

# 2018-2019 Draft Proposed Budget Presentation

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JUNE 7, 2018



# Presentation Overview

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- May Revise Highlights
- Budget Assumptions and Updates
- Local Control Funding Formula (LCFF) Calculations and Summary
- General Fund Review
- Contributions to Restricted Programs
- Ending Fund Balance
- Cautions / Unknowns

# May Revise Highlights

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- LCFF Gap Funding: funded at 100%, “fully funded” at target
- One-Time Funding: \$344/ADA for reimbursement of state mandate backlog
- Cost-of-Living Adjustments (COLA): 3% for LCFF Funding, 2.71% for all other programs
- Pension rate increases: STRS at 16.28% and PERS at 18.062%
- Lottery: \$146/ADA for Unrestricted, \$48/ADA for Restricted Prop. 20
- Mandated Block Grant: \$31.16/ADA
- Restricted Routine Maintenance Account: 3% of GF expenditures

# Assumptions – Draft Budget

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- Board Approved Budget Assumptions on May 7, 2018
- Budget is guided by the Strategic Plan and LCAP
- Revenue is based on May Revise information
- Step and Column salary increases included for all staff
- STRS/PERS rate increases included
- Property tax growth estimated at 7% for 2018-19
- Reserve for Economic Uncertainty temporarily reduced from 10% to 6%
- After the 3% COLA, District is Basic Aid by less than \$1 mil.

# Budget Updates

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- Increasing costs of providing Special Education services: \$1.2 mil.
- No LCFF Supplemental funding carryover allowed at LCFF full funding: \$1.47 mil.
- Health and Welfare: \$700,000
- Utility rate increases: \$21,000
- Election expenses: \$400,000

# LCFF Calculation

Components of LCFF By Object Code				
	2017-18	2018-19	2019-20	2020-21
8011 - State Aid	\$ 9,561,641	\$ 9,561,641	\$ 9,561,641	\$ 9,561,641
8011 - Fair Share	(1,740,275)	(1,740,275)	(1,740,275)	(1,740,275)
8311 & 8590 - Categoricals	-	-	-	-
EPA (for LCFF Calculation purposes)	2,317,926	2,317,913	2,304,220	2,299,134
<i>Local Revenue Sources:</i>				
8021 to 8089 - Property Taxes	91,505,828	92,039,077	96,431,438	101,041,725
8096 - In-Lieu of Property Taxes	-	-	-	-
<i>Property Taxes net of in-lieu</i>	<i>91,505,828</i>	<i>92,039,077</i>	<i>96,431,438</i>	<i>101,041,725</i>
TOTAL FUNDING	\$ 101,645,120	\$ 102,178,356	\$ 106,557,024	\$ 111,162,225
<i>Basic Aid Status</i>	<i>Basic Aid</i>	<i>Basic Aid</i>	<i>Basic Aid</i>	<i>Basic Aid</i>
Less: Excess Taxes	\$ 6,116,336	\$ 913,291	\$ 3,394,403	\$ 5,528,444
Less: EPA in Excess to LCFF Funding	\$ 2,317,926	\$ 2,317,913	\$ 2,304,220	\$ 2,299,134
<b>Total Phase-In Entitlement</b>	<b>\$ 93,210,858</b>	<b>\$ 98,947,152</b>	<b>\$ 100,858,401</b>	<b>\$ 103,334,647</b>
8012 - EPA Receipts (for budget & cashflow)	\$ 2,318,598	\$ 2,317,913	\$ 2,304,220	\$ 2,299,134

2018-19 General Fund	Unrestricted 2018-19	Restricted 2018-19	Total 2018-19
LCFF	\$ 102,178,356	\$ 5,542,500	\$ 107,720,856
Federal Revenues	\$ -	\$ 4,246,312	\$ 4,246,312
State Income	\$ 2,198,985	\$ 9,827,898	\$ 12,026,883
Local Income	\$ 4,576,240	\$ 1,011,780	\$ 5,588,020
<b>Total Income</b>	<b>\$ 108,953,581</b>	<b>\$ 20,628,490</b>	<b>\$ 129,582,071</b>
Certificated	\$ 50,636,529	\$ 11,313,147	\$ 61,949,676
Classified	\$ 9,437,420	\$ 6,437,667	\$ 15,875,087
Benefits	\$ 19,778,133	\$ 10,929,654	\$ 30,707,787
Books/Supplies	\$ 1,789,223	\$ 1,317,540	\$ 3,106,763
Services	\$ 9,037,197	\$ 13,794,205	\$ 22,831,402
Capital Outlay	\$ -	\$ 1,566,000	\$ 1,566,000
Other Outgo	\$ -	\$ 1,359,811	\$ 1,359,811
Indirect	\$ (313,234)	\$ 101,752.00	\$ (211,482)
<b>Total Expenditures</b>	<b>\$ 90,365,268</b>	<b>\$ 46,819,776</b>	<b>\$ 137,185,044</b>
<b>Balance Before Transfers</b>	<b>\$ 18,588,313</b>	<b>\$ (26,191,286)</b>	<b>\$ (7,602,973)</b>
<b>Interfund Transfers</b>			
Transfers IN	\$ 750,000	\$ -	\$ 750,000
Transfers Out	\$ 826,836	\$ 32,450	\$ 859,286
Contributions to Restricted Prog.	\$ (26,295,243)	\$ 26,295,243	\$ -
<b>Subtotal</b>	<b>\$ (26,372,079)</b>	<b>\$ 26,262,793</b>	<b>\$ (109,286)</b>
<b>Total Net Increase / (Decrease)</b>	<b>\$ (7,783,766)</b>	<b>\$ 71,507</b>	<b>\$ (7,712,259)</b>
Beg. Balance	\$ 33,208,250	\$ 8,913,050	\$ 42,121,300
<b>Ending Fund Balance</b>	<b>\$ 25,424,484</b>	<b>\$ 8,984,557</b>	<b>\$ 34,409,041</b>
Revolving Cash	\$ 35,000	\$ -	\$ 35,000
Prepaid Items	\$ 45,288		\$ 45,288
Restricted	\$ -	\$ 8,984,557	\$ 8,984,557
<b>Reserve- Economic Uncertainty 6%</b>	<b>\$ 8,282,660</b>	<b>\$ -</b>	<b>\$ 8,282,660</b>
<b>Assigned</b>	<b>\$ 17,061,536</b>		<b>\$ 17,061,536</b>
<b>Undesignated Reserve</b>	<b>\$ 0</b>	<b>\$ -</b>	<b>\$ 0</b>

# Contributions to Restricted Programs

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- Special Education: \$15.9 mil.
- Routine Restricted Maintenance: \$4.1 mil.
- Parcel tax programs (formerly supported by Measure A): \$6.3 mil.
- Summer School program: \$12k



# Ending Fund Balance

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- **Nonspendable: \$80,288**
  - Revolving Fund & Prepaid Expenditures
- **Reserve for Economic Uncertainties: \$8,282,660**
  - Temporarily reduced to 6%
- **Assigned Ending Fund Balance: \$17,061,536**
  - Vacation accrual
  - One time basic aid revenue to fund 2018-19 deficit
  - Property tax 1.5%
- **Restricted Ending Fund Balance: \$8,984,557**
  - State restricted and locally restricted funds carried over for use in the following fiscal year

# Cautions / Unknowns

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- Federal Government
  - Impact of changes to Federal budget on state programs, ie. Federal tax changes
- State Government
  - Governor's May Revision pending final action by legislature
  - New Governor will be in office this fiscal year
  - One time funds for 2018-19
  - STRS/PERS rate increases
- LCFF Funding model
- Insurance rates
  - Health/Dental/Vision
  - Worker's Comp
  - Property / Liability / Cyber Liability

# Comments / Questions?

