



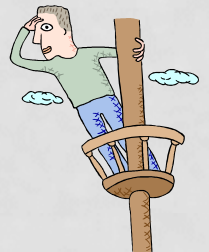
2015/16 FISCAL YEAR BUDGET PRESENTATION

BOARD OF TRUSTEES MEETING

JUNE 9, 2015

DISCUSSION OVERVIEW

- Initial Thoughts and General Assumptions
- 2015/16 Fiscal Year Budget
- Multiple-year Budget Projection
- Charts and Graphs
 - Revenues and Expenditures
 - Cash Flow
 - Ending Fund Balance
- SB 858 Reserves Disclosure
- Education Protection Account Reporting
- Fiscal Solvency Statement
- Timeline/Next Steps



INITIAL THOUGHTS



- Accelerated funding of LCFF
 - Gets us to the 2020/21 target sooner
- One-time increase unexpected
- Impact of cash infusion
 - Increased revenue is recognized in budget & MYP
 - Increased revenue is not reflected in LCAP or spending plan
 - Result: Ending balance is inflated in short term
- Pent up demand for _____? due to the recession
- Exercise caution when considering adding ongoing expenditures – analyze fiscal decisions in light of impact on multi-year projection
- No relief for STRS/PERS issue

JANUARY vs. MAY



	<u>January</u>	<u>May</u>
Gap %	32.19%	53.08%
COLA	1.58%	1.02%
Adjusted Base Grant per ADA	\$8,849	\$8,801
Current Year Gap Funding	\$7.0 m	\$11.3
Supplemental Grant per ADA	\$854	\$852
Supplemental Grant	\$2.9 m	\$4.2 m
Minimum Proportionality	5.69%	6.97%
One-time per ADA	\$180	\$601
One-time per Amount	\$2.5 m	\$8.3 m

ASSUMPTIONS



	2015/16	2016/17	2017/18	2018/19
State Budget Info				
Statutory COLA	1.02%	1.60%	2.48%	2.87%
Gap Funding Rate (SSC)	53.08%	12.62%	18.24%	20.58%
Gap Funding Rate (DOF)	53.08%	37.40%	36.74%	20.97%
STRS-PERS				
CalSTRS Rate	10.73%	12.58%	14.43%	16.28%
CalPERS Rate	11.87%	13.05%	16.60%	18.20%
CalSTRS Increase Over Prior Year	\$1,225,000	\$1,200,000	\$1,196,000	\$1,200,000
CalPERS Increase Over Prior Year	\$167,000	\$215,000	\$633,000	\$365,000
Combined Increase Over Prior Year	\$1,392,000	\$1,415,000	\$1,829,000	\$1,565,000
Cumulative Amount		\$2,807,000	\$4,636,000	\$6,201,000
District Info				
Enrollment	14,396	14,396	14,396	14,396
P-2 ADA	13,849	13,849	13,849	13,849
Step and Column Cost	\$1,150,000	\$1,094,475	\$ 820,500	\$ 785,000



BUDGET GUIDELINES



2. Expenditures for the budget year and subsequent two years, including appropriations for contingencies for the General Fund and each special fund, will not exceed the total revenues plus any carryover from prior years, or beginning balances available for that fund.

13. 2014/15 Board Priority B. Eliminate Structural Deficit

- Develop and administer District finances and budgets that continue reduction and elimination of the structural deficit ~~by~~ 2015/16 in order to assure quality educational programs.
- Prepare a Board-approved general five-year financial plan and continue developing and implementing detailed three-year financial budgets and plans consistent with the sustainability objective.



BUDGET ASSUMPTIONS



18. Deferred Maintenance

(Total General Fund Expenditures – Capital Outlay and Other Outgo) x 0.50%

- 2014/15 \$200,000
- 2015/16 ~~\$400,000~~ \$800,000
- 2016/17 ~~\$600,000~~ \$800,000
- 2017/18 ~~\$800,000~~ \$800,000

19. Routine Restricted Maintenance Account

(Total General Fund Expenditures – Capital Outlay and Other Outgo) x 3.0%

- 2014/15 \$3.3 million
- 2015/16 \$4.4 million

See agenda pages 61-62



BUDGET ASSUMPTIONS



20. Capital Outlay

• Textbook/instructional materials adoptions	\$1,500,000
• General technology infrastructure replacement	\$350,000
• Technology initiatives & upgrades	\$500,000
• Vehicle replacement (white fleet/golf carts)	\$100,000
• Food service Point of Sale equipment/software	\$100,000
• Furniture replacement	\$50,000
• Transportation shop equipment	<u>\$35,000</u>
• Total	\$2,635,000

22. Other Post Employee Benefits (OPEB)

- Fund 20 Special Reserve for Postemployment Benefits (GASB 45 set-aside)



2014/15 GENERAL FUND COMBINED BUDGET



Revenues		\$157,759,736
Expenditures		
Certificated Salaries	\$64,313,657	
Classified Salaries	18,738,780	
Benefits	29,859,349	
Books & Supplies	7,956,547	
Services & Other	14,456,986	
Capital Outlay	742,425	
Other Outgo	9,605,655	
Transfers	<u>(53,738)</u>	
Total Expenditures		<u>\$145,619,661</u>
Excess (Deficiency)		12,140,075
Other Sources/Uses (\$805,177 - \$269,450)		<u>535,727</u>
Net Increase (Decrease)		\$12,675,802 9



2014/15 GENERAL FUND

ENDING BALANCE COMPONENTS



Beginning Fund Balance	\$18,512,376
Net Increase (Decrease)	<u>12,675,802</u>
Total Ending Fund Balance	\$31,188,178

Components of Ending Balance

Revolving Cash, Stores, Prepaid	\$ 215,701
Legally Restricted	1,223,459
Other Designations	11,659,675
3% Reserve for Economic Uncertainty	4,376,674
Unrestricted/Unassigned/Unappropriated	<u>13,712,669</u>
Total Ending Fund Balance	\$31,188,178

GENERAL FUND MULTI-YEAR PROJECTION

School Services of California

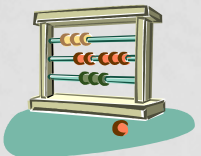
	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
Gap Funding %	53.08%	12.62%	18.24%
Revenues ¹	\$157,759,736	\$149,115,718	\$ 152,088,237
Total Expenditures ²	<u>\$145,619,661</u>	<u>\$148,603,994</u>	<u>\$ 153,836,481</u>
Excess (Deficiency)	\$ 12,140,075	\$ 511,724	\$ (1,748,244)
Net Sources/Uses (Transfers)	<u>\$ 535,727</u>	<u>\$ 535,727</u>	<u>\$ 535,727</u>
Net Increase (Decrease)	\$ 12,675,802	\$ 1,047,451	\$ (1,212,517)
Beginning Fund Balance	<u>\$ 18,512,376</u>	<u>\$ 31,188,178</u>	<u>\$ 32,235,629</u>
GF Ending Fund Balance	\$ 31,188,178	\$ 32,235,629	\$ 31,023,112
GF "U ³ " Ending Balance ³	<u>\$13,712,669</u>	<u>\$10,016,473</u>	<u>\$3,177,263</u>
Reserves ⁴ /Expenditures	12.42%	9.84%	5.17%

¹State revenue projections under LCFF funding assume School Services projections

²Supplemental gap funding expenditures are included as assignments

³Unrestricted/Unassigned/Unappropriated

⁴3% Required Reserves + Unrestricted/Unassigned/Unappropriated



GENERAL FUND MULTI-YEAR PROJECTION

Department of Finance

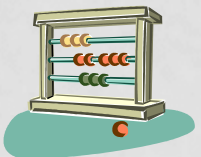
	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
Gap Funding %	53.08%	12.62%	18.24%
Revenues ¹	\$157,759,736	\$152,126,402	\$ 156,573,506
Total Expenditures ²	<u>\$145,619,661</u>	<u>\$148,603,994</u>	<u>\$ 153,836,481</u>
Excess (Deficiency)	\$ 12,140,075	\$ 3,522,408	\$ 2,737,025
Net Sources/Uses (Transfers)	<u>\$ 535,727</u>	<u>\$ 535,727</u>	<u>\$ 535,727</u>
Net Increase (Decrease)	\$ 12,675,802	\$ 4,058,135	\$ 3,272,752
Beginning Fund Balance	<u>\$ 18,512,376</u>	<u>\$ 31,188,178</u>	<u>\$ 35,246,313</u>
GF Ending Fund Balance	\$ 31,188,178	\$ 35,246,313	\$ 38,519,065
GF "U" ³ Ending Balance ³	<u>\$13,712,669</u>	<u>\$13,027,157</u>	<u>\$10,673,216</u>
Reserves ⁴ /Expenditures	12.42%	11.87%	10.05%

¹State revenue projections under LCFF funding assume School Services projections

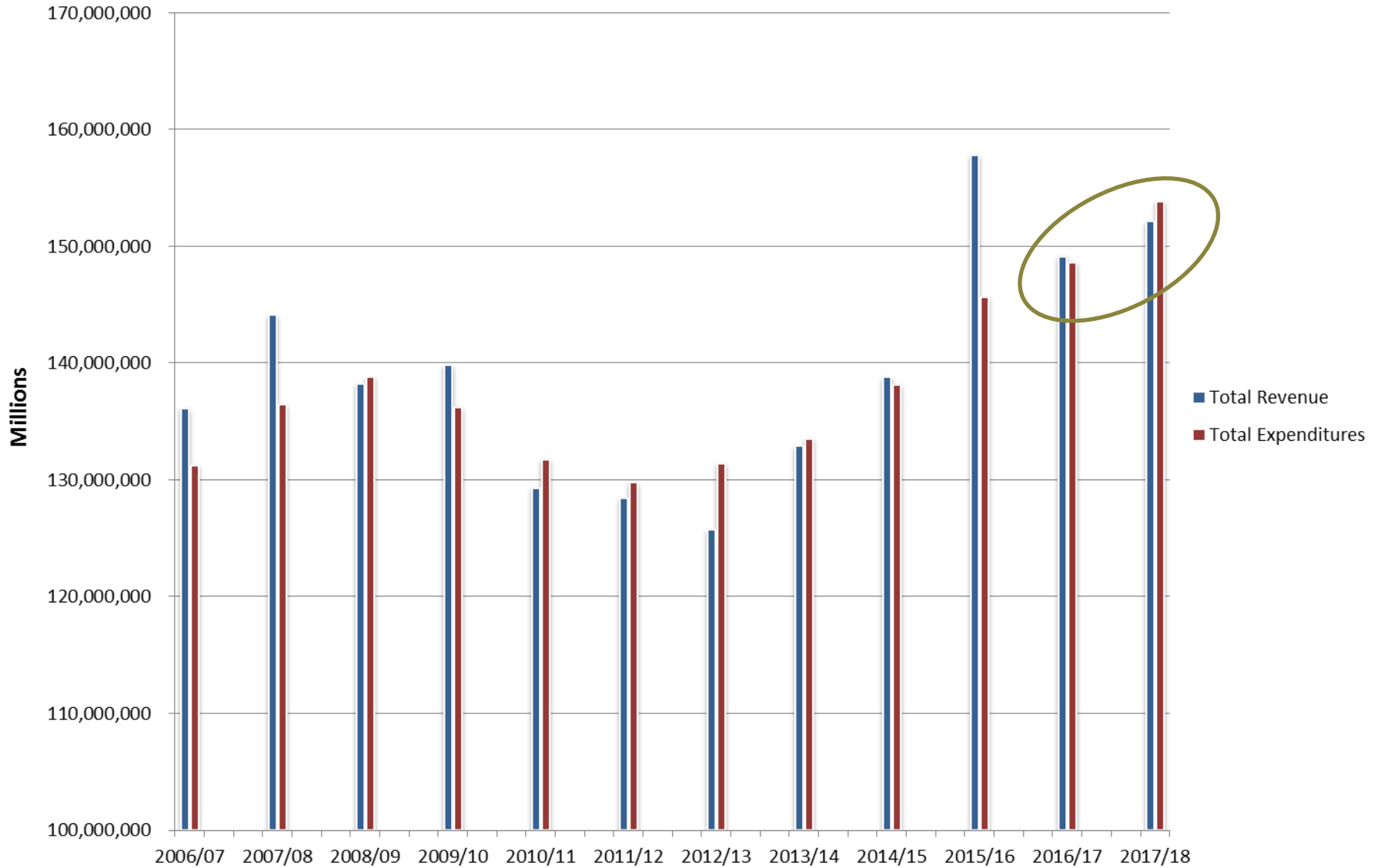
²Supplemental gap funding expenditures are included as assignments

³Unrestricted/Unassigned/Unappropriated

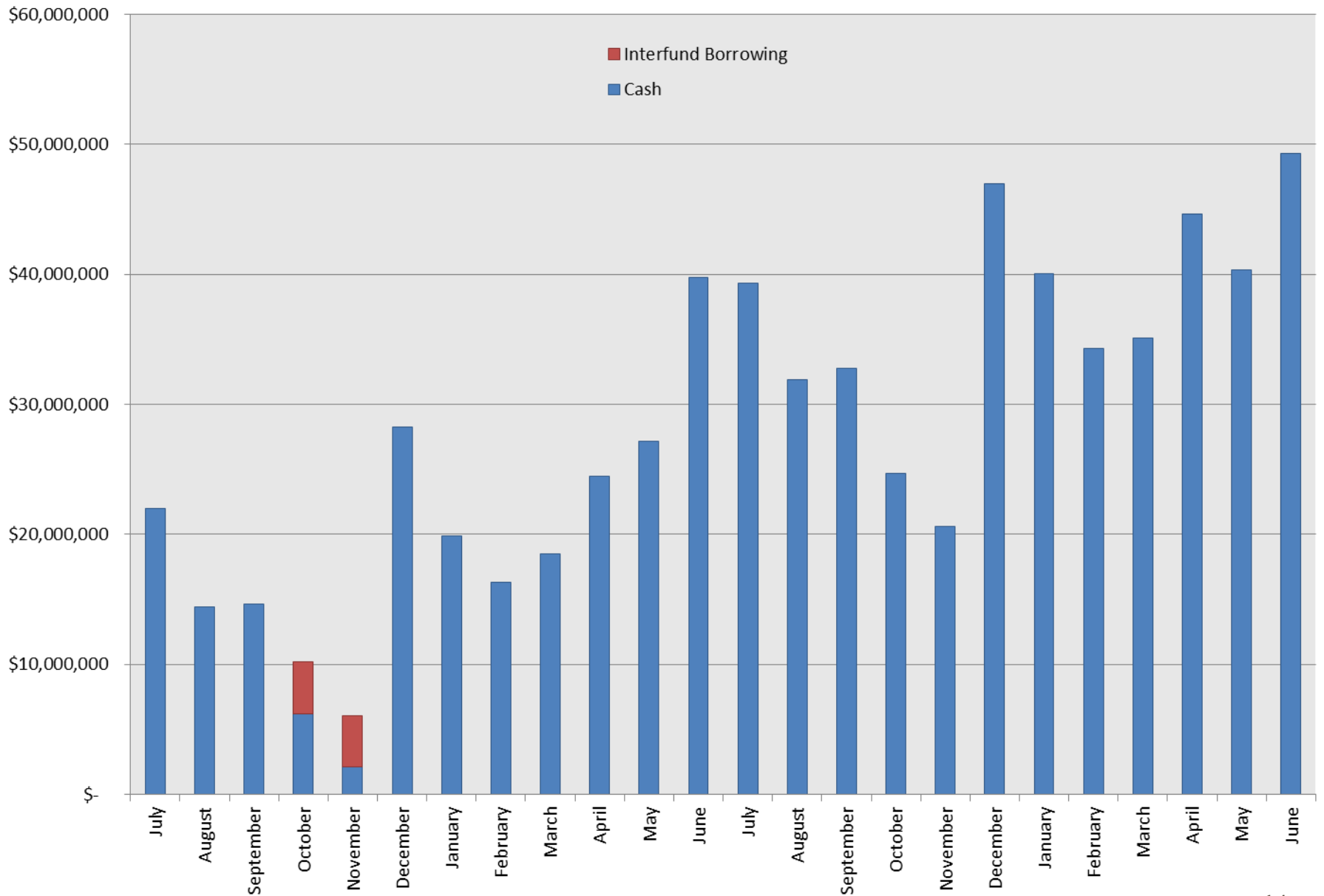
⁴3% Required Reserves + Unrestricted/Unassigned/Unappropriated



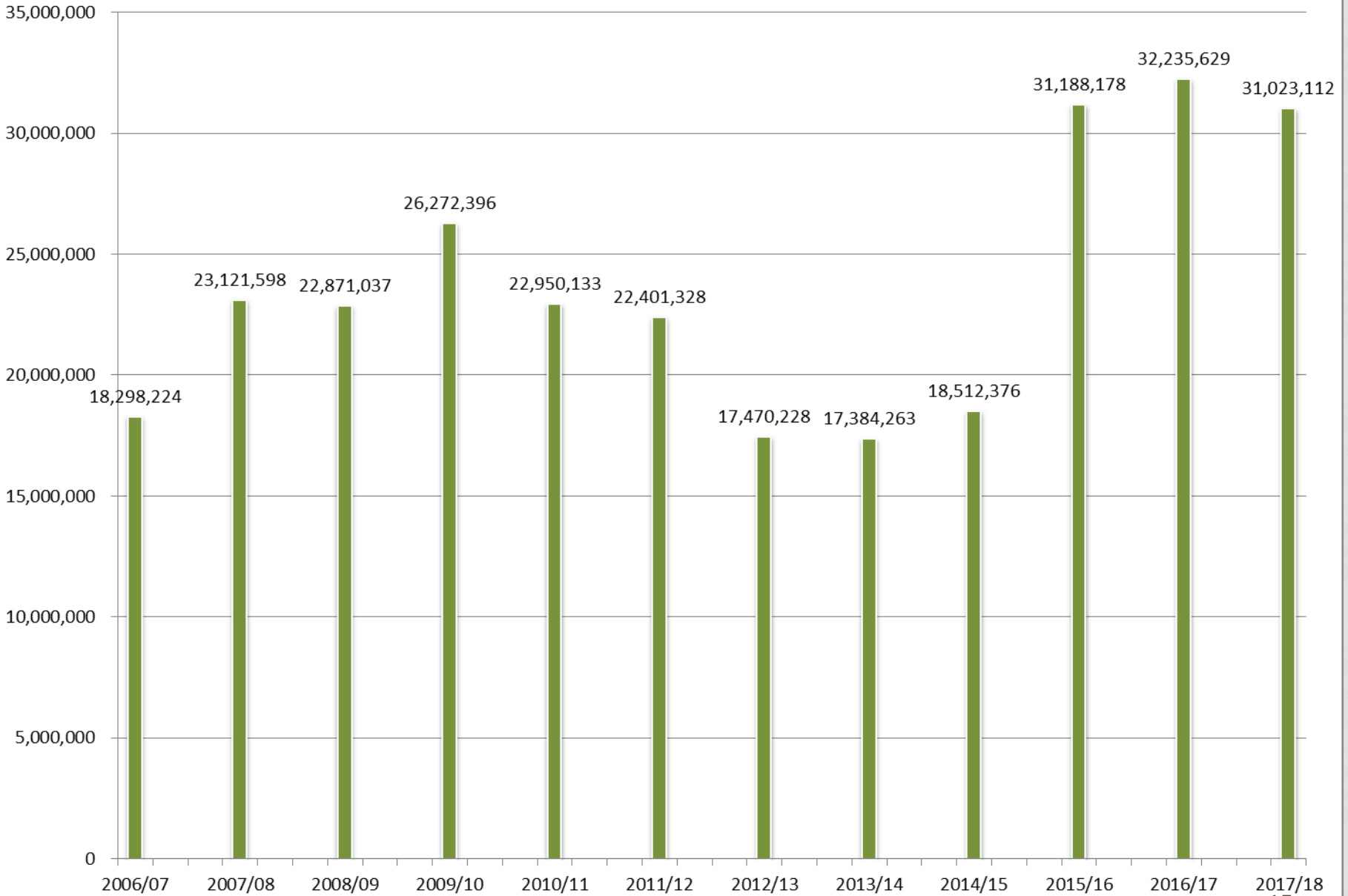
General Fund Revenues and Expenditures



Monthly Ending Cash Balance Projection July 2015 - June 2017



Total Combined Ending Fund Balances - June 30



EDUCATION CODE §42127(a)(2)(B) RESERVES DISCLOSURE

Unrestricted Ending Fund Balances

Fund 01 – General Fund	\$29,749,018
Fund 17 – Special Reserve*	<u>\$4,378,292</u>
Total Assigned & Unassigned	\$34,127,310
Less: 3% Reserve for Economic Uncertainty	<u>\$4,367,674</u>
Fund Balance in Excess of 3% Reserve	\$29,750,636
Fund 20 GASB 45 Set-aside	\$7.9 m

*\$805,177 is transferred annually to the General Fund.



General Fund Unrestricted Ending Fund Balance Allocations

<u>Description</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
School Carryover	158,000	158,000	158,000
Mandated Costs-School Carryover	38,000	38,000	38,000
Summer School 2015 Supplies Carryover	5,000	5,000	5,000
Summer School 2016 Supplies	4,000	4,000	4,000
School Improvement Program Carryover	30,000	30,000	30,000
School Library Program Carryover	48,104	48,104	48,104
Vehicle Replacement Reserve	100,000	100,000	100,000
Technology Reserve	350,000	350,000	350,000
EIA Carryover	166,765	166,765	166,765
Cal-Safe Support Carryover	242,059	242,059	242,059
Instructional Materials Textbooks (IMF) Carryover	771,877	771,877	771,877
PAR Carryover	3,000	3,000	3,000
Furniture Reserve	50,000	50,000	50,000
Health Care Reform Reserve	150,000	150,000	150,000
Food Service POS System	100,000	100,000	100,000
Textbook Adoptions	1,500,000	1,500,000	1,500,000
Technology Initiative & Upgrades	500,000	500,000	500,000
Transportation Shop Equipment	35,000	35,000	35,000
Unrestricted Lottery -School Carryover	119,000	119,000	119,000
Unrestricted Lottery Carryover	3,059,178	3,059,178	3,059,178
LCAP Supplemental Reserve 15/16	4,229,692	8,459,384	12,689,076
LCAP Supplemental Reserve 16/17	-	463,853	927,706
LCAP Supplemental Reserve 17/18	-	-	635,243
3% Reserve Requirement	4,376,674	4,607,010	4,783,042
Unrestricted Unappropriated/Undesignated	<u>13,712,669</u>	<u>10,016,473</u>	<u>3,177,263</u>
TOTAL UNRESTRICTED ASSIGNED FD BAL:	29,749,018	30,976,703	29,642,313

EDUCATION PROTECTION ACCOUNT

Proposition 30 (Nov. 2012)* Prevented \cong \$7 million cuts
Requirements include:

1. Discussion of use of funds in an open meeting
2. Amounts received/expended posted on District website
3. Funds cannot be used for administrator salaries/costs

100% Certificated Instructional Salaries/Benefits

- 2013/14 Revenue/Expenditures \$17,907,069
- 2014/15 Revenue/Expenditures \$18,780,368
- 2015/16 Revenue/Expenditures \$19,345,599

*Proposition 30 was passed by California voters in November 2012 and went into effect in January 2013. It raised the State's general sales tax by a quarter of a cent for four years and the income taxes for people who make at least \$250,000 by up to 3 percentage points for seven years.





FISCAL SOLVENCY STATEMENT



In submitting the 2015/16 Budget, the Board of Trustees understands its fiduciary responsibility to maintain fiscal solvency for the current and subsequent two fiscal years.

In conjunction with adoption of the 2014/15 budget, a deficit elimination plan was approved by the Board of Trustees. This plan addresses the spending imbalance through a combination of ongoing budget reductions, streamlining and efficiency measures, and potential revenue transfers. These measures have not yet been fully recognized in the budget and multi-year projection. In order to maintain multi-year fiscal solvency, the District may need to make expenditure reductions in 2015/16, 2016/17, and/or 2017/18.

TIMELINE/NEXT STEPS

- June 9, 2015
 - LCAP Presentation and Public Hearing
 - Budget Presentation, reserves disclosure, and Public Hearing
- June 23, 2015
 - Adopt 2015/16 LCAP
 - Adopt 2015/16 Budget
 - Multi-year Projection
 - Cash Flow
 - Criteria & Standards
 - District Certification
 - Workers' Compensation Certification
 - Acknowledge Fiscal Solvency Statement

