



BUCKEYE UNION SCHOOL DISTRICT

2018-19 Proposed Budget Report



Presented to the Board of Trustees

Public Hearing – June 13, 2018

Adoption – June 27, 2018

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**BUCKEYE UNION SCHOOL DISTRICT
EL DORADO HILLS/CAMERON PARK/SHINGLE
SPRINGS, CALIFORNIA**

ORGANIZATION STRUCTURE

BOARD OF TRUSTEES

<u>Member</u>	<u>Position</u>
Winston Pingrey	President
Brenda Hanson-Smith, Ph.D.	Clerk
Royce Gough	Member
Kirk Seal	Member
Gloria Silva	Member

ADMINISTRATION

David Roth, Ph.D.
Superintendent

Jacqueline S. McHaney
Assistant Superintendent, Administrative Services

Nicole Schraeder
Director of Student Services

Patricia Randolph
Director of Curriculum and Instruction

BUCKEYE UNION SCHOOL DISTRICT

Mission/Vision Statement & Goals 2018-2019

Mission

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.

Vision

It is the Vision 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.

Board Goals and Objectives



Goal # 1: STUDENT ACHIEVEMENT - MAXIMIZE THE PERFORMANCE OF EACH STUDENT, ASSESS AND INCREASE ACADEMIC SUCCESS

We will provide a comprehensive educational experience with expanded opportunities for engagement, assessment and academic growth so that all students will achieve their fullest potential.

Goal # 2: MAINTAIN FISCAL INTEGRITY AND ACCOUNTABILITY

We will support the priority of the District goals by focusing expenditures on academic programs, student achievement and effective staff by developing and maintaining a balanced budget and prudent reserve.

Goal #3: MAXIMIZE USE OF TECHNOLOGY TO ENHANCE THE WORK OF STAFF

We will support the priority of the District goals by focusing on maintaining and using data management systems to target teaching programs, inform instruction, interventions, and use of resources.



Goal #4– STRENGTHEN COMMUNITY RELATIONS AND COMMUNICATIONS

All stakeholders will collaborate and communicate about decisions that guide the sites and District.



Goal #5 – SUPPORT THE WHOLE CHILD

We will foster the social and emotional growth of all students, implement an array of strategies to increase student engagement, identify individual socioemotional and behavioral needs, and apply collaborative appropriate interventions.

Buckeye Union School District
2018-19 Proposed Budget Report and Multiyear Fiscal Projection
Public Hearing – June 13, 2018
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Local Educational Agencies (LEAs) are required to adopt a budget prior to July 1 of each year in order to authorize the expenditure of funds. The proposed budget is only an initial blueprint for revenues and expenditures since the preparation of the adopted budget occurs before the State has enacted its budget, and before actual revenues and expenditures are known for the current year. In the event that material revisions are necessary, a revised budget will be presented to the Board no less than 45 days after the enacted state budget.

Illustrated below is a summary of the proposed state budget and budget guidelines as provided by the County Office of Education and School Services of California. The Proposed Budget Report also contains financial summaries, multi-year projections and detailed financial state reports relating to the estimated financial activity for 2018-19 through 2020-21 specific to the Buckeye Union School District.

Governor’s Revised State Budget Proposal “May Revision”

The Governor’s May Revision proposes to use a combination of increased one-time and ongoing resources to further advance the core priorities of the Administration—paying down debts owed to schools and fully funding the Local Control Funding Formula.

The May Revision reflects a nearly \$8 billion increase in State revenues over a three-year period compared to the Governor’s January proposal. The three major sources of State revenues - personal income tax, corporation tax and sales tax are all up since January, by \$4.4 billion, \$2.5 billion and \$744 million, respectively. Overall, total State general fund revenues are projected to be \$132.8 billion in 2017-18 and \$138.3 billion in 2018-19. *However, unlike previous years, this increase does not translate to a significant bump in education funding.* While the May Revision doesn’t anticipate a recession, it does acknowledge and plan for economic risks. The U.S. real gross domestic product growth is projected at 3% in 2018 and 2019, falling to 1.9% starting in 2020. As expected, the Proposition 98 minimum guarantee remains relatively flat from the Governor’s Budget despite the significant infusion of state General Fund revenues due to Proposition 98 Test 3 status. Therefore, the 2018-19 minimum guarantee is only increased to \$78.4 billion from \$78.3 billion proposed in the January Budget.

Illustrated below are the major components of the May Revision:

- Cost of Living Adjustment (COLA) is estimated to be 2.71%, which is up from 2.51% that was projected in January. Additionally, the Governor proposes a small augmentation above the statutory COLA, bringing the total to a 3.00% increase to the Local Control Funding Formula (LCFF) base grant target rates.
- As contained in his January budget proposal, the Governor plans to fully fund the LCFF back to 2007-08 funding levels adjusted for COLA.
- Over \$2 billion in one-time discretionary funds, equaling about \$344/ADA.

- Continues the proposed ongoing \$200 million increase to Career Technical Education that was discussed in the January budget proposal, while clarifying some of the grant requirements.
- In acknowledgement of the ongoing educator shortage, proposes \$100 million in one-time funds for special education teacher recruitment and retention.
- Includes a one-time \$11.8 million proposal to increase federal funds to support an Early Math Initiative to provide early math resources to teachers, and provide early math learning opportunities for preschool and kindergarten children.
- Includes a \$13.3 million one-time investment to create the Community Engagement Initiative to build the capacity of LEAs to effectively engage their communities with the goal of improving student success.
- Continues the Governor’s proposal from the January budget, to encourage fiscal transparency by requiring LEAs to show in their LCAP how supplemental dollars are spent to increase and improve services to high-need students.

LCFF Gap Funding and Cost-of-Living-Adjustment (COLA):

Funding for the Local Control Funding Formula (LCFF) increased by \$320 million over January, and is expected to bring the formula to 100% of full implementation in 2018-19.

Further, the Legislative Analyst Office estimates that the increase in the cost-of-living adjustment from 2.51% estimated in January to the statutory level of 2.71% established in the May Revise, along with the augmentation to the formula which results in a 3.0% increase, will cost an additional \$277 million for the State. Illustrated below is a comparison of the gap funding percentages and COLA percentages from last year’s enacted budget through the current May Revise.

Description	2017-18	2018-19	2019-20	2020-21
LCFF Gap Funding % – Enacted (June 2017)	43.19%	66.12%	64.92%	100%
LCFF Gap Funding % – Proposed (January 2018)	44.97%	100% (Target)	N/A (Target)	N/A (Target)
LCFF Gap Funding % – Revised (May 2018)	45.17%	100% (Target)	N/A (Target)	N/A (Target)
Annual COLA – Enacted (June 2017)	1.56%	2.15%	2.35%	2.57%
Annual COLA – Proposed (January 2018)	1.56%	2.51%	2.41%	2.80%
Annual COLA – Revised (May 2018)	1.56%	2.71%*	2.57%	2.67%

**Statutory COLA is 2.71%; however, LCFF base grants and grade span adjustments have increased 3.0% due to the Governor’s .29% proposed augmentation.*

Supplemental and Concentration Grants: Education Code Section 42238.02 increases the LCFF base grant by a supplemental grant and a concentration grant. These are determined by LEA’s unduplicated count of pupils who are eligible for free and reduced price meals, and/or who are classified as English Learners, or as Foster Youth.

The Superintendent of Public Instruction will annually compute the percentage of unduplicated count using the criteria above, utilizing data reported through the California Longitudinal Pupil Achievement Data System (CALPADS). A pupil who is identified in more than one category will only be counted once in determining the unduplicated pupil count. This data is subject to annual review and validation by the county office of education and is subject to audit under the state audit guidelines.

The Buckeye Union School District's unduplicated pupil count for 2018-2019 is projected to be approximately 17.61%. The District does not receive any concentration grant funding.

Local Control Accountability Plans: Effective 2013-14, the LCFF relies on the use of accountability plans in shifting control of LEA budgets from the state to the local level. Therefore, school districts and county offices of education (COEs) are required to adopt a Local Control and Accountability Plan (LCAP) using a template adopted by the State Board of Education (SBE).

It is required that the LCAP be effective for three years (updated annually), and include annual goals for pupils (including each subgroup of pupils) to be achieved for state and local priorities, as well as identify the specific actions the school district, or COE, will take during each year of the plan to achieve specified goals. Beginning with fiscal year 2017-18, the LCAP is a three-year static plan, which will result in the current year adoption and one subsequent adoption encompassing the same three-year cycle (2017-18 through 2019-20).

Prior to adopting or updating the LCAP, a district must provide the public and parent advisory committees (includes EL parent advisory committees) an opportunity to review and comment on the proposed LCAP. In addition, a district must hold at least one public hearing to solicit public comments regarding the LCAP, and must adopt the LCAP at a subsequent public meeting. Further, the LCAP must be adopted before the budget is adopted.

The Buckeye Union School District held a public hearing on June 13, 2018 for the Buckeye Union School District LCAP, the Valley View Charter Montessori School LCAP and the Buckeye Union Mandarin Immersion Charter School LCAP.

As noted above, the Governor proposes improving transparency by requiring districts to illustrate that their supplemental expenditures enable them to meet specific LCAP goals by showing how supplemental dollars are spent to increase and improve services to high-need students.

K-12 One-Time and Block Grant Mandate Funding: The Governor's May Revise includes over \$2 billion in one-time discretionary funds for districts, which results in approximately \$344 per ADA. This is a \$50 increase per ADA from January's proposal. Again, the Governor plans to use these funds to directly offset any unreimbursed state mandate claims. Whether or not these dollars end up being included as additional LCFF funds or even in special education augmentation, they should be available for funding in 2018-19.

Routine Restricted Maintenance Account

Due to the passage of Proposition 51, any local educational agency that applies for state bond funds and receives a Proposition 51 apportionment by the State Allocation Board (SAB) would be subject to conditions set forth by the bond measure. The Proposition 51 ballot initiative contained language

that the School Facility Program (SFP) is administered as it existed on January 1, 2015 that includes the provision of contributing the full three percent of General Fund expenditures and financing uses into the routine restricted maintenance account (RRMA). This requirement, however, does not apply to projects funded by Propositions 1A, 47, and 55 as those bond measures did not contain similar language.

Therefore, districts would either be required to contribute the three percent of General Fund expenditures and financing uses after receiving School Facility Program (SFP) Proposition 51 funding, or continue to follow the guidance of AB 104 and gradually increase their contributions. The Buckeye Union School District contributes the 3%.

Reserves

County offices as well as other well-respected school finance experts continue to reinforce the need for reserves in excess of the minimum reserve for economic uncertainty. The required reserve for economic uncertainty represents only a few weeks of payroll for most districts, including BUSD. The Government Finance Officers Association recommends reserves, at minimum, equal to two months of average general fund operating expenditures, or about 17%. In determining an appropriate level of reserves, districts should consider multiple external and local factors including but not limited to:

- State and federal economic forecasts and volatility
- Unknown impacts of federal tax reform on state revenue
- Forecasted revenue changes versus projected expenditure increases in budget and multiyear projection years
- Ending balance impact of various district enrollment scenarios
- Cash flow requirements and the relationship between budgeted reserves and actual cash on hand
- Savings for future one-time planned expenditures
- Protection against unanticipated/unbudgeted expenditures
- Credit ratings and long-term borrowing costs

A prudent reserve affords districts and their governing boards time to thoughtfully identify and implement budget adjustments over time. Inadequate reserves force districts to react quickly, often causing significant disruption, sometimes unnecessarily, to student programs and employees.

The Governor's May Revise assumes continued economic expansion, yet the Governor continues to stress that fiscal restraint has never been more important. By the end of 2018-19, the expansion will have matched the longest since World War II. To buffer the state against uncertainty and future budget cuts, the Governor proposes to fund the State's Rainy Day Fund in 2018-19 at 100% of its constitutional target (10% of expenditures), bringing total state reserves to approximately \$18.2 billion. It's important for districts to recognize the Rainy Day Fund is designed to protect the non-Proposition 98 side of the state budget and, when fully funded, will delay possible cuts for districts that might otherwise be necessary during an economic downturn. According to the Governor, even a mild recession could result in lost revenue of \$20 billion annually, and recovery takes years.

The district reserve cap is not operable in the current year or in 2018-19 and is not expected to be operable in 2019-20. SB 751 modified Education Code 42127.01 (the district reserve cap), and these changes became effective January 1, 2018. The Public School System Stabilization Account (PSSSA) must now contain a balance of 3% or greater of the Proposition 98 amount in that year to trigger the reserve cap in the following year. Reserves would be capped at 10% (including designated and undesignated reserves in the General Fund (Fund 01) and Special Reserve Fund (Fund 17)) as long as the amount in the PSSSA remained at 3% or greater of the Proposition 98 amount in each preceding year. Basic aid and small school districts (those with fewer than 2,501 ADA) are exempt from the reserve cap. The four conditions that must be met to enable a transfer to the PSSSA are:

1. Proposition 98 is funded based on Test 1
2. Proposition maintenance factor is fully repaid
3. Proposition is sufficient for enrollment growth and statutory COLA
4. At least 8% of state general fund revenues must come from capital gains.

The likelihood of the reserve cap becoming operable in future years remains low but if this does come to pass, districts have the option to request a waiver from the county superintendent of schools for up to two consecutive years in a three-year period. Districts are advised to manage and maintain prudent reserves without consideration of the reserve cap language included in Education Code 42127.01.

2018-19 Buckeye Union School District Primary Budget Components

- ❖ Average Daily Attendance (ADA) is estimated at 4,644.55 (3,985.88 Traditional and 658.67 Charter)
 - Due to a decline in enrollment the funded ADA will be based on the prior year adjusted ADA of 4,195.56 Traditional and current year ADA of 658.67 Charter, for a total ADA of 4,854.23
- ❖ The District's estimated unduplicated pupil percentage for supplemental funding is estimated to be 17.61%. Due to the low percentage, the District does not receive any concentration funding. The percentage will be revised based on actual data.
- ❖ Lottery revenue is estimated to be \$146 per ADA for unrestricted purposes and \$48 per ADA for restricted purposes.
- ❖ Mandated Cost Block Grant is \$31.16 for K-8 ADA – traditional schools and \$16.33 for K-8 ADA - Charter schools.
- ❖ STRS Employer Statutory Rates (statute until 2020-21) 16.28% in 2018-19; 18.13% in 2019-2020 and 19.10% in 2020-2021.
- ❖ PERS Employer Projected Rates (April 17, 2018) 18.062% in 2018-19; 20.8% in 2019-2020 and 23.5% in 2020-2021.

further adjustments will be made at first interim, once the details of the signed budget are enacted.

- ❖ Except as illustrated under Contributions to Restricted Programs, all federal and state restricted categorical programs are self-funded.

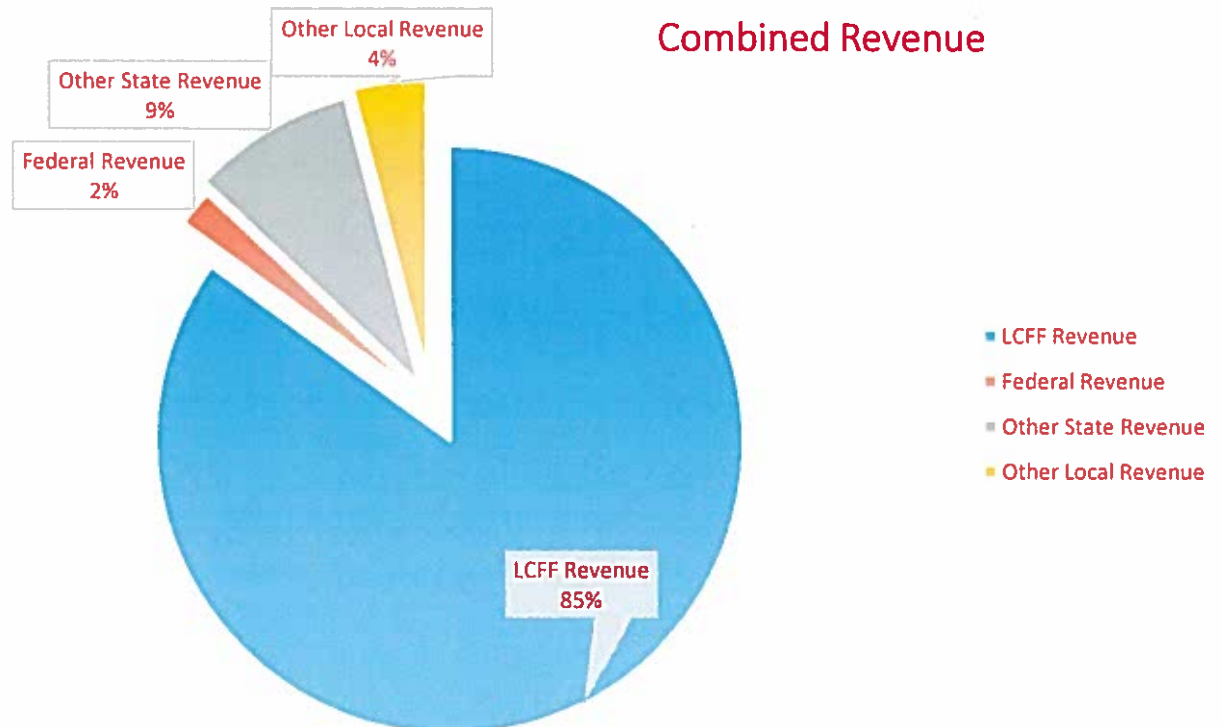
General Fund Revenue Components

The District receives funding for its general operations from various sources. A summary of the major funding sources is illustrated below:

2018-2019

Description	Unrestricted	Combined
General Purpose Revenue (LCFF)	\$38,170,211	\$38,170,211
Federal Revenues	\$62,455	\$858,954
Other State Revenues	\$2,116,059	\$4,017,299
Other Local Revenues	\$474,813	\$2,109,345
Transfers In & Indirect Cost Recaptures	\$0	\$0
Contribution to Restricted Programs	(\$5,754,405)	
TOTAL	\$35,069,133	\$45,155,809

Following is a graphical representation of revenue by percentage:



Education Protection Account

As approved by the voters on November 6, 2012, The Schools and Local Public Safety Protection Act of 2012 (Proposition 30) temporarily increased the State’s sales tax rate and the personal income tax rates for taxpayers in high tax brackets.

The creation of Proposition 30 provides that a portion of K-14 general purpose funds must be utilized for instructional purposes. Revenues generated from Proposition 30 are deposited into an account called the Education Protection Account (EPA). The District will receive funds from the EPA based on its proportionate share of statewide general purpose funds. A corresponding reduction is made to its state aid funds.

K-14 local agencies have the sole authority to determine how the funds received from the EPA are spent, but with these provisions:

- The spending plan must be approved by the governing board during a public meeting
- EPA funds cannot be used for the salaries or benefits of administrators or any other administrative costs (as determined through the account code structure)
- Each year, the local agency must publish on its website an accounting of how much money was received from the EPA and how the funds were expended

Further, the annual financial audit includes verification that the EPA funds were used as specified by Proposition 30. If EPA funds are not expended in accordance with the requirements of Proposition 30, civil or criminal penalties could be incurred.

Illustrated below is how the District’s EPA funds are appropriated for 2018-19. The amounts will be revised throughout the year based on information received from the State.

Education Protection Account (EPA) Budget 2018-19 Fiscal Year	
Description	Amount
BEGINNING BALANCE	\$0
BUDGETED EPA REVENUES: <i>Estimated EPA Funds</i>	\$5,757,802
BUDGETED EPA EXPENDITURES: <i>Certificated Instructional Salaries and Benefits</i>	\$5,757,802
TOTAL	\$5,757,802
ENDING BALANCE	\$0

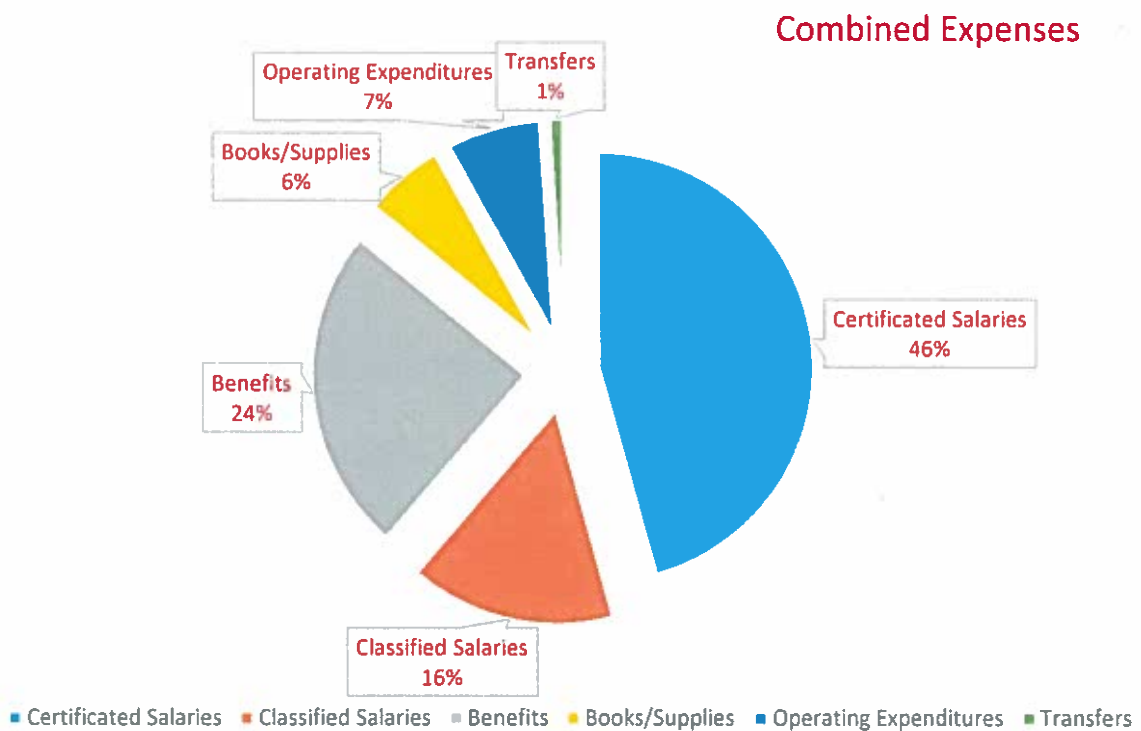
Subsequently, on November 8, 2016, the voters approved the California Children’s Education and Health Care Protection Act (Proposition 55) that maintains increased personal income tax rates for taxpayers in high tax brackets through 2030. Proposition 55 did not extend the sales tax increase; therefore, the temporary sales tax increase expired at the end of calendar year 2016.

Operating Expenditure Components

The General Fund is used for the majority of the functions within the District. As illustrated below, salaries and benefits comprise of approximately 86% of the District's unrestricted budget, and combined General Fund budget.

Description	Unrestricted	Combined
Certificated Salaries	\$18,039,814	\$20,082,850
Classified Salaries	\$4,558,156	\$6,863,786
Benefits (Payroll Taxes, STRS/PERS and Health & Welfare Contributions)	\$7,567,194	\$10,800,473
Books and Supplies	\$2,241,643	\$2,722,387
Other Operating Expenditures	\$1,277,523	\$3,119,232
Capital Outlay	\$50,298	\$50,298
Transfers-Out & Other Outgo (Excludes Indirect Cost Recaptures)	\$471,852	\$522,517
Indirect Support	(\$131,612)	
TOTAL	\$34,074,867	\$44,161,543

Following is a graphical representation of expenditures by percentage:



General Fund Contributions to Restricted Programs

The following contributions of unrestricted resources to restricted programs are necessary to cover restricted program expenditures in excess of revenue:

Description	Amount
Restricted Maintenance Account	\$1,431,907
Special Programs – Special Education	\$4,177,936
Special Programs - ERMHS	\$144,562
TOTAL CONTRIBUTIONS	\$5,754,405

General Fund Summary

The District’s 2018-19 General Fund projects revenue in excess of expenses of \$994,226 resulting in an estimated ending fund balance of approximately \$7 million. The components of the District’s fund balance are as follows:

Description	Amount
Revolving Cash	\$1,000
Restricted	\$723,842
3% Reserve for Economic Uncertainties	\$1,324,846
1% Board Reserve for Economic Uncertainties	\$441,615
Additional Economic Uncertainty Reserve	\$4,522,304
TOTAL	\$7,013,607

Cash Flow

The District is anticipating having positive monthly cash balances during the 2018-19 school year. Cash is always closely monitored in order to ensure the District is liquid to satisfy its obligations.

Fund Summaries

Illustrated below is a summary of each Fund’s fund balance and corresponding change.

FUND	2018-19 Beginning	Est. Net Change	2018-19 Ending
GENERAL (UNRESTRICTED & RESTRICTED) – Fund 01	\$6,019,340	\$994,267	\$7,013,607
FOOD SERVICE – Fund 13	\$58,454	(\$)	\$58,454
DEFERRED MAINTENANCE – Fund 14	\$286,253	(\$)	\$79,613
SPECIAL RESERVE – Fund 17	\$367,462	\$2,500	\$369,962
DEVELOPER FEE – Fund 21	\$2,179,743	\$323,972	\$2,503,715

BUILDING FUND – Fund 35	\$820,357	\$2,611,700	\$3,432,057
CAPITAL FACILITIES – Fund 49	\$4,112,868	(\$2,737,266)	\$1,375,602
BOND INTEREST & REDEMPTION – Fund 51	\$1,142,272	\$78,417	\$1,220,689
TOTAL	\$14,986,749	\$1,273,590	\$16,053,699

Multiyear Projection

General Planning Factors:

Illustrated below are the latest factors released by the Department of Finance (DOF) that districts are expected to utilize as planning factors:

<i>Planning Factor</i>	<i>Fiscal Year</i>			
	2017-18	2018-19	2019-20	2020-21
COLA (DOF)	1.56%	2.71%*	2.57%	2.67%
LCFF Gap Funding Percentage (DOF)	45.17%	100%	100%	100%
STRS Employer Rates	14.43%	16.28%	18.13%	19.10%
PERS Employer Rates (PERS Board / Actuary)	15.531%	18.062%	20.80%	23.50%
Lottery – unrestricted per ADA	\$146	\$146	\$146	\$146
Lottery – Prop. 20 per ADA	\$48	\$48	\$48	\$48
Mandated Cost per ADA / One Time Allocations (DOF)	\$147	\$344	\$0	\$0
Mandate Block Grant for Districts: K-8 per ADA	\$30.34	\$31.16	\$31.16	\$31.16
Mandate Block Grant for Districts: 9-12 per ADA	\$58.25	\$59.83	\$59.83	\$59.83
Routine Restricted Maintenance Account <i>GF = Percentage of total general fund expenditures & financing uses</i> <i>(Note: LEAs receiving School Facility Program (SFP) Prop. 51 funding, the RRMA requirement reverts to 3% of total General Fund expenditures and financing uses after the receipt of the SFP funds.)</i>	Lesser of: 3%GF or 2014-15 Amount	Greater of: Lesser of 3%GF, 2014-15 Amount or 2%GF	Greater of: Lesser of 3%GF, 2014-15 Amount or 2%GF	3% of Total General Fund Expenditures & Uses
<i>*Statutory COLA is 2.71%; however, LCFF base grants and grade span adjustments have increased 3.0% due to the Governor's .29% proposed augmentation.</i>				

Various aspects of the planning factors illustrated above will be further discussed below with the District's specific revenue and expenditure assumptions.

Revenue Assumptions:

Illustrated below is a comparison of the estimated gap funding factors for DOF and School Services of California (SSC):

Description	2017-18	2018-19	2019-20	2020-21
COLA (DOF & SSC)	1.56%	2.71%*	2.57%	2.67%
LCFF Gap Funding Percentage (DOF & SSC)	45.17%	100%	100%	100%

*Statutory COLA is 2.71%; however, LCFF base grants and grade span adjustments have increased 3.0% due to the Governor's .29% proposed augmentation.

Per enrollment data and trends, the District anticipates enrollment to decrease for the current and two subsequent years in its traditional school, but increase for the current and two subsequent years for its Charter School programs. The Local Control Funding Formula is estimated to be adjusted per Department of Finance's estimates of COLA and being funded at the District's LCFF Target. Federal and local revenue is expected to remain relatively constant for subsequent years. State revenue is expected to decline in 2019-20 due to the loss of one-time mandate funds and remain constant thereafter.

Expenditure Assumptions:

On December 21, 2016, the California Public Employees' Retirement System (CalPERS) Board took action to approve lowering what is known as the "discount rate" from 7.5% to 7.0% over three years beginning in 2019-20. This action effectively lowers what CalPERS projects will be the annual rate of return on its entire investment portfolio (i.e. investment return percentage). Illustrated below are the actual *CalPERS* rates through 2018-19 and projected rates through 2023-24.

Description	2017-18 Actual	2018-19 Projected	2019-20 Projected	2020-21 Projected	2021-22 Projected	2022-23 Projected	2023-24 Projected	2024-25 Projected
Rates @ 17-18 2nd Interim	15.531%	17.700%	20.00%	22.70%	23.70%	24.30%	24.80%	25.10%
Rates @ 18-19 Proposed	15.531%	18.062% (Actual)	20.80%	23.50%	24.60%	25.30%	25.80%	26.00%

Assembly Bill 1469 (CalSTRS full-funding plan) increased the contribution rates that employers, employees and the State pay to support the California State Teachers' Retirement System (CalSTRS). Similar to CalPERS, the CalSTRS Board lowered its assumed rate of return on its investment portfolio from 7.5% to 7.0% and adopted new demographic assumptions. Under Assembly Bill (AB) 1469 both state and employer contribution rates may be increased by the CalSTRS Board in order to maintain the goal of reaching full funding of the retirement system by 2046.

Current law increases contribution rates to a maximum of 19.1% beginning July 1, 2020. Further, under Education Code Section 22950.5, CalSTRs will have the authority to increase or decrease the employer and state contribution rates. However, the rates may not be increased by more than one percent in a year and cannot exceed 12% overall until the remaining unfunded actuarial obligation is eliminated. In addition, new CalSTRS members (hired after January 1, 2013) are required to pay at least half of the normal cost of the DB program; thus, these members' contributions increased by 0.5% effective July 1, 2017.

Illustrated below are the statutory *CalSTRS* rates through 2020-21 and maximum rates from 2021-22 through 2023-24:

Description	2017-18 Actual	2018-19 Actual	2019-20 Projected	2020-21 Projected	2021-22 Projected	2022-23 Projected	2023-24 Projected	2024-25 Projected
Statutory Rates	14.43%	16.28%	18.13%	19.10%	20.10% (Max.)	20.25% (Max.)	20.25% (Max.)	20.25% (Max.)

Therefore, adjustments to benefits reflect the effects of salary changes noted above, expected increases to employer pension costs, and projected H&W benefit costs.

Supplies and services are expected to remain relatively constant for subsequent years. Capital outlay activity for the current and subsequent years is based on estimated equipment needs relating to transportation bus grants. Indirect costs and transfers-out are expected to remain constant.

Estimated Ending Fund Balances:

During 2019-20, the District estimates that the General Fund is projected to end the year with approximately \$151,000 resulting in a projected General Fund ending balance of approximately \$6.4 million.

During 2020-21, the District estimates that the General Fund is projected to end the year with approximately \$903,272 resulting in a General Fund balance of approximately \$7.3 million.

Illustrated below are the estimated components of the General Fund ending balance for the current year and two subsequent years. It is important to note, however, that the District has not reached labor settlements for the 2019-20 and 2020-21 school years.

GENERAL FUND			
Description	2018-19	2019-20	2020-21
Revolving Cash	\$1,000	\$1,000	\$1,000
Restricted	\$723,842		
3% Reserve for Economic Uncertainties	\$1,324,846	\$1,362,969	\$1,345,428
1% Board Reserve for Economic Uncertainties	\$441,615	\$454,323	\$448,476
Additional Economic Uncertainty Reserve	\$4,522,304	\$4,622,876	\$5,549,536
<i>Estimated Ending Fund Balance</i>	\$7,013,607	\$6,441,168	\$7,344,440

Conclusion:

The projected budget and multi-year projections support the District's assertion that it is able to meet its financial obligations for the current and subsequent two years. The District is in a good financial position and despite some long-term budgetary challenges, the District is confident that it will be able to maintain prudent operating reserves and have the necessary cash in order to ensure that the District remains fiscally solvent.

Next Steps:

- Staff will attend workshops in July for additional clarity and implementation guidance.
- Staff will bring revised 2018-2019 Budget to Board in August 2018 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 2018-19
- Labor Relations for 2019-20
- Close Books for FY17-18
- Complete Financial Audit – October/November
- Continue Monitoring Enrollment
- Negotiations for FY19-20

Buckeye Union School District
2018-2019
Budget Comparison

	2018-2019 Budget			2017-2018 Unaudited Actuals			Variance		
	a	b	c	d	e	f	g	h	i
REVENUES									
1 Revenue Limit									
2 Federal Revenues	8100-8299	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted
3 Other State Revenues	8300-8599	38,170,211	-	38,170,211	36,643,894	-	36,643,894	1,526,317	-
4 Local Revenues	8600-8799	62,455	796,499	858,954	62,455	795,556	858,011	-	943
5 Transfers In (Non-operational)	8900	2,116,059	1,901,240	4,017,299	1,494,752	1,948,325	3,443,078	621,306	(47,085)
6 Contributions to Restricted Programs	8980	474,813	1,634,532	2,109,345	474,813	1,718,439	2,193,252	(9)	(83,907)
7 TOTAL REVENUES		(5,754,405)	5,754,405	-	(5,611,076)	5,611,076	-	(143,329)	143,329
		35,069,133	10,086,676	45,155,809	33,064,839	10,073,396	43,138,234	2,004,294	13,280
EXPENDITURES									
9 Certified Salaries	1000	18,039,814	2,043,036	20,082,850	17,970,046	1,924,928	19,894,974	69,769	118,108
10 Classified Salaries	2000	4,558,156	2,305,630	6,863,786	4,543,362	2,313,857	6,857,219	14,793	(8,227)
12 Employee Benefits	3000	7,567,194	3,233,279	10,800,473	7,159,486	3,002,924	10,162,410	407,707	230,355
13 Books & Supplies	4000	2,241,643	480,744	2,722,387	3,445,676	1,377,718	4,823,394	(1,204,033)	(896,974)
14 Services & Operating Expenses	5000	1,277,523	1,841,709	3,119,232	1,270,523	1,848,318	3,118,841	7,000	(6,609)
15 Capital Outlay	6000	50,298	-	50,298	50,298	-	50,298	-	-
16 Other Outgo/Transfers Out	7000	471,852	50,665	522,517	442,476	56,429	498,905	29,376	(5,764)
17 Indirect Support	7300-7399	(131,612)	131,612	-	(131,612)	131,612	-	-	-
18 TOTAL EXPENDITURES		34,074,867	10,086,675	44,161,543	34,750,255	10,655,786	45,406,041	(675,388)	(569,111)
19									
20 EXCESS (DEFICIENCY) OF REVENUES		994,266	1	994,266	(1,685,416)	(382,390)	(2,267,807)	2,679,682	582,391
21 OVER EXPENDITURES									
22									
23 BEGINNING BALANCE, July 1		5,295,499	723,841	6,019,340	6,980,915	1,306,231	8,287,146	(1,685,416)	(582,390)
24 ACTUAL ENDING BALANCE, June 30		6,289,765	723,842	7,013,607	5,295,499	723,841	6,019,340	994,266	1
25									
26 COMPONENTS OF ENDING BALANCE									
27 RESERVED									
28 Revolving Cash	9711	1,000	-	1,000	1,000	-	1,000	-	-
29 Prepaid Expenditures	9713	-	-	-	21,512	-	21,512	(21,512)	-
30 RESTRICTED	9740	-	723,842	723,842	-	723,841	723,841	-	1
31 DESIGNATED									
32 Required Reserve for Economic Uncertainties (1%)	9789	1,324,846	-	1,324,846	1,362,181	-	1,362,181	(37,335)	(37,335)
33 Board Reserve for Economic Uncertainties (1%)	9789	441,615	-	441,615	454,060	-	454,060	(12,445)	-
34 Additional Economic Uncertainty reserve	9789	4,522,304	-	4,522,304	3,456,746	-	3,456,746	1,065,558	-
35									
36									
37									
38 Special Reserve Fund Balance		367,462	0	367,462	364,962	0	364,962	2,500	0

Buckeye Union School District
2018-2019 Budget
Multi-Year Projections

	2018-2019 Budget			2019-2020 Projected Budget			2020-2021 Projected Budget			
	a	b	c	d	e	f	g	h	i	
REVENUES										
1 Revenue Limit	Account 8000	Unrestricted 38,170,211	Restricted -	Unrestricted 39,081,157	Restricted -	Total 39,081,157	Unrestricted 40,017,808	Restricted -	Total 40,017,808	
2 Federal Revenues	8100-8299	62,455	796,499	62,455	839,530	901,985	62,455	839,530	901,985	
3 Other Single Revenues	8300-8599	2,116,059	1,901,240	831,115	1,893,500	2,724,615	831,115	1,893,500	2,724,615	
4 Local Revenues	8600-8799	474,813	1,634,532	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	(5,754,405)	5,754,405	(5,273,428)	5,273,428	-	(5,781,922)	5,781,922	-	
7 TOTAL REVENUES		35,069,133	10,086,676	45,155,809	35,126,112	9,733,756	44,859,868	35,465,587	10,285,291	45,750,878
EXPENDITURES										
9 Certificated Salaries	1000	18,039,814	2,043,036	20,082,850	18,199,814	2,083,036	20,282,850	18,328,814	1,814,725	20,143,539
10 Classified Salaries	2000	4,558,156	2,305,630	6,863,786	4,633,156	2,380,630	7,013,786	4,708,156	2,265,463	6,973,619
11 Employee Benefits	3000	7,567,194	3,233,279	10,800,473	8,197,036	3,090,554	11,287,590	8,454,840	3,307,360	11,762,200
12 Books & Supplies	4000	2,241,643	480,744	2,722,387	2,241,643	749,392	2,991,035	1,789,163	543,757	2,332,920
13 Services & Operating Expenses	5000	1,277,523	1,841,709	3,119,232	1,312,523	1,971,709	3,284,232	1,082,576	2,171,709	3,254,285
14 Capital Outlay	6000	50,298	-	50,298	50,298	-	50,298	75,000	-	75,000
15 Other Outgo/Transfers Out	7000 except 7300	471,852	50,665	522,517	471,852	50,665	522,517	255,378	50,665	306,043
16 Indirect Support	7300-7399	(131,612)	131,612	-	(131,612)	131,612	-	(131,612)	131,612	-
17 TOTAL EXPENDITURES		34,074,867	10,086,675	44,161,543	34,974,709	10,457,598	45,432,307	34,562,315	10,285,291	44,847,606
18										
19										
20 EXCESS (DEFICIENCY) OF REVENUES										
21 OVER EXPENDITURES	(A-B)	994,266	1	994,266	151,403	(723,842)	(572,439)	903,272	-	903,272
22										
23 BEGINNING BALANCE, July 1		5,295,499	723,841	6,019,340	6,289,765	723,842	7,013,607	6,441,168	-	6,441,168
24 ACTUAL ENDING BALANCE, June 30		6,289,765	723,842	7,013,607	6,441,168	-	6,441,168	7,344,440	-	7,344,440
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 RESTRICTED	9740	-	723,842	723,842	-	-	-	-	-	-
31 DESIGNATED										
32 Required Reserve for Economic Uncertainties (3**%)	9789	1,324,846	-	1,324,846	1,362,969	-	1,362,969	1,345,428	-	1,345,428
33 Board Reserve for Economic Uncertainties (1%)	9789	441,615	-	441,615	454,323	-	454,323	448,476	-	448,476
34 Additional Economic Uncertainty reserve	9789	4,522,304	0	4,522,304	4,622,876	0	4,622,876	5,549,536	0	5,549,536
37 Total Undesignated Amount	9789	0	0	0	0	0	0	0	0	0
38 Special Reserve Fund Balance		367,462	0	367,462	369,962	0	369,962	372,462	0	372,462

2018-2019 Budget

Other Funds

	Account	Food Service	Deferred Maintenance	Special Reserve	Bond	Developer Fees	State School Building	County School Facilities	Capital Project Fund - Mello Roos	Bond Interest and Redemption
1 REVENUES										
1 Revenue Limit	8000	13	14	17	21	25	31	35	49	51
2 Federal Revenues	8100-8299	-	-	-	-	-	-	-	-	-
3 Other State Revenues	8300-8599	490,570	-	-	-	-	-	-	7,734	-
4 Local Revenues	8600-8799	15,000	3,580	2,500	-	477,978	-	61,700	760,000	1,895,254
5 Transfers In	8900	500,000	330,000	-	-	-	-	3,500,000	(3,500,000)	-
6 Contributions to Restricted Programs	8980	79,480	-	-	-	-	-	-	1,550,000	-
7 TOTAL REVENUES		1,085,050	333,580	2,500	-	477,978	-	3,561,700	(1,182,267)	1,895,254
8										
9 EXPENDITURES										
10 Certificated Salaries	1000	-	-	-	-	-	-	-	-	-
11 Classified Salaries	2000	408,238	-	-	-	72,033	-	-	-	-
12 Employee Benefits	3000	188,354	-	-	-	28,234	-	-	-	-
13 Books & Supplies	4000	371,985	-	-	-	-	-	-	-	-
14 Services & Operating Expenses	5000	116,472	-	-	-	19,775	-	950,000	-	1,816,837
15 Capital Outlay	6000	-	333,580	-	-	33,963	-	-	1,555,000	-
16 Other Outgo/Transfers Out	7000 except 7300	-	-	-	-	-	-	-	-	-
17 Indirect Support	7300-7399	-	-	-	-	-	-	-	-	-
18 TOTAL EXPENDITURES		1,085,050	333,580	-	-	154,005	-	950,000	1,555,000	1,816,837
19										
20 EXCESS (DEFICIENCY) OF REVENUES										
21 OVER EXPENDITURES	(A-B)	-	-	2,500	-	323,973	-	2,611,700	(2,737,267)	78,417
22										
23 BEGINNING BALANCE, July 1		58,454	286,253	367,462	-	2,179,743	-	820,357	4,112,868	1,142,272
24 ACTUAL ENDING BALANCE, June 30		58,454	286,253	369,962	-	2,503,715	-	3,432,057	1,375,602	1,220,689

All balances are restricted or assigned