



Action Item

TO: Board of Trustees and Superintendent

PREPARED BY: Patsy Thomas, Director Fiscal Services

PRESENTED BY: Stephen Dickinson, Assistant Superintendent – Administrative Services

BOARD AGENDA ITEM: Consideration of Approval of the Adopted Budget, Fiscal Year 2016-2017

BOARD MEETING DATE: June 22, 2016

BACKGROUND:

Pursuant to Education Code 52062(b)(1) the governing board shall hold at least one public hearing to provide the public the opportunity to comment on the goals, specific actions and expenditures proposed to be included in the LCAP or the annual update. The LCAP public hearing shall be held at the same meeting as the budget public hearing as required by Education Code 42127 (a) (1). The LCAP and the budget must be adopted at a separate public meeting held at least one day after the public hearing meeting and the LCAP must be adopted before the budget can be adopted by the governing board.

The District is highly dependent on funding from the State of California. At the time of the preparation of the District’s budget, the State of California had not adopted a 2016-2017 budget. Therefore, some of the assumptions contained in the District’s proposed budget may change. In accordance with the Education Code, the District may revise the adopted budget to reflect changes in projected income or expenditures within 45 days of the adoption of the State budget.

ADMINISTRATIVE DISCUSSION:

The proposed 2016-2017 budget has been prepared and a summary of the proposed revenues, expenditures, transfers, and fund balances is attached.

FISCAL IMPACT:

None.

RECOMMENDATION:

It is the recommendation of District Administration that the Board of Trustees approve the 2016-2017 Adopted Budget Financial Report and authorize the Superintendent or designee to sign the Adopted Budget Certification.

2016-2017 Budget and MYP

The governor's May Revision to the proposed 2016-2017 budget estimates \$626 million in new revenues to K-12 above what was provided for in the January proposed budget. Approximately \$338 million is provided, on a one-time basis and \$288 million is provided in ongoing funding in 2016-2017 above the January proposed levels.

Full implementation of the LCFF is still anticipated to be completed by 2020-2021 or possibly before that date depending on economic factors. While the economy has improved quickly over the last five years, both the Governor and the Department of Finance continue to remind educational entities that a recession is probable and would negatively affect school funding.

The May Revision includes a decrease in the Cost of Living Adjustment (COLA) from 0.47% to 0.00% in both LCFF and categorical programs which include Special Education and Nutrition Services.

Proposition 30 taxes are set to expire in fiscal years 2016-2017 and 2017-2018. The Children's Education and Health Care Protection Act of 2016 will be on the November 2016 ballot to extend Proposition 30 income tax rates through 2030. With the uncertainty of Proposition 30 taxes, increase contributions for CalSTRS and CalPERS, increase in Health & Welfare costs and future economic uncertainties, the district will continue to work on increasing its Reserve for Economic Uncertainty (REU).

As the 2016-17 fiscal year progresses and future fiscal years become clearer, the District will continue to monitor projected ongoing budget deficits and create contingency plans to ensure long-term financial stability.

The Adopted General Fund Budget 2016-2017 Assumptions

State Assumptions

- 0% COLA
- LCFF funding gap target is 54.84%
- LCFF Base Grant is \$8,578
- LCFF 9-12 Career-Technical Educate (CTE) Grade Span Adjustment is \$223
- LCFF 20% Supplemental Grant is \$1,760 times the percent of eligible students
- LCFF 50% Concentration Grant is \$4,289 times the percent of eligible students
- CalSTRS employer contribution is 12.58%
- CalPERS employer contribution is 13.888%
- Mandated Block Grant at \$56 per ADA
- Lottery funds-unrestricted at \$140 per ADA
- Lottery funds-restricted at \$41 per ADA

Local Assumptions

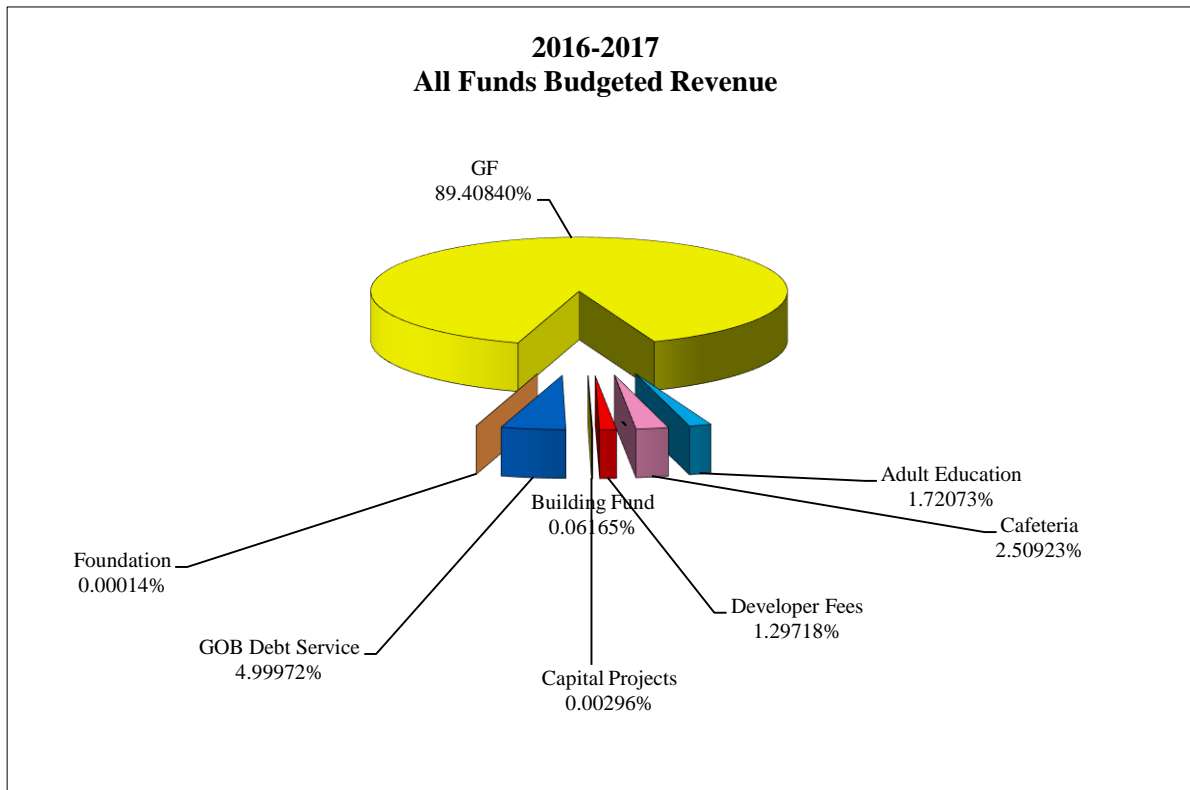
- Unduplicated count for Supplemental and Concentration 64.26%
- One percent increase in enrollment
- Increase staff costs related to normal step/column movement
- Employee and retiree Health and Welfare contributions unchanged from 2015-2016
- Teacher Student ratio staffed at 28:1 based on projected enrollment
- School site allocation is \$91 per CBEDS

Special Purpose Funds Assumptions

- Cafeteria Fund contribution from the general fund is budgeted at \$1,890,473.
- Adult Education contribution from the general fund is budgeted at \$1,436,428.

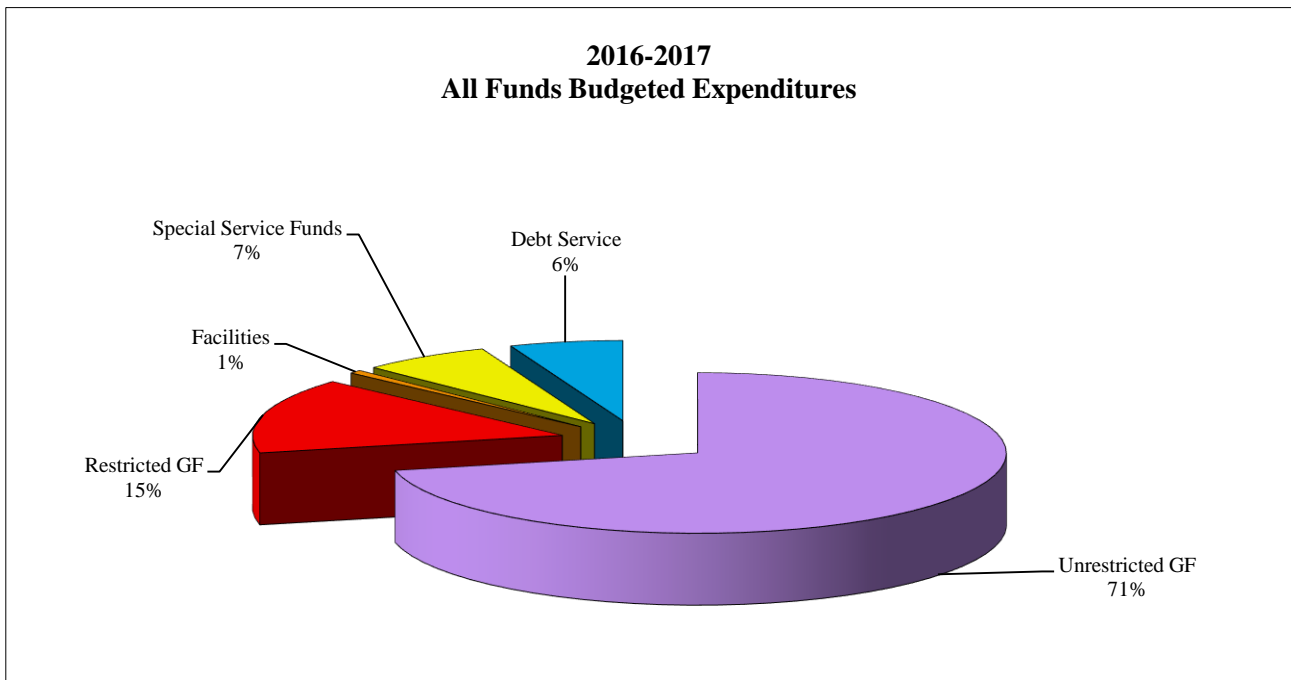
District Revenue Totals

		PROJECTED REVENUES			
Fund		Estimated Actuals 2015-16	Proposed Budget 2016-17	Difference	% Change
010	General Fund-Unrestricted	155,570,259	161,382,765	5,812,506	3.7%
010	General Fund-Restricted	22,391,631	19,891,122	(2,500,509)	-11.2%
	Total General Fund	177,961,890	181,273,887	3,311,997	1.9%
110	Adult Education	3,491,839	3,488,739	(3,100)	-0.1%
130	Cafeteria Fund	5,317,514	5,087,423	(230,091)	-4.3%
214	Measure H	125,000	125,000	0	0.0%
250	Developer Fee Fund	2,382,971	2,630,000	247,029	10.4%
401	COP Repayment	6,734	6,000	(734)	-10.9%
402	Rancho Campana Startup	11,076	-	(11,076)	-100.0%
510	GOB Debt Service-Measure Q	3,548,940	3,803,199	254,259	7.2%
514	GOB Debt Service-Measure H	6,664,997	6,333,634	(331,363)	-5.0%
730	Foundation Trust	1,286	287	(999)	-77.7%
	All Funds Total	199,512,247	202,748,169	3,235,922	1.6%



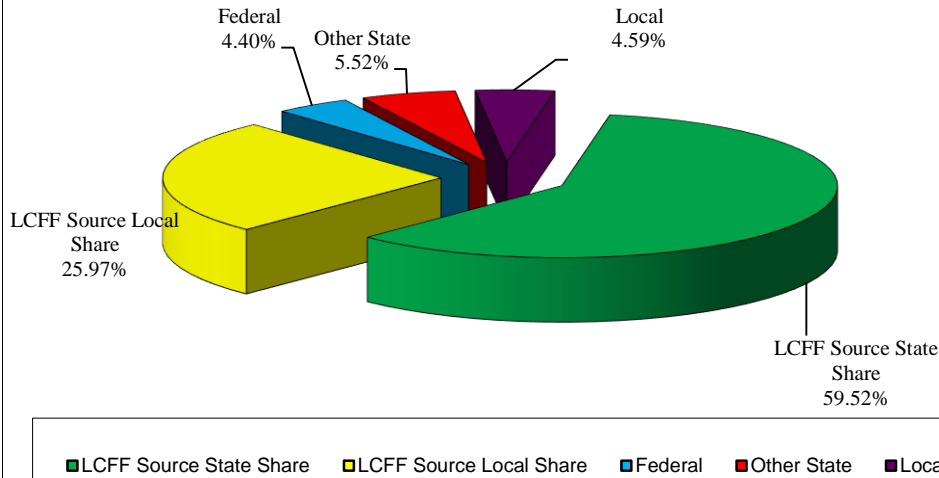
District Expenditure Totals

Fund		Estimated Actuals 2015-16	Proposed Budget 2016-17	Difference	Change %
010	General Fund Unrestricted	129,940,660	147,438,895	17,498,235	13.47%
010	General Fund Restricted	45,151,103	31,336,378	(13,814,725)	-30.60%
	Total General Fund	175,091,763	178,775,273	3,683,510	2.10%
110	Adult Education Fund	3,124,839	4,932,635	1,807,796	57.85%
130	Cafeteria Fund	6,820,879	7,011,643	190,764	2.80%
214	Measure H	26,040,462	1,981,244	(24,059,218)	-92.39%
250	Developer Fee Fund	5,772,598	1,351,957	(4,420,641)	-76.58%
401	COP Repayment	0	0	0	
402	Rancho Campana Start Up	2,716,094	0	(2,716,094)	
510	GOB Debt Service-Measure Q	3,843,515	3,867,311	23,796	0.62%
514	GOB Debt Service-Measure H	6,790,642	8,313,155	1,522,513	22.42%
730	Foundation Trust	2,000	0	(2,000)	
	All Funds Total	230,202,792	206,233,218	(23,969,574)	-10.41%



Summary of Projected Revenues and Expenditures in the General Fund

**2016-2017
General Fund Budgeted Revenue**

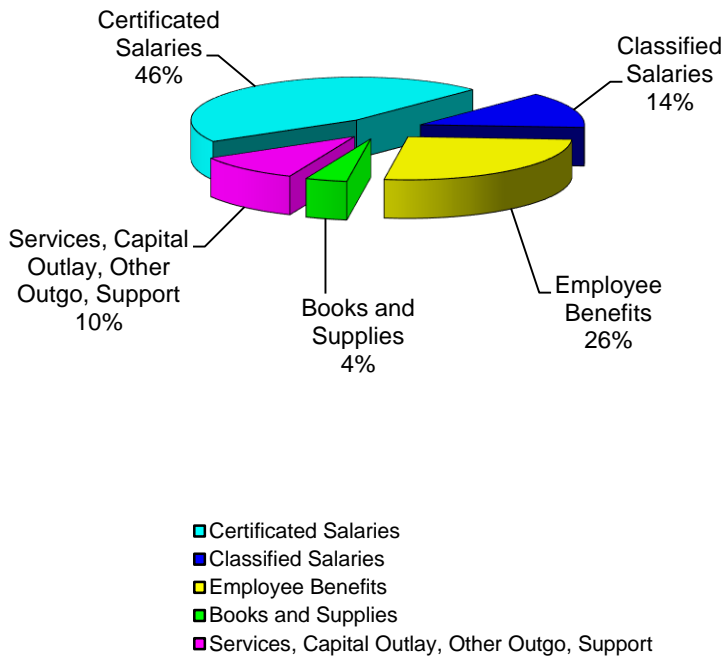


General Fund revenue is projected to be \$181,273,887.

LCFF Sources in the amount of \$154,974,160 is the primary source of General Fund Revenue.

LCFF income is combined, state and local share. The local share is projected to be \$47,085,627 and the state share is \$107,888,533.

**2016-2017
General Fund Budgeted Expenditures**



General Fund expenditures total \$178,775,273, (includes Transfers Out). Salary and fringe benefits account for 86% of General Fund Expenditures.

Restricted General Fund expenditures total \$31,336,378.

Restricted totals include Special Education, State and Federal Categorical Programs, and Routine Restricted Maintenance.

Not included are contributions from the general fund for a total of \$13,629,092. This is 13.12% of General Fund Expenditures.

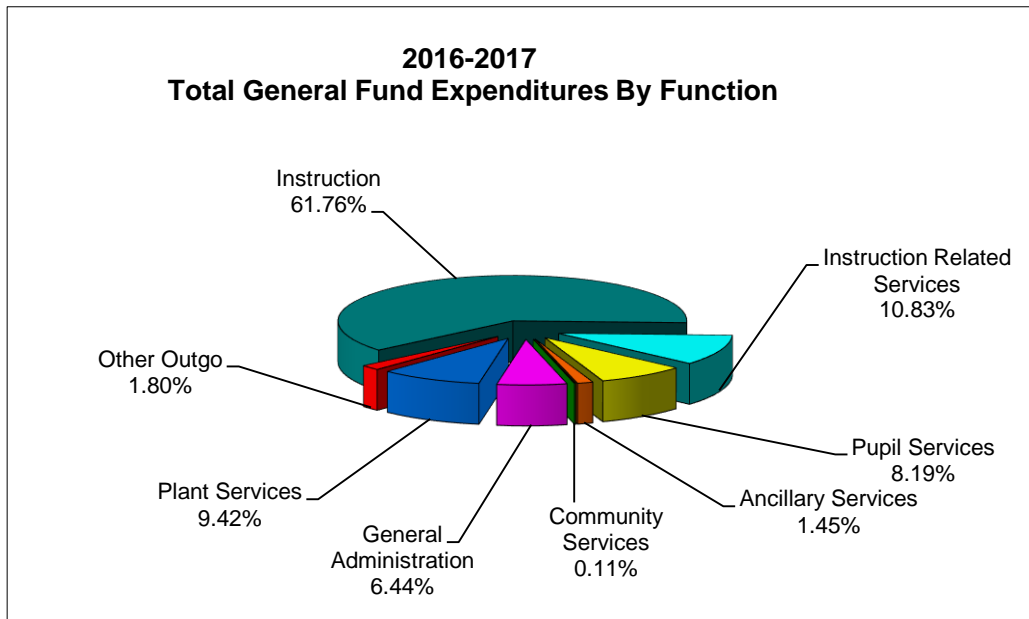
General Fund (Unrestricted and Restricted) Expenses by Function

A Function represents a general operational area in the district. Functions are defined by the state to promote consistent accounting and reporting throughout the state.

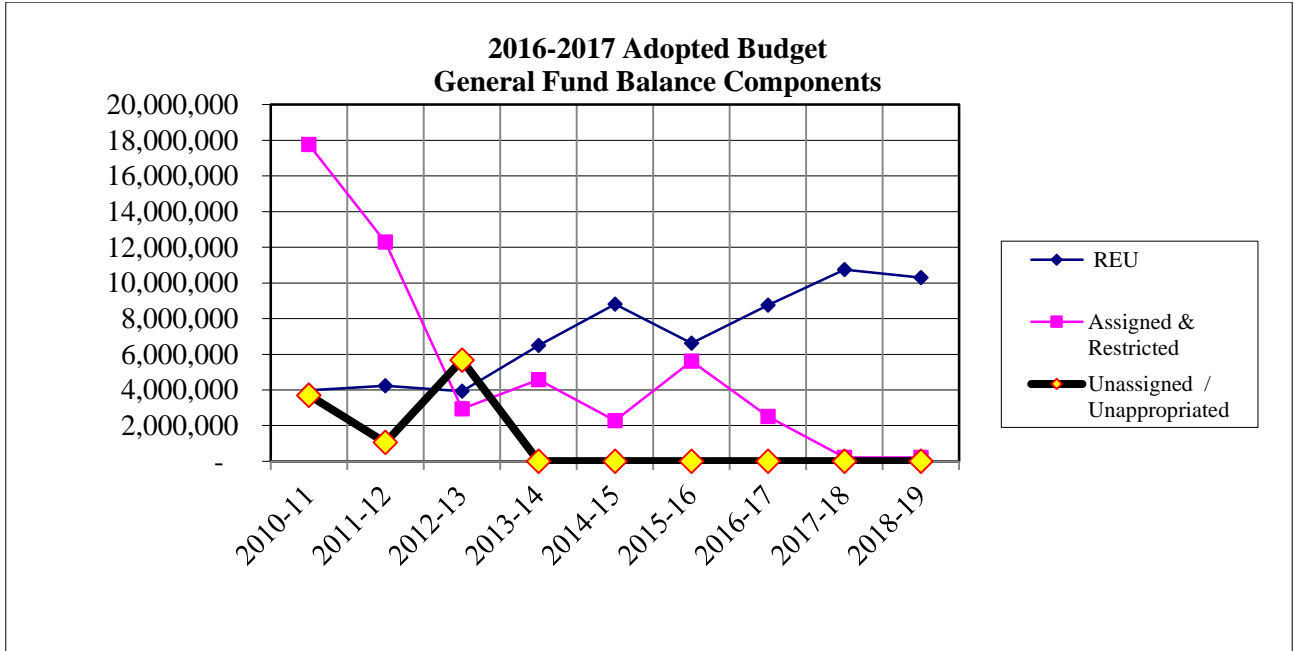
Following are the main function areas included in the General Fund (excludes Transfers Out).

Function	2016-2017 Amount	% of Total
Instruction	\$ 110,408,652	61.76%
Instruction Related Services	19,354,230	10.83%
Pupil Services	14,643,883	8.19%
Ancillary Services	2,597,549	1.45%
Community Services	202,594	0.11%
General Administration	11,504,938	6.44%
Plant Services	16,844,536	9.42%
Other Outgo	3,218,891	1.80%
Total	\$ 178,775,273	100.00%

- **Instruction**--Activities dealing directly with the interaction between students and teachers.
- **Instructional Related Services**--Activities that provide administrative, technical and logistical support to facilitate and enhance instruction and community services.
- **Pupil Services**--Activities involving counseling for students or parents.
- **Ancillary Services**--School sponsored activities during or after school that are not essential to instruction. These activities generally are for motivation and enjoyment of skills in a competitive or non-competitive setting.
- **Community Service**--Activities that provide community services to participants other than students.
- **General Administration**--Expenses related to district wide or countywide administrative activities.
- **Plant Services**--Activities that maintain and safeguard buildings, grounds, and equipment.
- **Other Outgo**--Debt service and transfers out to other funds and agencies.



Ending General Fund Balance



The chart above shows an eleven year history of the components of the ending General Fund balance.

The **Unassigned/Unappropriated** fund balance is the black line with yellow squares, the **Assigned & restricted** fund balance is the pink line and **Reserve for Economic Uncertainties (REU)** is the blue line. The state requires a minimum 3% reserve for economic uncertainties. Board Policy 3100 allows for a minimum, range of 3 – 5%. The district is working to increase the fund balance for any future economic downturns.

The current year projection estimates the REU at 3.75% which is .75% over the minimum state requirement. The projection for 2016-2017 REU is 4.81% which is 1.81% over the minimum state requirement.