



Executive Summary Second Interim Budget Assumptions 2017-18

The purpose of the 1st Interim Budget Assumptions is to provide our District an update on what resources (beginning balances and revenues) are available for the remainder of the 2017-18 budget as well as projections of resources and expenditures for the next two fiscal years.

The Budget of our District reflects our District's commitment to our District's Belief that every student will have success; our Vision that every student will be prepared for success in college, career, and community; and our Mission to deliver an exemplary education, in a safe environment, which empowers students with the skills, knowledge, and attitudes necessary for success in an ever-changing world.

As part of the new LCFF, school districts are required to develop a Local Control Accountability Plan (LCAP) that outlines how the monetary resources provided from the state will be spent. In developing our LCAP, input was taken from public forums and various elements of our community. The input received have guided the assumptions herein and the 2017-18 budgeting process.

By March 15, the Local Board of Education shall approve a 2nd Interim Budget and submit it to the County Office of Education (COE) for review and approval. A budget that does not provide adequate assurance to the COE that the district will meet its current and future obligations and resolve any problems identified in studies, reports, evaluations, or audits may be conditionally approved or disapproved by the COE.

Overall Assumptions

1. The General Fund ending fund balance for the 2016-17 fiscal year was \$5,648,890.14¹. Carrying that balance forward to 2017-18, it is projected in this Second Interim Budget that the 2017-18 ending balance will be \$4,253,013.63. This is a decrease in the estimated ending balance over the 2017-18 original adopted budget estimate due to 2016-17 audit adjustments in the amount of \$1,975,975.00² and salary negotiation settlement expenses that were unknown prior to the printing of the 1st Interim Budget Report.
2. Overall District revenue is projected to be \$77,055,166.86 for 2017-18. This is an increase of \$365,040.57 over 1st Interim and includes new grant funding and local revenues.

The combination of increases in Average Daily Attendance (ADA) and LCFF revenue of \$2,363,672 from the prior year. The District must dedicate at least \$4,632,526³ of LCFF funding to Supplemental and Concentrate grants for English Learners, FRPM, or Foster Youth services to improve their academic achievement. Plans for these expenditures are outlined in the LCAP.

¹ 2016-17 Unaudited Actuals

² 2016-17 Audit Report

³ 2018 LCFF Calculator - Summary Tab, Line 84

3. The projected District enrollment for 2017-18 academic year is estimated at 6,894. This is a decrease of 46 students since 1st Interim as a result of current enrollment projections. The following table shows a history of District enrollment.

Fiscal Year	District Enrollment	Inc(Dec)
2013-14	6,533	
2014-15	6,555	22
2015-16	6,672	117
2016-17	6,797	125
2017-18*	6,894	97
2018-19*	6,990	96
2019-20*	7,046	56

* Estimated

4. Funding for 2017-18 is based on an estimated ADA of 6,592.18. This is an increase of 123.74 ADA from prior year. Actual funded ADA will not be known until P-2 is completed in mid-April 2018. The following table shows a history of funded ADA.

Fiscal Year	ADA	% ADA/Enr	Inc(Dec)
2013-14	6,222.02	95.10%	
2014-15	6,250.21	95.19%	28.19
2015-16	6,331.33	94.74%	81.12
2016-17	6,468.44	95.02%	137.11
2017-18*	6,592.18	95.40%	123.74
2018-19*	6,652.02	95.00%	59.84
2019-20*	6,708.75	95.04%	56.73

* Estimated

Revenue Assumptions

1. The District base grant is determined on the 2017-2018 ADA with a 1.56% cost of living adjustment (COLA). The District's 2017-18 LCFF base grant (including grade span adjustment where applicable) is:⁴

Grades TK-3 \$7,941 per unit of actual attendance
 Grades 4-6 \$7,301 per unit of actual attendance
 Grades 7-8 \$7,518 per unit of actual attendance
 Grades 9-12 \$8,939 per unit of actual attendance

⁴ LCFF Calculator – Calculator Tab, Lines 9-12

2. The District supplemental/concentration grants determination is based on an estimate of an 51.63%⁵ unduplicated student count. Based upon a funded attendance projection of 6,592.63, the supplemental/concentration grants would be \$4,632,526. These funds are for services to improve the academic success of students who are EL, FRPM, or Foster Youth. The Local Control Accountability Plan has been reviewed and updated for the 2017-18 year.
3. Unrestricted Lottery revenues are projected to be \$1,002,959 per a formula based on ADA and are allocated to school sites and programs for use as program discretionary funds.

Restricted Lottery revenues are projected to be \$329,740 per a formula based on ADA and are to be used for adopted textbook and curriculum purchases.

4. The District receives Special Education funding based on its average daily attendance entered into a formula by the Special Education Local Plan Area (SELPA).

Actual costs for special education are dependent on the type of services that the District is required to provide each individual student. For the District to provide these specialized services a contribution from the General Education (Base Grant) fund is necessary. For the 2017-18 academic year, the projected General Fund contribution is anticipated to be \$7,714,841.

The contribution from General Fund to Special Education in 2016-17 was \$7,362,588
The contribution from General Fund to Special Education in 2015-16 was \$6,595,534
The contribution from General Fund to Special Education in 2014-15 was \$5,552,305
The contribution from General Fund to Special Education in 2013-14 was \$3,580,717

Expenditure Assumptions

1. Salaries
 - 1.1 Certificated salary costs have **increased** by \$1,007,494.38 from the 1st Interim budget. This is due to negotiated salary increases.
 - 1.2 Classified salary costs have **increased** by \$74,046.62 from the 1st Interim budget. This is due to negotiated salary increases.
2. Benefits

Benefit costs **increased** by \$179,151.02 from the 1st Interim budget. This is due to increased costs from negotiated salary increases. The following table reflects estimated employer rates for all statutory benefits:

⁵ LCFF Calculator – District MYP Data tab, Line 38

Statutory Benefit	2016-17	2017-18	Est 2018-19	Est 2019-20
STRS	12.580%	14.430%	16.280%	18.130%
PERS	13.888%	15.531%	17.700%	20.000%
OASDI (FICA)	6.200%	6.200%	6.200%	6.200%
Medicare	1.450%	1.450%	1.450%	1.450%
Workers Comp	2.650%	2.860%	2.780%	2.780%
Unemployment	0.050%	0.050%	0.050%	0.050%
OPEB	2.727%	2.727%	2.727%	2.727%

3. Books and Supplies **decreased** by \$10,925.29 from the 1st Interim budget. This is due to reductions in expenditures to increase the reserve level.
4. Services and Other Operating Expenses **decreased** from the 1st Interim budget by \$1,399,439.13. This is due to reductions in expenditures to increase the reserve level and shifting of categorical holding accounts to salaries.
5. Capital Outlay **increased** from the 1st Interim budget by \$248,435.58. This is mainly due to restricted program equipment purchased for grants.
6. Ending Fund Balances are reflected in the following table:

Fund	Description	Estimated Ending Fund Balance
12	Child Development Fund	\$ 173,455
13	Cafeteria Special Revenue Fund	\$ 535,845
14	Deferred Maintenance Fund	\$ 3,800
15	Pupil Transportation Fund	\$ 102,794
17	Special Reserve for Other Than Capital Outlay Projects Fund	\$ 549,220
21	Building Fund	\$ 207,905
25	Capital Facilities Fund	\$ -
40	Special Reserve for Capital Outlay Projects Fund	\$ 800
61	Cafeteria Enterprise Fund	\$ 313
67	Self Insurance Fund	\$ 105,441

Balances

1. The Reserve for “Economic Uncertainty” of 3% required by CA Education Code 33128 is funded. However, a 3% General Fund reserve for a unified school district of our size is inadequate for most uncertainties that may prevail. The Board of Trustees revised the Board Policy to now have the District work toward a 10% General Fund reserve.

The current legislation limiting District reserves to the 3% minimum has not yet been triggered by all the qualifying factors. School Services of California continues to advise districts “to take no action to reduce reserves below prudent levels. Spend as much as you can on students, but do not reduce reserves below your own judgement of what is required”.

The 2nd Interim projected reserve reflects the budget as of January 31, 2018. That unrestricted reserve is projected to be \$4,712,931.40.

Multi-Year Projections

Enrollment and ADA increases are projected for 2017-18 as well as 2018-19 and 2019-20 as outlined above.

2017-18 year projected reserve level is 6.16%.

2018-19 year projected reserve level is 9.52%.

2019-20 year projected reserve level is 10.61%.

The increase in reserves is due to the early implementation of fully funding LCFF, one-time discretionary funds of \$295 per ADA in 2018-19, and increases in ADA.

**2017-18 Second Interim
 General Fund
 Multiyear Projections
 Unrestricted/Restricted**

Description	Object Codes	2017-18	2018-19	2019-20
REVENUES & OTHER FINANCING SOURCES				
LCFF Revenues	8010-8099	59,946,891.00	63,739,662.00	65,643,183.00
Federal Revenues	8100-8299	4,327,138.21	3,353,272.00	3,353,272.00
Other State Revenues	8300-8599	8,045,992.90	6,818,062.00	4,859,262.00
Other Local Revenues	8600-8799	4,735,144.75	3,270,511.00	3,270,511.00
Other Financing Sources				
Transfers In	8900-8929	80,000.00	80,000.00	80,000.00
Other Sources	8930-8979	0.00	0.00	0.00
Contributions	8980-8999	0.00	0.00	0.00
Total		77,135,166.86	77,261,507.00	77,206,228.00
EXPENDITURES AND OTHER FINANCING SOURCES				
Certificated Salaries				
Base Salaries			32,448,954.09	33,085,780.69
Step & Column Adjustment			551,632.22	562,458.28
Cost-of-Living Adjustment			0.00	0.00
Other Adjustments			85,194.38	0.00
Total Certificated Salaries	1000-1999	32,448,954.09	33,085,780.69	33,648,238.97
Classified Salaries				
Base Salaries			11,823,362.44	12,024,990.26
Step & Column Adjustment			177,350.44	180,363.63
Cost-of-Living Adjustment			0.00	0.00
Other Adjustments			24,277.38	0.00
Total Classified Salaries	2000-2999	11,823,362.44	12,024,990.26	12,205,353.89
Employee Benefits	3000-3999	18,663,768.79	20,298,055.80	21,277,099.28
Books and Supplies	4000-4999	3,117,144.67	2,279,184.36	1,999,534.56
Services and Other Operating Expenditures	5000-5999	7,647,044.11	6,520,752.29	6,430,752.29
Capital Outlay	6000-6999	2,002,188.99	0.00	0.00
Other Outgo (excl Transfers of Indirect Costs)	7100-7299, 7400-7499	981,809.38	834,486.00	834,486.00
Other Outgo - Transfers of Indirect Costs	7300-7399	(129,204.10)	(149,586.00)	(149,586.00)
Other Financing Uses				
Transfers Out	7600-7629	0.00	0.00	0.00
Other Uses	7630-7699	0.00	0.00	0.00
Total		76,555,068.37	74,893,663.40	76,245,878.99
NET INCREASE (DECREASE) IN FUND BALANCE		580,098.49	2,367,843.60	960,349.01
FUND BALANCE				
Net Beginning Fund Balance		3,672,915.14	4,253,013.63	6,620,857.23
Ending Fund Balance		4,253,013.63	6,620,857.23	7,581,206.24
Components of Ending Fund Balance				
Nonspendable	9710-9719	10,700.00	10,700.00	10,700.00
Restricted	9740	78,601.92	28,601.92	28,601.92
Committed	9760		0.00	0.00
Assigned	9780		0.00	0.00
Unassigne/Unappropriated				
Reserve for Economic Uncertainties	9789	0.00	0.00	0.00
Unassigned/Unappropriated	9790	4,163,711.71	6,581,555.31	7,541,904.32
Total Components of Ending Fund Balance		4,253,013.63	6,620,857.23	7,581,206.24
AVAILABLE RESERVES				
General Fund				
Reserve for Economic Uncertainties	9789	0.00	0.00	0.00
Unassigned/Unappropriated	9790	4,163,711.71	6,581,555.31	7,541,904.32
Special Reserve Fund - Noncapital Outlay (Fund 17)				
Reserve for Economic Uncertainties	9789	549,219.69	549,219.69	549,219.69
Total Available Reserves - Amount		4,712,931.40	7,130,775.00	8,091,124.01
Total Available Reserves - Percent		6.16%	9.52%	10.61%