

PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT

Executive Summary Budget Adoption 2018-19

The purpose of the Budget Adoption documents is to provide our District board, staff and community, as well as the State with the District's 2018-19 budget plan based on what resources (beginning balances and revenues) are available for the 2018-19 fiscal year. The District is further required to present a projection of resources and expenditures, based on reasonable assumptions, for the next three fiscal years.

This budget plan reflects our District's commitment to the belief that every student will have success; the 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, especially those supplementary funds allocated for English Learners, students participating in the subsidized meal program, Foster and Homeless Youth in the District. In developing our LCAP, input was taken from public forums and representative groups throughout the school community. The input received has guided the 2018-19 budget assumptions and subsequent development process.

By July 1st, the Board of Trustees is required to adopt a Budgets for all funds of the District 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. Once COE approval is given, the documents will be forwarded to the California Department of Education.

Overall Assumptions

1. The projected General Fund unrestricted ending fund balance for the 2017-18 fiscal year is \$2,003,643. This is \$2,170,769 less than what was projected at 2nd Interim, which is a further reduction to the (\$1,975,975) audit adjustment that had been reflected in the 2nd Interim projected ending balance of \$4,174,412.
2. This decrease is attributable to several factors. These include the following:
 - a. 16-17 Audit adjustments for LCFF reduction due to overstatement of ADA, and an error in accounting for accounts receivables (\$1,975,975).
 - b. Reductions in 17-18 revenue estimates of due to overestimated 17-18 ADA, incorrect accounting for a grant that was not expended, not adjusting revenue budgets for Special Education to more current information known at 2nd interim. These reductions include an increase in revenue of \$250,000 for Optera 's guarantee payment for solar savings goals not being met in 17-18.

- c. Increases in unrestricted General Fund balance to restricted program, including Special Education, Routine Restricted Maintenance Account, and Food Services.
 - d. Increases in unrestricted expenditures over estimated at 2nd Interim. These include utilities, certificated teacher substitute costs, 17-18 staff salary increases not included in 2nd Interim estimates, and costs for Charter buses. These four items account for \$1,195,500 of the total increase from 2nd Interim of \$1,937,330.
3. Overall District unrestricted revenue is projected to be \$61,866,731. This is a decrease of \$829,479 from 2nd Interim due to the explanation above.
 4. Carrying that balance forward to 2018-19, the ending balance is estimated to be \$1,801,576, which is \$4,790,679 less than projected at 2nd Interim.

Enrollment and ADA

1. The projected District enrollment for 2017-18 academic year is estimated at 6,871, a decrease of 23 students. The following table shows actual enrollments from 15-16, 16-17 and 17-18 (CBEDS), and the estimates used for the basis of the Multi-Year Projections at 17-18 2nd Interim and 18-19 Adopted Budget, as illustrated in the chart below.

CBEDS Enrollment			
Year	2nd Interim	Adopted Budget	Difference
15-16	6,714	6,714	-
16-17	6,814	6,814	-
17-18	6,894	6,871	(23)
18-19	6,991	6,882	(109)
19-20	7,046	6,903	(143)
20-21	Not Required	6,924	

2. At 2nd Interim, LCFF funding for 2017-18 was based on an estimated ADA of 6,577. This was a decrease of 7 ADA from 16-17. Projected funded ADA for 17-18 is currently projected at 6,522, a further decrease of 55 from 2nd Interim. For MYP purposes, minimal increases in enrollment and ADA are shown in the chart below.

P-2 ADA			
Year	2nd Interim	Adopted Budget	Difference
15-16	6,313	6,313	-
16-17	6,584	6,522	(62)
17-18	6,577	6,522	(55)
18-19	6,640	6,542	(98)
19-20	6,697	6,562	(135)
20-21	Not Required	6,582	

Revenue Assumptions for 2018-19

1. The District base grant is determined on the 2018-19 ADA with a 3.71 % cost of living adjustment (COLA). The District's 2018-19 LCFF base grants (including grade span adjustment where applicable) are:

 Grades TK-3 \$7,459 + Grade Span Adjustment of \$776 per ADA
 Grades 4-6 \$7,571 per ADA
 Grades 7-8 \$7,796 per ADA
 Grades 9-12 \$8,712 + CSR Adjustment of \$235 per ADA
2. The District supplemental grants determination is based on unduplicated student count of students who are English Language Learners, students participating in the subsidized meal program, or Foster and/or Homeless Youth. Based on a funded attendance projection of 6,542 the supplemental grants would be \$5,730,383. These funds are for services to improve the academic success of these students. The Local Control Accountability Plan has been reviewed and updated for the 2018-19 year. The Supplemental Grant amounts per grade span are:

 Grades TK-3 \$860 per ADA
 Grades 4-6 \$790 per ADA
 Grades 7-8 \$814 per ADA
 Grades 9-12 \$968 per ADA
3. Unrestricted Lottery revenues are projected to be \$1,321,521 per a formula based on ADA. A portion of these funds are dedicated to instructional materials per Proposition 20 (\$326,974). The remainder is allocated to school sites and programs for use as determined for site and department program needs.
4. The District receives Special Education funding based on the allocation plan agreed to by members of the San Luis Obispo County SELPA (Special Education Local Plan Area). All district federal and state apportionments are sent to the SELPA, which then are transferred to the districts in accordance with the plan.

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. These funds are transferred from the Unrestricted fund balance to Restricted programs as needed to balance those programs. Note the following:

Unrestricted General Fund Contributions to Special Education

18-19 (Budget)	\$8,046,603
17-18 (Projected)	\$8,046,192
16-17 (Actual)	\$7,411,414
15-16 (Actual)	\$6,509,682
14-15 (Actual)	\$5,552,305

Expenditure Assumptions

1. Salaries – Certificated and Classified salaries have been increased for 18-19 based on current collective bargaining agreements, staffing formulas and program needs such as curriculum development support, training, stipends, and other hourly compensation, as well as substitute costs for staff absences.
 - 1.1 Certificated salary costs are projected to increase by \$674,782. It should be noted that this is a net figure, as lower salary costs for replacement staff for resignations or retirements are reflected in the updated position control used for budget development.
 - 1.2 Classified salary costs are projected to increase by \$769,880. Attrition is not as significant a factor because (1) staff turnover rates are generally a smaller percentage of total positions, and (2) the difference is less between a beginning classified staff member and the staff member being replaced.
2. Benefits

Benefit costs are projected to increase by \$1,993,313. The most significant increase is in the area of certificated and classified retirement contributions. Salary increases account for a portion of the increase, but the most significant factor is the mandated increases in contribution rates for CalSTRS and CalPERS. The following table reflects estimated employer rates for all statutory benefits:

Statutory Benefit	2017-18	2018-19	Est 2019-20	Est 2020-21
STRS	14.430%	16.280%	18.130%	19.100%
PERS	15.531%	18.062%	20.800%	23.500%
OASDI (FICA)	6.200%	6.200%	6.200%	6.200%
Medicare	1.450%	1.450%	1.450%	1.450%
Workers Comp	2.860%	2.780%	2.780%	2.780%
Unemployment	0.050%	0.050%	0.050%	0.050%
OPEB	2.727%	2.727%	2.727%	2.727%

Total Statutory district contributions shown above are 23.287% for STRS members, and 31.269% for CalPERS members in 18-19.

In addition to the mandated statutory contribution for CalSTRS, districts are required to book their share of the state's unfunded liability for this benefit. \$392,951 is included in the 3100 account for that liability, but the District makes a corresponding entry of the same amount in revenue. Financially it is a "wash", but because it is included in district expenditures, the District's 3% reserve requirement is increased by \$11,789.

3. Books and Supplies decreased by \$826,676 compared to projected actuals for 17-18. This is typical from year to year as carry-overs from prior years are spent, and in turn, the current year estimated actuals assumes all budgets will be fully expended. Of course, there will be some carry-over but not practical to estimate at year-end.
4. Services and Other Operating Expenses decreased from the 17-18 projected actuals by \$1,097,002. This is primarily due to one-time expenditures for 17-18 and categorical programs shifting their budgets to salary and instructional materials accounts from discretionary budget accounts.
5. Capital Outlay **decreased significantly** from 17-18 projected actuals by \$2,150,490. This reflected the completion of nearly \$2M in major construction projects, and the purchase of a school bus.

In addition to the General Fund, the Board of Trustees is responsible for reviewing and approving the other funds of the District. Ending Fund Balances for these funds are reflected in the following table.

Fund	Description	Projected Ending Balance 17-18	Budgeted Ending Balance 18-19
12	Child Development Fund	\$ 173,455.00	\$ 173,455.00
13	Cafeteria Special Revenue Fund	\$ -	\$ -
14	Deferred Maintenance Fund	\$ 6,725.67	\$ 500.00
15	Pupil Transportation Fund	\$ -	\$ (22,000)*
17	Special Reserve for Other Than Capital Outlay Projects Fund	\$ 550,775.00	\$ 556,775.00
21	Building Fund	\$ 36,813,271.60	\$ 33,537,864.48
25	Capital Facilities Fund	\$ 102,818.57	\$ 102,818.57
40	Special Reserve for Capital Outlay Projects Fund	\$ 800.00	\$ 1,600.00
61	Cafeteria Enterprise Fund	\$ 30,441.53	\$ 36,974.55
67	Self Insurance Fund	\$ -	\$ (14,549.17)*

*Negative balances will clear at year-end closing

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.

At 2nd Interim, the unrestricted reserve was projected to be \$4,174,412. The unrestricted General Fund balance projected to carry forward into the 18-19 adopted budget is \$2,003,643, a reduction of \$2,170,769.

Multi-Year Projections

Enrollment and ADA increases are projected for 2017-18 as well as 2018-19, 2019-20 and 2020-21 as outlined above. In addition, salaries have been adjusted for anticipated step and column increases, additional increases for CalSTRS and CalPERS have been included, increases for on-going costs such as utilities, repair contracts, materials have been included, and all one-time expenses in 17-18 were removed from the base for projection purposes. The significant increase in ending balance in the 2020-21 fiscal year is primarily due to the completion of the negotiated pay for 3 additional staff development days to compensate staff for furlough days in 2019-20.

Year	Revenue	Expenditures	Change in Ending Balance	Ending Balance (Combined)	Ending Balance Unrestricted Only
2017-18	\$ 77,159,929	\$ 78,438,125	\$ (1,278,196)	\$ 2,394,720	\$ 2,003,643
2018-19	\$ 78,111,847	\$ 78,314,452	\$ (202,605)	\$ 2,192,115	\$ 1,801,576
2019-20	\$ 77,619,626	\$ 77,820,858	\$ (201,232)	\$ 1,990,883	\$ 1,990,883
2020-21	\$ 79,475,285	\$ 78,465,250	\$ 1,010,035	\$ 3,000,918	\$ 3,000,918

Year	Unrest. Balance	Fund 17 Balance	Total Reserve Bal.	Reserve %
2017-18	\$ 2,003,643	\$ 550,775	\$ 2,554,418	3.26%
2018-19	\$ 1,801,576	\$ 556,775	\$ 2,358,351	3.01%
2019-20	\$ 1,990,883	\$ 561,775	\$ 2,552,658	3.28%
2020-21	\$ 3,000,918	\$ 566,775	\$ 2,567,693	4.55%

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
Unassigned/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%