to the Public Employees' Pension Reform Act (PEPRA)
  - Currently, PEPRA members are contributing 6%, which will increase to 6.5% for 2017-18
  - "Classic" members continue to pay 7.0%

Year	Previously Released Employer Contribution Rates	Employer Contribution Rate*
2017-18	15.8%	15.531%
2018-19	18.7%	18.1%
2019-20	21.6%	20.8%
2020-21	24.9%	23.8%
2021-22	26.4%	25.2%
2022-23	27.4%	26.1%
2023-24	28.2%	26.8%
2024-25	N/A	27.3%



# CalSTRS Rate Increases

- ➔ The Employer rates are increasing to 14.43% in 2017-18, up from 12.58% in 2016-17
  - No specific funds are provided for this cost increase
- ➔ Under Education Code Section 22950.5, once the statutory rates are achieved, the California State Teacher's Retirement System (CalSTRS) will have the authority to marginally increase or decrease the employer and state contribution rate
  - CalSTRS cannot increase rates by more than 1% in a year and cannot exceed 12% overall, until the remaining unfunded actuarial obligation is eliminated

Year	Employer	Pre-PEPRA* Employees	Post-PEPRA** Employees
2016-17	12.58%	10.25%	9.205%
2017-18	14.43%	10.25%	9.205%
2018-19	16.28%	10.25%	9.205%
2019-20	18.13%	10.25%	9.205%
2020-21	19.10%	10.25%	9.205%

# Federal Programs

➔ The May Revision contains small increases in federal funding for the major federal education programs

- Title I grant receives a \$139 million increase
  - Funding to be used to assist low-achieving students enrolled in the highest poverty schools
  - \$29.1 million is one-time funding, remaining funds are ongoing
- Special Education Local Assistance (Federal) Special Education base grants increase by \$41.3 million
  - \$5 million is one-time funding
- Migrant Education programs receive a \$14 million increase
  - Funding to be used for support services to meet the needs of highly mobile children
  - \$7 million is one-time funding

# Multiyear Projections

Planning Factor	2017-18	2018-19	2019-20
COLA (DOF)	1.56%	2.15%	2.35%
LCFF Gap Funding Percentage (DOF)	43.97%	71.53%	73.51%
STRS Employer Rates (Budget Deal)	14.43%	16.28%	18.31%
PERS Employer Rates (PERS Board)	15.531%	18.10%	20.80%
Lottery - unrestricted per ADA	\$144	\$144	\$144
Lottery - Prop. 20 per ADA	\$45	\$45	\$45
Mandated Cost Per ADA/One-Time (DOF)	\$145	0	0
Mandated Block Grants - Districts	\$28.42	\$28.42	\$28.42
Mandated Block Grants - Charters	\$14.21	\$14.21	\$14.21
Routine Restricted Maintenance	3%	3%	3%

# Challenges

→ Challenges include:

- Lower than expected growth in State revenues - slow growth in school funding: Concern that top 1% who pay one-half of all personal income taxes and all of the Proposition 30 taxes, may not be doing so well;
- Declining enrollment;
- Major changes in requirements for School Facilities Program Funding;
- Major changes in policy from Federal Government - from private school vouchers to dismantling the Affordable Health Care Act - how will this impact California;
- No funding to address the growing local obligations for CalSTRS and CalPERS;
- No new funding to address transportation;
- Special Education - Public Policy Institute of California (PPIC) and California Special Education Task Force Reports - potential changes to funding model

# Challenges

- Challenges include:
  - Expiration of E-Rate subsidy
  - Increased operational costs
  - No labor settlements have been reached for the 2017-18 school year with BTA or CSEA.





# DISTRICT BUDGET 2017-2018

A budget is a dynamic document, always subject to modification and update as we get new information. Revisions will be required following official changes to the State budget and throughout the fiscal year to incorporate on-going changes within the district. It is the implementation plan of an organization's mission and vision statement. As such, BUSD's Budget should be considered a "financial snapshot" on the date it is adopted. As variables change, it is necessary to make formal adjustments, approved by the Governing Board throughout the course of the year. The Budget reflects a financial commitment "to provide the highest quality educational program for all students so that they fulfill their innate potential, become lifelong learners, and contribute to society as responsible citizens."

**EXPECT CHANGES**



# Budget Assumptions

- LCFF - Undeficitated Base Grants - Targets
  - K-3 Base Grant: \$7,193/ADA
  - 4-6 Base Grant: \$7,301/ADA
  - 7-8 Base Grant: \$7,518/ADA
- LCFF - Grade Span Grants (CSR) - Target
  - K-3 Grade Span: \$748
- LCFF - Supplement Grants
  - Assumes Unduplicated Count of 749 Students
  - K-3 Supplemental: \$269/ADA
  - 4-6 Supplemental: \$247/ADA
  - 7-8 Supplemental: \$255/ADA
- Categoricals Rolled into LCFF Base Grants
  - District: \$3,418,687 (includes TIG and Transportation Add-On)
    - TIG: \$136,735
    - Transportation: \$550,975
  - Charter: \$96,809
- Assumes No Concentration Grants



# Budget Assumptions Cont.

- Assumes 2017-2018 Base Entitlement
  - District: \$33,203,807
  - Charter: \$ 3,588,146
- Assumes LCFF Target (Adjusted Annually for Inflation)
  - District: \$34,105,595
  - Charter: \$ 3,683,310
- Assumes 2017-2018 LCFF Gap/Target
  - District: \$901,788 (Remaining Target - After Funded Entitlement)
    - Assumes LCFF Gap Funding per ADA: \$166/ADA
  - Charter: \$95,164 (Remaining Target - After Funded Entitlement)
    - Assumes LCFF Gap Funding per ADA: \$162/ADA
- Revenue Limit Line: Assumes for 2017-2018
  - Total LCFF/EPA/TIG/Transportation for 2017-2018: \$36,626,953



# Budget Assumptions Cont.

- Assumes for 2017-2018 total District and Charter will be funded on ADA of approximately: 4558
- Assumes approximately \$667,000 in one-time monies to be used to invest in professional development, new teacher induction, technology, and implementation of Common Core standards, ELD standards and Next Generation Science Standards. These funds will offset any applicable mandate claim reimbursements for LEAs.
- Cost of Living Adjustment to categorical programs outside of LCFF - 1.56%.
- \$28/ADA for District and \$14/ADA for Charter School - Mandated Block Grant



# Budget Assumptions Cont.

- 2017-2018 Budget and MYP Assumes:
  - Step/column costs
  - Elimination of Forest Reserve funds
  - Elimination of one-time expenses
  - Increases to supply and operating expense accounts
  - Increases to technology expense accounts
  - Changes to the number of staff to support transition to common core and technology and class sizes
  - No major changes in funding estimates for federal programs. The expectation is to see relatively flat funding in 2017-2018. Once final apportionments are known, an adjustment at First Interim will be made.



# Enrollment

- ***Enrollment vs. Attendance***

Estimating enrollment is one of the most difficult tasks in developing a school district budget. *"How many students will arrive with the opening of school?"* is perhaps the single most important question asked by school district administration. With Class Size Reduction in grades Transitional K-3, the task is even more complex and imperative to ask, "At what grade level?"

- **Attendance** generates the majority of a school district's revenue but is counted only on attendance days from the first day of school through mid-April (P2). For 2017-18, the district's P2 is projected to be 4558 ADA (But, lower on the District side, which will then fund at prior year; and higher on the Charter side, which will also fund on current year).
- **Enrollment** determines the level of expenditures associated with staffing and classroom overhead costs. We must staff for students even though the child may or may not attend school every day.
- The District is projecting flat and perhaps a small increase in enrollment in 2017-2018.

# Revenue Assumptions

*WHERE DOES THE MONEY COME FROM TO OPERATE OUR SCHOOLS?*

- Revenue Sources - LCFF
  - District

	2017-2018	2018-2019	2019-2020
LCFF Base and Grade Span Target	\$ 34,105,595	\$ 33,033,826	\$ 33,787,859
LCFF Transitional Base Entitlement	\$ 32,496,122	\$ 31,664,170	\$ 32,643,870
LCFF Gap	\$ 1,609,473	\$ 1,369,656	\$ 1,143,989
LCFF Gap Funding Percentages	43.97%	71.53%	73.51%
LCFF Gap Funding	\$ 707,685	\$ 979,715	\$ 840,946
ADA Projection	3,996	3,996	3,996

- Charter:

	2017-2018	2018-2019	2019-2020
LCFF Base and Grade Span Target	\$ 3,683,310	\$ 4,099,479	\$ 4,171,362
LCFF Transitional Base Entitlement	\$ 3,588,146	\$ 4,061,200	\$ 4,142,181
LCFF Gap	\$ 169,845	\$ 134,454	\$ 110,160
LCFF Gap Funding Percentages	43.97%	71.53%	73.51%
LCFF Gap Funding	\$ 74,681	\$ 96,175	\$ 80,979
ADA Projection	462	462	462

# Revenue Assumptions Cont.

## FEDERAL REVENUES

Federal categorical program income has been adjusted based on preliminary figures received from the federal government. For 2017-18, most federal programs are expected to receive flat funding.

## LOCAL REVENUES

Special Education funding is based on the Special Education Local Plan Area (SELPA) allocation plan.

The SELPA allocation plan formula has been revised to reflect declining enrollment within the SELPA. The SELPA recommends to plan for a pro-rated deficit of \$335,000 to plan for declining enrollment.

The SELPA also recommends to plan for approximately \$200,000 in increased usage costs for DIS services in 17-18 on-going.

School donations and fundraisers are accounted for in restricted local revenue accounts.

# Revenue Assumptions Cont.

## **Special Education**

The state and federal governments continue to mandate specific levels of service for special education students however to date have not provided funding commensurate with the cost of these services. The district is required to contribute unrestricted general fund dollars to the specialized programs in order to provide the services to students mandated by law.

## **Home to School Transportation**

At the beginning of 2009-10 school year, the legislature took action to reduce the apportionment of transportation funds to district by nearly 20%. To date this funding has not been restored and further cuts have been implemented in the form of revenue limit reductions. This will result in the district having to contribute unrestricted general fund dollars to fund transportation services.



# Expenditures

## CERTIFICATED SALARIES

Overall certificated salaries are projected to increase in 2018-19 and 2019-20 reflecting primarily the cost of labor anticipated to be added to the salary schedule currently in effect (i.e., 2016-2017) and step and column and longevity increases as well as the addition of positions to maintain class sizes and transition to common core, but offset by natural attrition.

We have planned for a Transitional Kindergarten class at the William Brooks Elementary School site, Silva Valley Elementary School site, Oak Meadow Elementary School site, Blue Oak Elementary School site, and the Valley View Charter Montessori School site for the 2017-18 school year. The district will operate a minimum of five Transitional Kindergarten classes in 2017-18, with two classes being a TK/K combination class.

## CLASSIFIED SALARIES

Classified salaries are also expected to increase once labor is settled and step movement and longevity increases are implemented.

# Expenditures

## EMPLOYEE BENEFITS

Employer contributions have been adjusted to new rates and for salary increases due to step and longevity movement.

Rates for Worker's Compensation Insurance have essentially remained flat for 2017-18, but have been adjusted per carrier.

Rates for Unemployment Insurance have remained relatively flat for 2017-18, but have been adjusted per guidance.



# Other Assumptions

## Reserve Designated for Economic Uncertainties

The reserve for Economic Uncertainties reflects 3% of total expenditures and other outgo. In 2009, the Board recommended the establishment of an additional reserve for economic uncertainty of 1%.

Reserve levels will be adjusted as final information regarding funding levels in 2017-18 become known.

## Other Notations

The 2017-18 preliminary budget indicates the district has no operating deficit, but it should be noted that no labor agreements have been entered into for the 2017-2018 school year. By the end of 2018-2019 the District projects an operating deficit of approximately \$81,763, but again it should be noted that the impact of the 2017-2018 and 2018-2019 collective bargaining process is unknown at this time. By the end of 2019-2020 school year the District projects no deficit spending - this does not factor in any labor cost increases for two years and is dependent upon full LCFF Gap Funding and includes approx. \$667,000 in one-time funds in 17-18

# Expenditures Cont.

## ALL OTHER EXPENSES

- Site discretionary allocations have been adjusted for enrollment and categorical changes.
- The budget includes annual consumable costs as well as the cost of funding our current technology (i.e., computers, phones, warranties, et cetera) and planned technology purchases.
- Continued E-Rate funding and California Teleconnect discounts are also included.
- Indirect Costs are charged to Categorical Programs as allowed.



# 2017-2018 Budget



		2016-2017 Unaudited Actuals			2017-2018 Budget			Variance			
		a	b	c	d	e	f	g	h	i	
	Account	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	
1	Revenue Limit	8000	34,591,821	-	34,591,821	36,626,953	-	36,626,953	2,035,132	-	2,035,132
2	Federal Revenues	8100-8299	123,308	858,033	981,341	62,455	839,530	901,985	(60,853)	(18,503)	(79,356)
3	Other State Revenues	8300-8599	1,800,241	2,118,584	3,918,825	1,498,115	1,893,500	3,391,615	(302,126)	(225,084)	(527,210)
4	Local Revenues	8600-8799	695,119	1,767,464	2,462,583	424,813	1,727,298	2,152,111	(270,306)	(40,166)	(310,472)
5	Transfers In (Non-operational)	8900	-	-	-	-	-	-	-	-	-
6	Contributions to Restricted Programs	8980	(4,504,905)	4,504,905	-	(5,248,953)	5,248,953	-	(744,047)	744,048	-
7	TOTAL REVENUES		32,705,584	9,248,986	41,954,570	33,363,383	9,709,281	43,072,663	(657,799)	(460,295)	(1,118,093)
8											
9	EXPENDITURES										
10	Certificated Salaries	1000	17,951,755	1,919,500	19,871,255	16,861,171	1,814,725	18,675,896	1,090,584	104,775	1,195,359
11	Classified Salaries	2000	4,421,926	1,958,705	6,380,631	4,235,439	2,265,463	6,500,902	186,487	(306,758)	(120,271)
12	Employee Benefits	3000	7,062,933	2,746,940	9,809,873	7,858,209	3,090,554	10,948,764	(795,276)	(343,615)	(1,138,891)
13	Books & Supplies	4000	3,818,566	1,267,135	5,085,701	1,789,163	543,757	2,332,920	2,029,403	723,378	2,752,781
14	Services & Operating Expenses	5000	1,019,196	1,552,178	2,571,374	1,027,576	1,621,709	2,649,285	(8,380)	(69,531)	(77,911)
15	Capital Outlay	6000	280,000	-	280,000	75,000	-	75,000	205,000	-	205,000
16	Other Outgo/Transfers Out	7000 except 7300	181,031	728,559	909,590	255,378	241,460	496,838	(74,347)	487,099	412,752
17	Indirect Support	7300-7399	(131,612)	131,612	-	(131,612)	131,612	-	-	-	-
18	TOTAL EXPENDITURES		34,603,796	10,304,629	44,908,424	31,970,324	9,709,281	41,679,605	2,633,472	595,348	3,228,819
19											
20	EXCESS (DEFICIENCY) OF REVENUES										
21	OVER EXPENDITURES	(A-B)	(1,898,212)	(1,055,643)	(2,953,854)	1,393,059	-	1,393,058	(3,291,271)	(1,055,643)	(4,346,912)
22											
23	BEGINNING BALANCE, July 1		6,897,559	1,405,491	8,303,050	4,999,347	349,848	5,349,195	1,898,212	1,055,643	2,953,855
24	ACTUAL ENDING BALANCE, June 30		4,999,347	349,848	5,349,195	6,392,406	349,848	6,742,254	(1,393,059)	-	(1,393,059)
25											
26	COMPONENTS OF ENDING BALANCE										
27	<b>RESERVED</b>										
28	Revolving Cash	9711	1,000	-	1,000	1,000	-	1,000	-	-	-
29	Prepaid Expenditures	9713	32,209	-	32,209	-	-	-	32,209	-	32,209
30	<b>RESTRICTED</b>	9740	-	-	-	-	-	-	-	-	-
31	<b>DESIGNATED</b>		-	349,848	349,848	-	349,848	349,848	-	-	-
32	Required Reserve for Economic Uncertainty	9789	1,347,253	-	1,347,253	1,250,388	-	1,250,388	96,865	-	96,865
33	Board Reserve for Economic Uncertainties	9789	449,084	-	449,084	416,796	-	416,796	32,288	-	32,288
34	Additional Economic Uncertainty reserve	9789	3,169,802	-	3,169,802	4,724,222	-	4,724,222	(1,554,420)	-	(1,554,420)
35	Reserve for Clean Energy	9789	-	-	-	-	-	-	-	-	-
	Reserve for Effective Educator		-	-	-	-	-	-	-	-	-
37	Total Undesignated Amount	9789	0	0	0	0	0	0	0	0	0
38	Special Reserve Fund Balance		363,940	0	363,940	365,577	0	365,577	-1,637	0	-1,637

# Multi-Year Projections



		2017-2018 Budget			2018-2019 Projected Budget			2019-2020 Projected Budget			
		a	b	c	d	e	f	g	h	i	
	Account	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	
1	Revenue Limit	8000	36,626,953	-	36,626,953	36,540,085	-	36,540,085	37,461,997	-	37,461,997
2	Federal Revenues	8100-8299	62,455	839,530	901,985	62,455	839,530	901,985	62,455	839,530	901,985
3	Other State Revenues	8300-8599	1,498,115	1,893,500	3,391,615	831,115	1,893,500	2,724,615	831,115	1,893,500	2,724,615
4	Local Revenues	8600-8799	424,813	1,727,298	2,152,111	424,813	1,727,298	2,152,111	336,131	1,770,339	2,106,470
5	Transfers In (Non-operational)	8900			-			-			-
6	Contributions to Restricted Programs	8980	(5,248,953)	5,248,953	-	(5,214,104)	5,214,104	-	(5,472,717)	5,472,717	-
7	TOTAL REVENUES		33,363,383	9,709,281	43,072,664	32,644,364	9,674,432	42,318,796	33,218,981	9,976,086	43,195,067
8											
9	EXPENDITURES										
10	Certificated Salaries	1000	16,861,171	1,814,725	18,675,896	17,021,171	1,854,725	18,875,896	17,181,171	1,814,725	18,995,896
11	Classified Salaries	2000	4,235,439	2,265,463	6,500,902	4,310,439	2,290,463	6,600,902	4,310,439	2,265,463	6,575,902
12	Employee Benefits	3000	7,858,209	3,090,554	10,948,764	7,994,163	3,290,554	11,284,717	8,054,840	3,307,360	11,362,200
13	Books & Supplies	4000	1,789,163	543,757	2,332,920	1,789,163	543,757	2,332,920	1,789,163	543,757	2,332,920
14	Services & Operating Expenses	5000	1,027,576	1,621,709	2,649,285	1,062,576	1,671,709	2,734,285	1,082,576	1,671,709	2,754,285
15	Capital Outlay	6000	75,000		75,000	75,000	-	75,000	75,000	-	75,000
16	Other Outgo/Transfers Out	000 except 7300	255,378	241,460	496,838	255,378	241,460	496,838	255,378	241,460	496,838
17	Indirect Support	7300-7399	(131,612)	131,612	-	(131,612)	131,612	-	(131,612)	131,612	-
18	TOTAL EXPENDITURES		31,970,324	9,709,281	41,679,605	32,376,278	10,024,280	42,400,559	32,616,955	9,976,086	42,593,041
19											
20	EXCESS (DEFICIENCY) OF REVENUES										
21	OVER EXPENDITURES	(A-B)	1,393,059	-	1,393,059	268,086	(349,848)	(81,763)	602,026	-	602,026
22											
23	BEGINNING BALANCE, July 1		4,999,347	349,848	5,349,195	6,392,406	349,848	6,742,254	6,660,492	-	6,660,492
24	ACTUAL ENDING BALANCE, June 30		6,392,406	349,848	6,742,254	6,660,492	-	6,660,491	7,262,518	-	7,262,518
25											
26	COMPONENTS OF ENDING BALANCE										
27	Reserved										
28	Revolving Cash	9711	1,000	-	1,000	1,000	-	1,000	1,000	-	1,000
29	Prepaid Expenditures	9713	-		-			-			-
30	<b>RESTRICTED</b>	9740	-	349,848	349,848	-		-	-		-
31	<b>DESIGNATED</b>										
32	Required Reserve for Economic Uncertainty	9789	1,250,388	-	1,250,388	1,272,017	-	1,272,017	1,277,791	-	1,277,791
33	Board Reserve for Economic Uncertainty (	9789	416,796		416,796	424,006		424,006	425,930		425,930
34	Additional Economic Uncertainty reserve	9789	4,724,222	0	4,724,222	4,963,469	0	4,963,469	5,557,797	0	5,557,797
37	Total Undesignated Amount	9789	0	0	0	0	0	0	0	0	0
38	Special Reserve Fund Balance		365,577	0	365,577	366,327	0	366,327	367,077	0	367,077

# Special Funds

## ***CAFETERIA FUND - 13***

The current program model has been fully operational since May 2009 and overall our sales have risen dramatically. The district continues to share 50% of a Food Service Director with Rescue Union School District.

## ***DEFERRED MAINTENANCE - FUND - 14***

The proposed State budget includes funding of the state match to the Deferred Maintenance program.

Needed expenditures for major maintenance are budgeted in accordance with the district's Five Year Plan.

## ***SPECIAL RESERVE FUND -17***

Minimal interest earnings are anticipated at this time. Based on current assumptions, no transfers out are expected during the coming year.

# Special Funds

## ***BUILDING FUND - 21***

This fund is used primarily to account for the proceeds from the sale of bonds. Since the passage of Measure K in 2006, the district has completed numerous projects at nearly all sites in the district.

## ***DEVELOPER FEE FUND - 25***

Fee collections reflect the downward trend of the past year. Expenditures beyond salaries and benefits of employees to oversee new facility planning and construction reflect contract service payments associated with the development of the annual needs analysis, legal fees, COE collection fees, and District administration costs. Currently, all debt service requirements are paid in Fund 49 from Mello-Roos Special Assessments for CFD #1 and CFD #2007-1.

## ***STATE SCHOOL FACILITY - FUND - 35***

As part of SB50, districts are required to account for all state school facilities projects in a single fund. Sub-funds have been established to maintain separate accounting by project.

# Special Funds

## ***CAPITAL PROJECTS BLENDED COMPONENT UNIT FUND - 49***

This fund records transfers from the various community facilities districts (CFDS or Mello-Roos Funds) as income to offset the debt service on the 2007, 2011, and 2012 series Certificates of Participation (COPs) and capital outlay costs associated with student growth within the corresponding CFDs.

- \* CFD No. 1 repays the 2007 & 2012 COPs
- \* CFD No. 2007-1 (Blackstone) repays the 2011

COPs

## ***BOND INTEREST AND REDEMPTION FUND - 51***

This fund is used for the repayment of bonds (*Education Code* sections 15125-15262). The proceeds from the sale of the bonds are deposited and accounted for in the Building Fund (Fund 21).

# Special Funds

		Food Service	Deferred Maintenance	Special Reserve	Bond	Developer Fees	State School Building	County School Facilities	Capital Project Fund - Mello Roos	Bond Interest and Redemption
REVENUES	Account	13	14	17	21	25	31	35	49	51
1	Revenue Limit	8000	-	-	-	-				
2	Federal Revenues	8100-8299	490,570	-	-	-				
3	Other State Revenues	8300-8599	15,000	-	-	-		-	7,734	-
4	Local Revenues	8600-8799	450,000	3,580	1,637	44,564	242,558	1,839	61,700	760,000
5	Transfers In	8900	80,504	165,000	-	-	-	-	-	-
6	Contributions to Restricted Programs	8980	-	-	-	-	-	-	1,500,000	-
7	TOTAL REVENUES		1,036,074	168,580	1,637	44,564	242,558	1,839	61,700	2,267,733
8										
9	EXPENDITURES									
10	Certificated Salaries	1000	-	-	-	-				
11	Classified Salaries	2000	378,513	-	-	-	140,628			
12	Employee Benefits	3000	169,104	-	-	-	49,856			
13	Books & Supplies	4000	405,685	-	-	-	-			
14	Services & Operating Expenses	5000	82,772	-	-	-	96,202			
15	Capital Outlay	6000	-	168,580	-	142,426	28,200		60,000	1,816,837
16	Other Outgo/Transfers Out	7000 except 7300	-	-	-	-	-		-	1,552,405
17	Indirect Support	7300-7399	-	-	-	-	-		-	-
18	TOTAL EXPENDITURES		1,036,074	168,580	-	142,426	314,886	-	60,000	1,552,405
19										
20	EXCESS (DEFICIENCY) OF REVENUES									
21	OVER EXPENDITURES	(A-B)	-	-	1,637	(97,862)	(72,328)	1,839	1,700	715,329
22										
23	BEGINNING BALANCE, July 1		7,799	644,707	359,690	1,691,744	2,857,541	403,908	12,490,839	3,422,525
24	ACTUAL ENDING BALANCE, June 30		7,799	644,707	361,327	1,593,882	2,785,212	405,747	12,492,539	4,137,854
	<i>All balances are restricted or assigned</i>									



# Reserves

Education Code Section 42127(a)(2)(B) requires a statement of the reasons that substantiates the need for assigned and unassigned ending fund balances in excess of the minimum reserve standard.

Combined Assigned/Unassigned/Unappropriated Balances:

<u>Fund</u>	<u>2017-2018 Budget</u>
01 General Fund	\$ 6,742,254
02 Special Reserve Fund	\$ 365,577
Total Assigned/Unassigned:	\$ 7,107,831
District Reserve Level	4%
Less District Min. Reserve	\$ 1,667,184
Remaining Balance to Substantiate Need:	\$ 5,440,647

Reasons for Balances in Excess of Minimum Reserves:

- The need to maintain class size averages at 26:1 in TK-3 or lower;

A photograph of children looking out from a yellow bus window. The children are smiling and looking towards the camera. The bus is yellow with a pattern of circles on the side.

# Reserves

## Reasons for Balances in Excess of Minimum Reserves (Cont.)

- Increased STRS/PERS pension costs;
- Increased labor costs i.e., differential leave, increase in minimum wage, Cadillac Tax on Health Care, etc;
- Impacts of Affordable Care Act;
- Declining Enrollment;
- Labor Relations;
- Unfunded facility needs and costs;
- Impacts of AB1522 - sick leave accrual for part-time employees that were never provided with these benefits in prior years;
- Our experience from the most recent recession has clearly demonstrated that minimum levels of reserves are not sufficient to protect educational programs from severe disruption in an economic downturn - a 3% reserve in our District is approximately 2 weeks of payroll and benefits for our employees.
- Maintaining adequate reserves to allow for unanticipated circumstances and fiscal flexibility is critical to the financial solvency of the District.



# Next Steps

- Staff will attend workshops in July for additional clarity and implementation guidance.
- Staff will bring revised 2017-2018 Budget to Board in August 2017 to adjust for any material revisions, if any are required.
- Staff will continue to update and begin work on the update to the Local Control Accountability Plan in 2017-18
- Labor Relations for 2017-18
- Close Books for FY16-17
- Complete Financial Audit - October/November
- Continue Monitoring Enrollment
- Negotiations for FY17-18

# Conclusion

- District is in a Good Financial Position
- Staff Recommends that the Board Approve the Estimated Actuals (FY16-17) and Adopted Budget (FY17-18) with a Positive Certification





# Questions?



THANK YOU!



# Appendix - School Finance Glossary

*APPORTIONMENTS* : Federal or State funds distributed to school districts or other governmental units according to established formulas.

*APPROPRIATIONS* : Funds set aside or budgeted by the state or local school districts for a specific time period and specific purpose.

*ADA - AVERAGEDAILY ATTENDANCE*: The number of students present on each school day throughout the year, divided by the total number of school days in the school year. ADA approximates 96% of the average enrollment statewide. A school district's revenue limit income is based on its ADA.

*BUDGET ACT* : The legislative vehicle for the State's budget appropriations. The Constitution requires that it be passed by a two-thirds vote of each house and sent to the Governor by June 15 each year. The Governor may reduce or delete, but not increase, individual items.

*CAPITAL OUTLAY* : Amount paid for the acquisition of or addition to fixed assets including land or existing buildings, initial or additional equipment, major renovation or reconstruction, or new schools.

# Appendix - School Finance Glossary

*CATEGORICAL AID:* Funds from the State or Federal government granted to qualifying school districts for children with special needs, such as educationally handicapped or for special purposes, such as transportation. Expenditure of most categorical aid is restricted to its particular purpose.

*CERTIFICATED EMPLOYEES:* Employees who are required by the State to hold teaching credentials, including full-time, part-time, substitute or temporary teachers and most administrators.

*CLASSIFIED EMPLOYEES:* School employees who are not required to hold teaching credentials, such as secretaries, custodians, bus drivers, and some management personnel.

*COST OF LIVING ALLOWANCE (COLA):* An increase in funding tied to economic factors.

*DEFERRED MAINTENANCE:* Major repairs of buildings and equipment which have been postponed by the school district. Some matching State funds are available to districts which establish a deferred maintenance program.

# Appendix - School Finance Glossary

*DEFICITS:* Funding shortfalls which occur whenever the State appropriations are insufficient to fund local district and county entitlements.

*DIRECT SUPPORT:* Charges for support programs and services that directly benefit other programs.

*EDUCATION CODE:* The body of law which regulates education in California. Additional regulations are contained in the California Administrative Code, Titles 5 and 8, the Government Code, and general statutes.

*ENDING BALANCE:* The ending balance is made up of the resources that are required or remain after expenditures are deducted from the total budget amount.

*FTE -FULL TIME EQUIVALENT:* Term used to indicate an employee or combination of employees working an equivalent number of hours per day or per week to constitute a full-time position.

# Appendix - School Finance Glossary

*INDIRECT SUPPORT* : Charges for routine services which are not performed for a specific program, but which benefit many programs. These costs are allocated per a State formula to the programs that benefit from them.

*MANDATED COSTS* : School district expenditures which occur as a result of Federal or State law, court decisions, administrative regulations, or initiative measures.

*MASTER PLAN FOR SPECIAL EDUCATION*: California categorical program for the education of all handicapped children, originally enacted in 1980 and amended frequently since then.

*PROPOSITION 13 (1978)* An initiative amendment passed in June 1978 adding Article XIII A to the California Constitution. Tax rates on secured property are restricted to no more than 1% of full cash value. Proposition 13 also defined assessed value and required a two-thirds vote to change existing taxes or levy other new taxes.

*PERS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM*: State retirement program for non-certificated employees. State law requires that classified employees, school districts, and the State contribute to the Public Employees' Retirement System.

# Appendix - School Finance Glossary

*RESERVES:* Funds required by law to be maintained in a school district budget from year to year to provide for future expenditures or to offset future losses, for working capital, or for other purposes.

*SCHOOL SITE COUNCIL:* Parents, students, teachers, and other staff selected by their peers to prepare a school plan and to assist in seeing that the planned activities are carried out and evaluated.

*SELPA :* Special Education Local Plan Area. Several districts combine resources to serve the needs of the Special Education students more efficiently than can be accomplished individually.

*SECOND PRINCIPLE APPORTIONMENT:* The second statutory date (June 25) by which the Department of Education must recalculate district and county funding entitlements.

*SECURED ROLL TAXES:* Local taxes based upon the assessed value of stationary property, such as land and buildings.

*SHORTFALL:* An insufficient allocation of money, requiring an additional appropriation or resulting in deficits.

# Appendix - School Finance Glossary

*SPECIAL EDUCATION:* Programs to identify and meet the educational needs of exceptional children, such as those with learning or physical handicaps. Federal law PL 94-142 requires that all handicapped children between 3 and 21 years be provided free and appropriate education.

*STRS - STATE TEACHERS RETIREMENT:* State retirement program for certificated employees. State law requires certificated employees, school districts, and the State to contribute to the State Teachers' Retirement System.

*TITLE I:* Title I is a Federal grant for integrating programs that teach to the highest level of achievement attainable. Distribution reflects a greater concentration of funds in lower income areas.