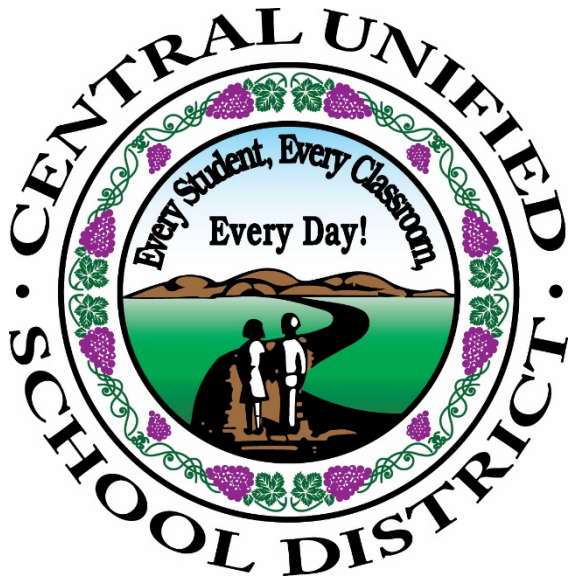


# Central Unified School District

## 2018–19 Second Interim Report



Board Meeting – February 26, 2019

Presented by: Kelly Porterfield, CBO

# Agenda

- ▶ Budget Schedule
- ▶ Revenue
- ▶ Expenditures
- ▶ Multi-Year Projection
- ▶ Other Funds
- ▶ Bottom Line
- ▶ Q&A



# Budget Calendar Summary

**Phase 1** – California Basic Education Data System (CBEDS) data available. Begin developing assumptions for next year.

**Phase 2** – Governor’s January Budget released for the next year. Develop preliminary budget for next year and establish priorities.

**Phase 3** – Governor’s May Revise released, revise preliminary, hold public hearing and adopt budget and Local Control Accountability Plan (LCAP) for new year.

**Phase 4**- Governor Adopts State budget, revise adopted budget.

**Phase 5** – Prepare 1st Interim Report

**Phase 6** – Prepare 2<sup>nd</sup> Interim Report

**Phase 7** – Prepare Local Control Accountability Plan (LCAP)

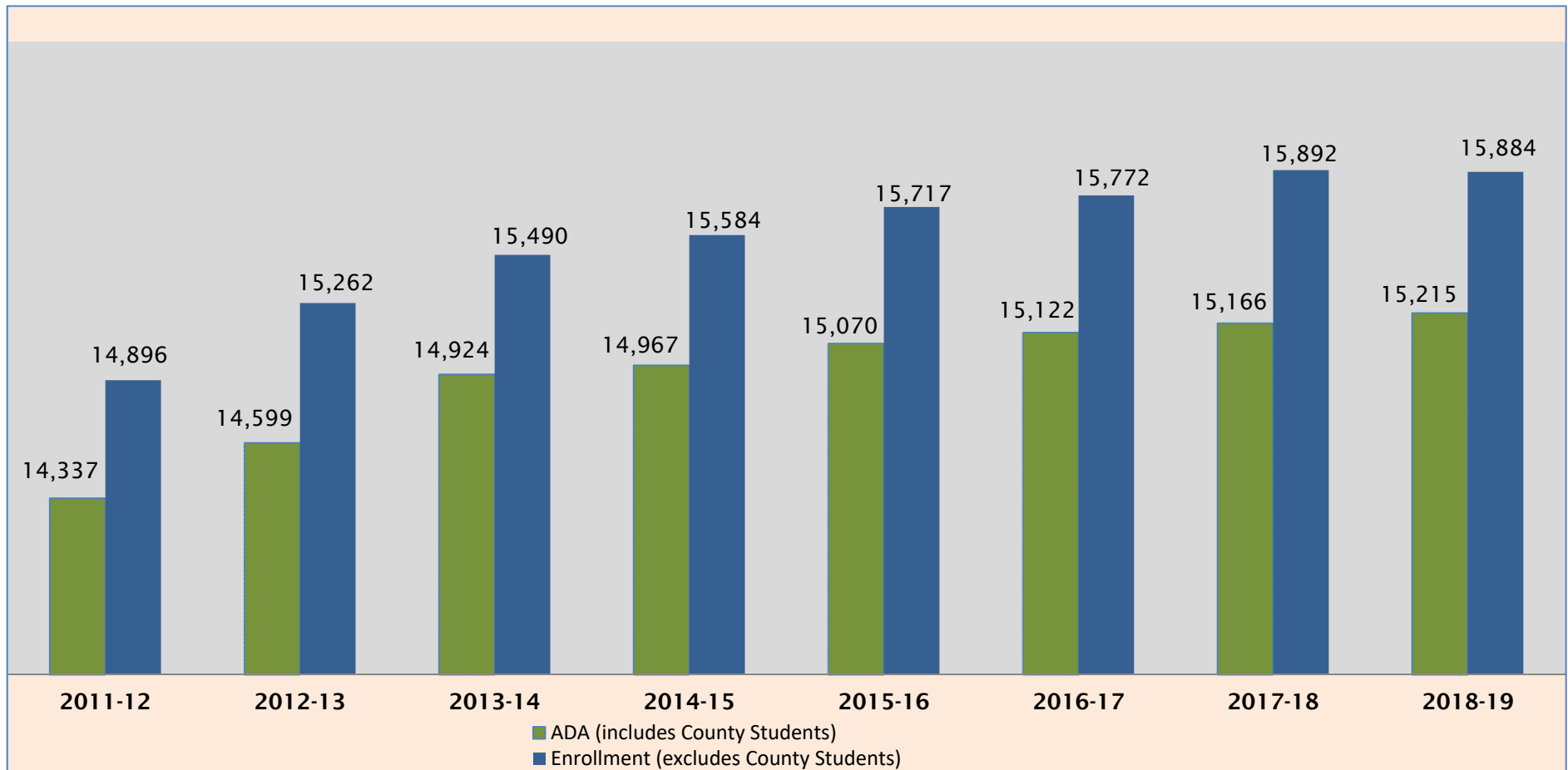
**Phase 8** – Close books and prepare unaudited actuals.

**Phase 9** – Audit of financial reports performed by Independent auditor.

**Phase 10** – Audited Financials are presented to Board.

Fiscal Calendar	Prior Year Budget	Current Year Budget	Next Year Budget
July	Phase 8	Phase 4	
August	Phase 8 Phase 9	Phase 4	
September	Phase 8 Phase 9	Phase 4	
October	Phase 9	Phase 5	Phase 1
November	Phase 9	Phase 5	Phase 1
December		Phase 5	Phase 1
January	Phase 10	Phase 6	Phase 2
February		Phase 6	Phase 2
March		Phase 6 Phase 7 Phase 9	Phase 2
April		Phase 7	Phase 2
May		Phase 7 Phase 9	Phase 3
June		Phase 8	Phase 3

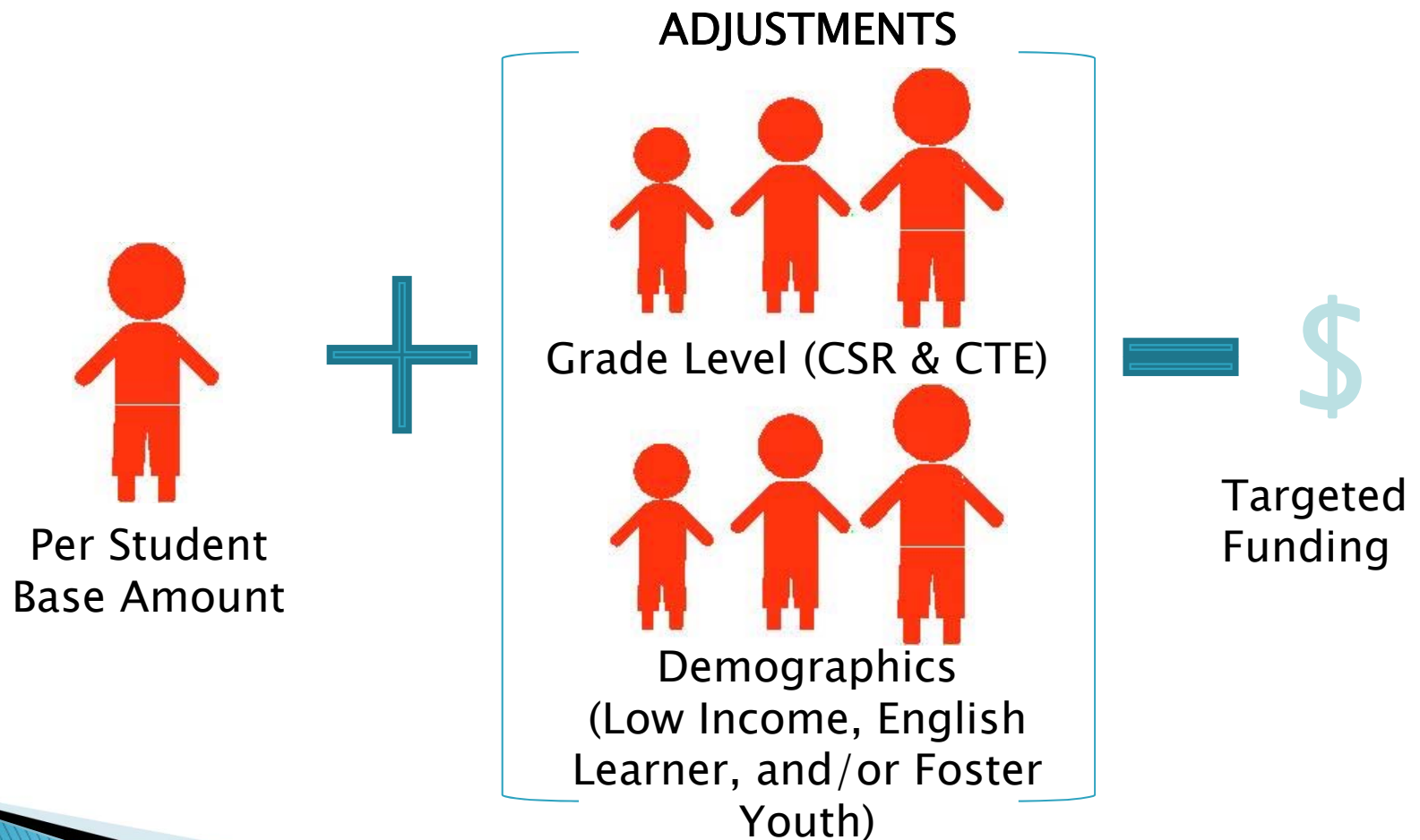
# Enrollment/Average Daily Attendance(ADA) History



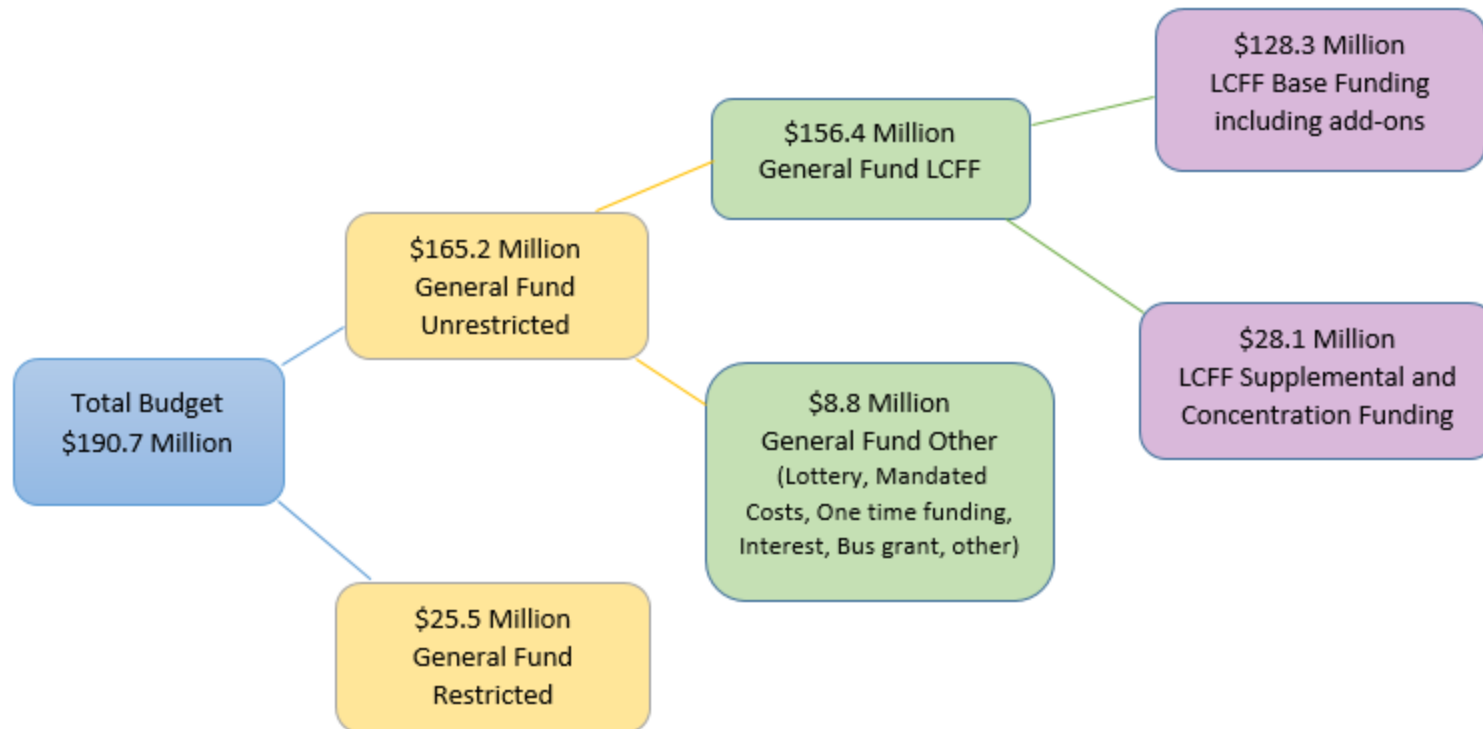
2018-19 ADA Projections reflect an increase of 49, based on 95% of District CBEDS Enrollment

# What is the Local Control Funding Formula (LCFF)?

Greatly simplifies state funding for local educational agencies (LEAs)



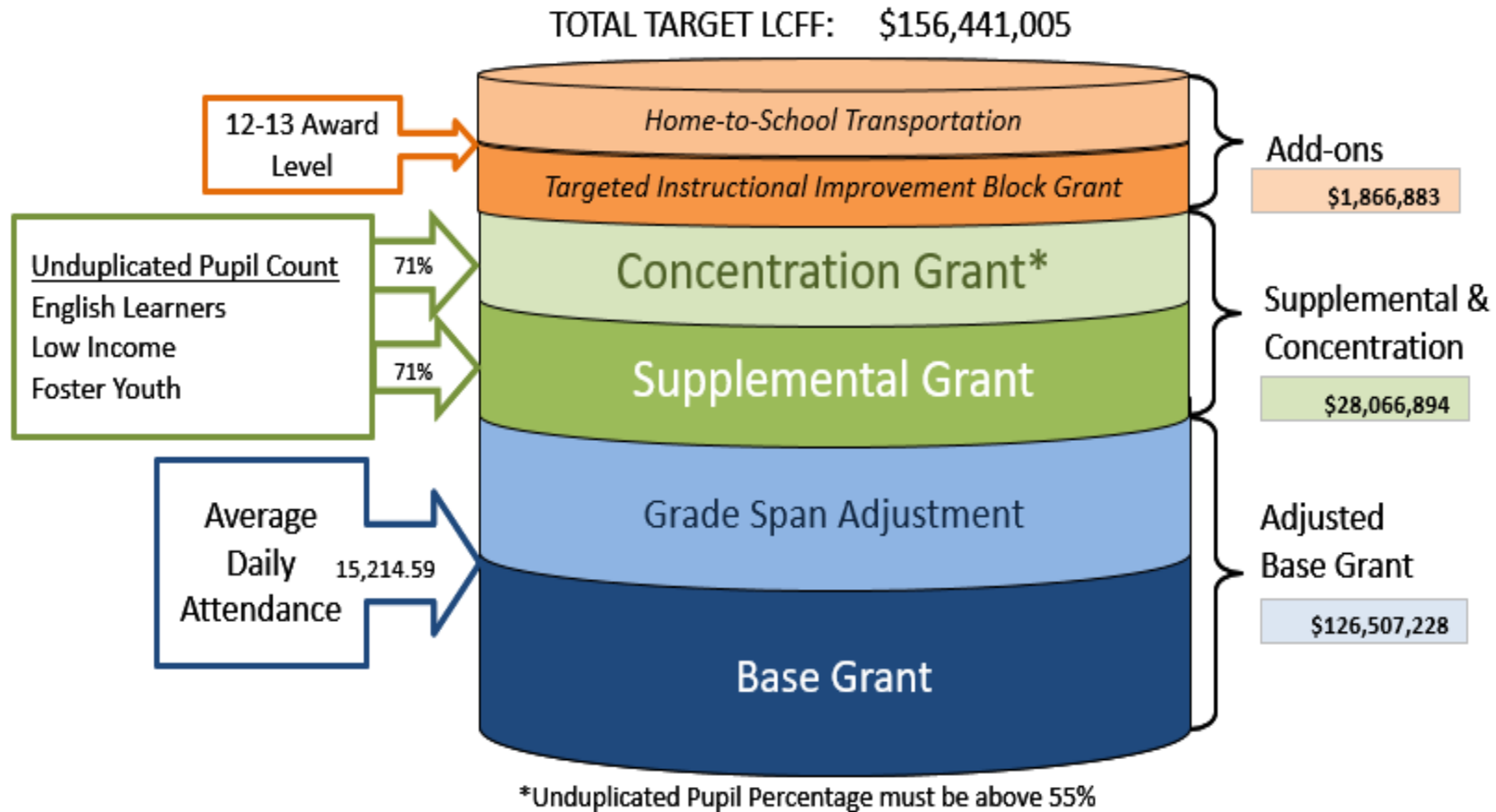
# Restricted/Unrestricted General Fund Revenue Overview



The district receives revenue from several sources. The sources are broken down between restricted and unrestricted. The single largest source of revenue is LCFF.



# Components of the Local Control Funding



# Revenue Budget 2<sup>nd</sup> Interim

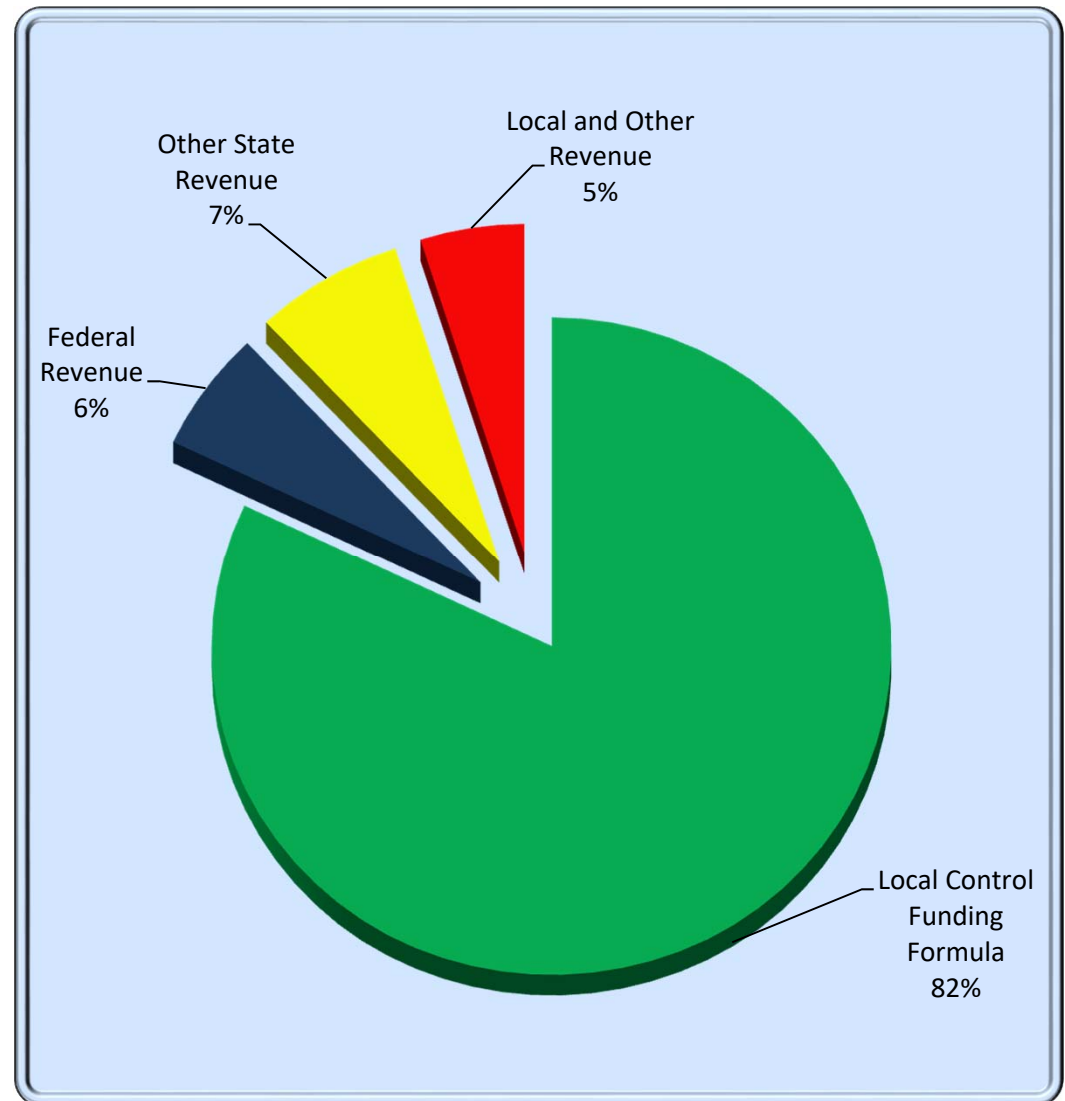
- ▶ **\$1.28 Million Increase since 1<sup>st</sup> Interim**
  - **Unrestricted– Increase of \$909K**
    - LCFF Revenue: No Change
    - \$201K Federal Revenue: Increase for Medi-Cal Administrative Activities(MAA) for funds received and Apprenticeship Program
    - \$182K State Revenue: Increase in State Lottery
    - \$526K Other Revenue: Increase in bus grants, donations, CRMA reimbursement for GPS program, and miscellaneous deposits
  - **Restricted – Increase of \$373K**
    - (\$164K) Federal Revenue: Decrease in Special Education (\$198K), Title III (\$36K), Medical (\$97K); Increase in Title I \$109K and Title II \$58K
    - \$258K State Revenue: Increase in Lottery and New Classified Employee Professional Development block Grant
    - \$278K Other Revenue: Increase in Workability, After School Program, damage loss, discretionary, outside reimbursements, and added Residency Program grant



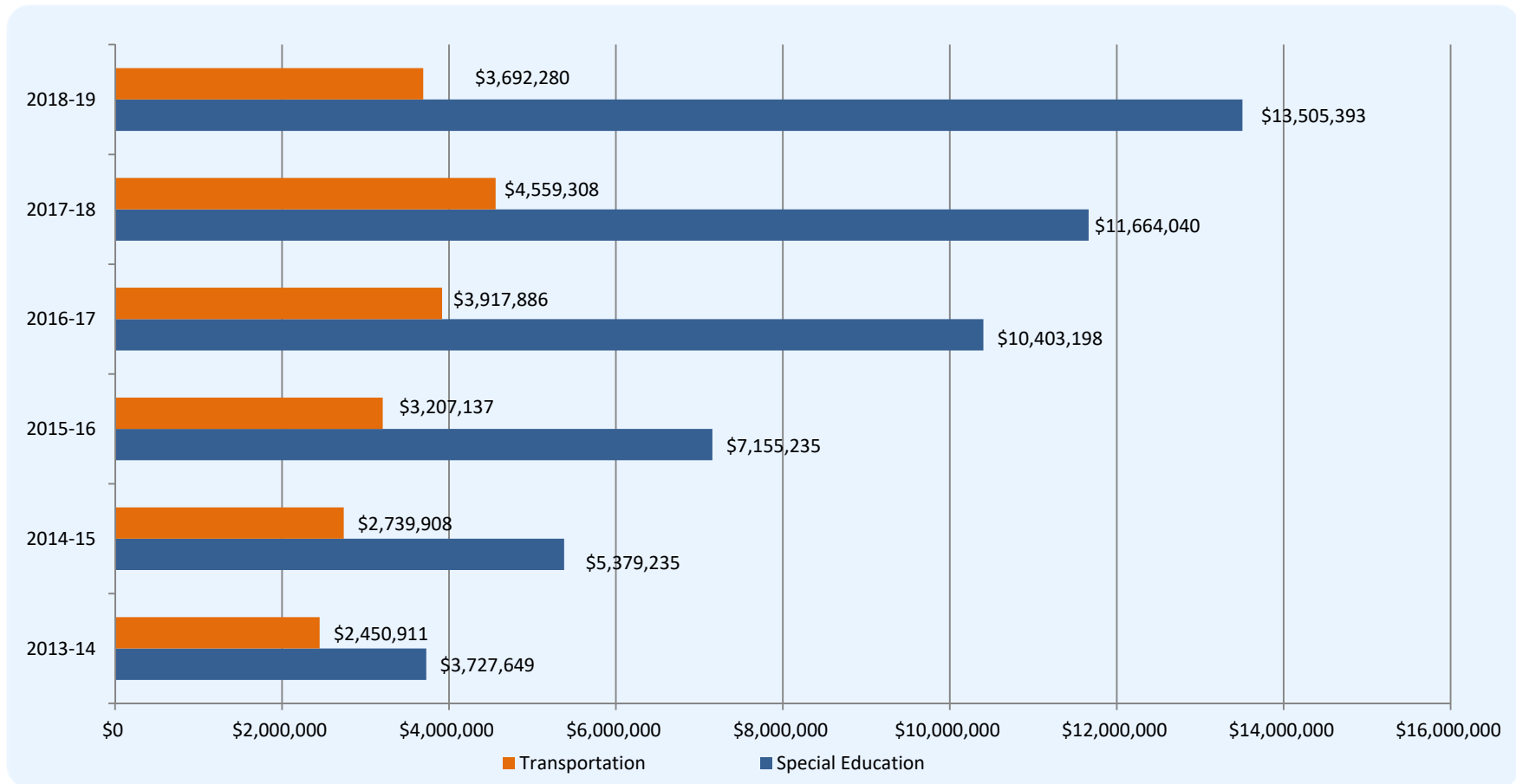
# 2018-19 Second Interim General Fund Revenue

82% of the District's revenues  
are generated from the  
District's Local Control  
Funding Formula (LCFF)

General Fund Sources (In Millions)	
Local Control Funding Formula (LCFF)	\$156.5
Federal Revenue	\$11.3
Other State Revenue	\$13.5
Local and Other Revenue	\$9.4
Other Sources	\$0.0
<hr/>	
Total Revenues	\$190.7
Beginning Balance	\$37.2
<hr/>	
Total General Fund	\$227.9



# 2018-19 Second Interim General Fund Revenue – Contributions



The General Fund estimated 2018–2019 contribution to Special Education is \$13,505,393 an increase of \$1,841,352.87 over prior year and to Transportation is \$3,692,280 a decrease of \$867,028 over prior year.

# Expenditure Budget 2<sup>nd</sup> Interim

## ▶ \$425K Expenditure increase since 1<sup>st</sup> Interim

### ◦ Unrestricted Decrease of \$1.3M

- (140K) Decrease in Salaries and Benefits

Adjustment for vacant positions

- (\$1.88M) Decrease in Materials and Supplies

Decrease instructional materials allocated for book adoption (\$1.81M) pushed back to next year, Budget revision to reallocate budget to align with site/department spending

- \$293K Increase Services and Other Operating

Increase mapping and tracking software, legal cost, and reallocation of budget based on sites/department needs

- \$424K Increase Capital Outlay and Transfer outs

Increase to transportation to purchase buses, recharging station for electric buses, Tilley technology, and reallocation of budget based on sites/department needs, adjustments to indirect cost

### ◦ Restricted Increase \$878K

- \$114K Increase in Salaries and Benefits

Adjustment for vacant positions and additional work agreements

- \$182K Increase Materials and Supplies

Increase for instructional materials

- \$465K Increase Services and Other Operating

Increase for repairs, outside services, legal and budget revision to reallocate budget to align with site spending - includes changes to allocation

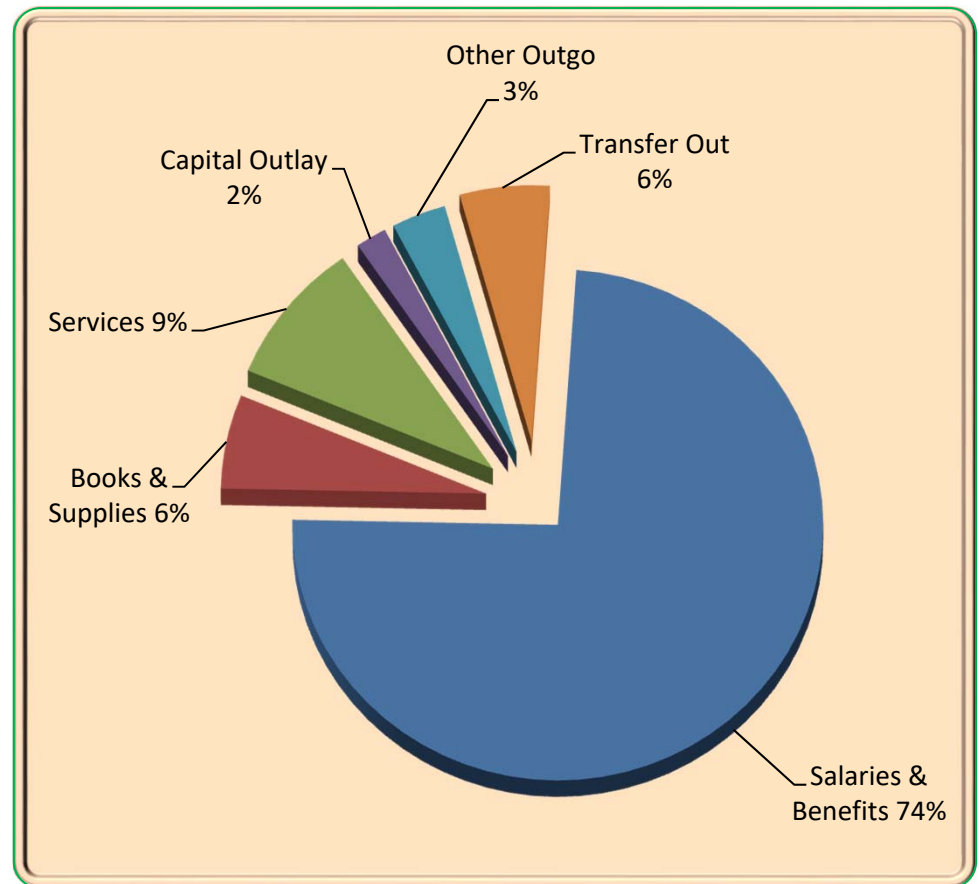
- \$117K Increase Capital Outlay and Other Outgo

Increase in capitalized improvements for West Green House, capitalized equipment, and reallocation of budget based on sites/departments needs, adjustments to indirect cost

# 2018-19 Second Interim Unrestricted/Restricted General Fund Expenditures

**74% of the District's  
total expenditures  
is committed to the  
employees of the District**

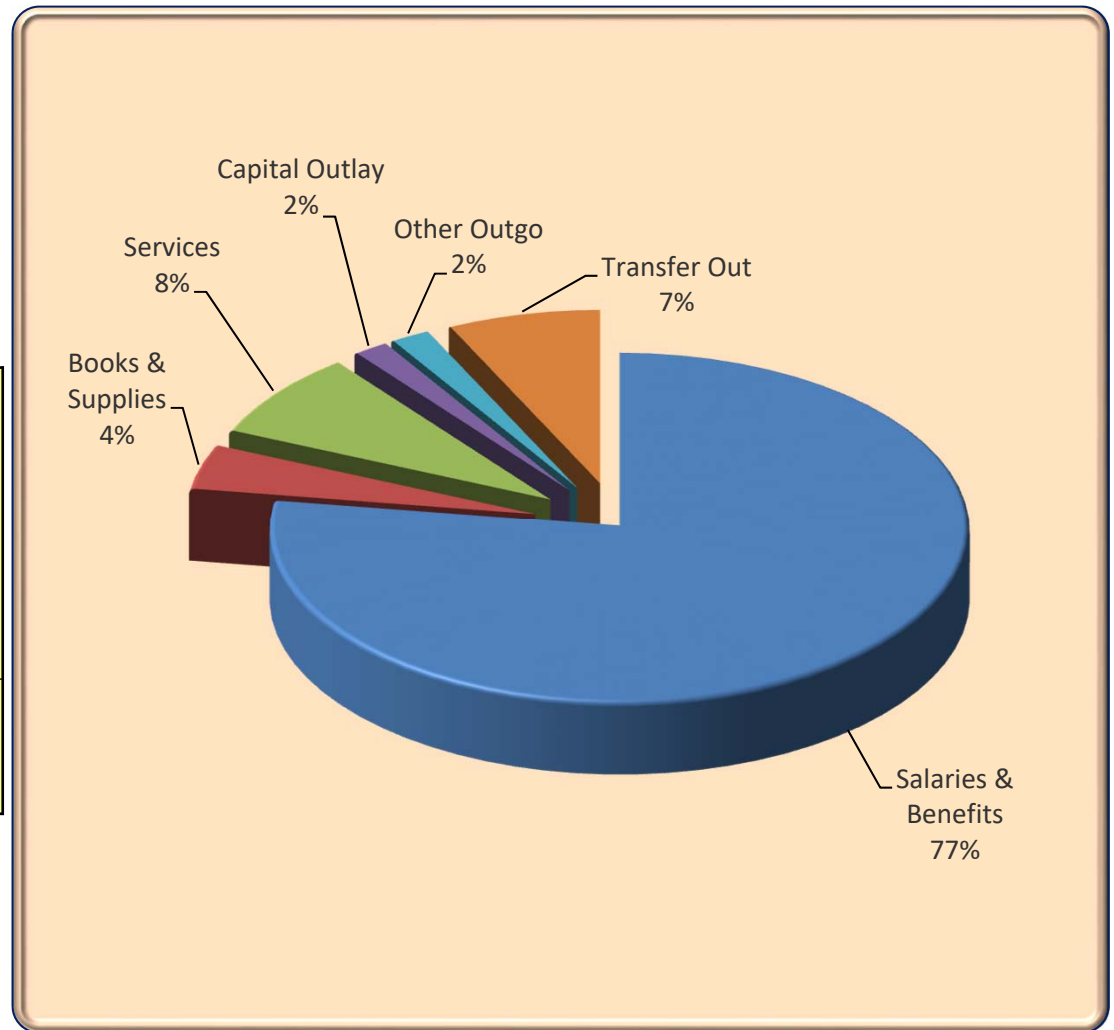
General Fund Expenditures (In Millions)	
Salaries and Benefits	\$144.7
Books and Supplies	\$11.6
Services	\$17.8
Capital Outlay	\$3.7
Other Outgo/Transfer Out	\$17.2
Total Expenditures	\$195.0



# 2018-19 Second Interim Unrestricted General Fund Expenditures

**77% of the District's  
unrestricted expenditures  
is committed to the  
employees of the District**

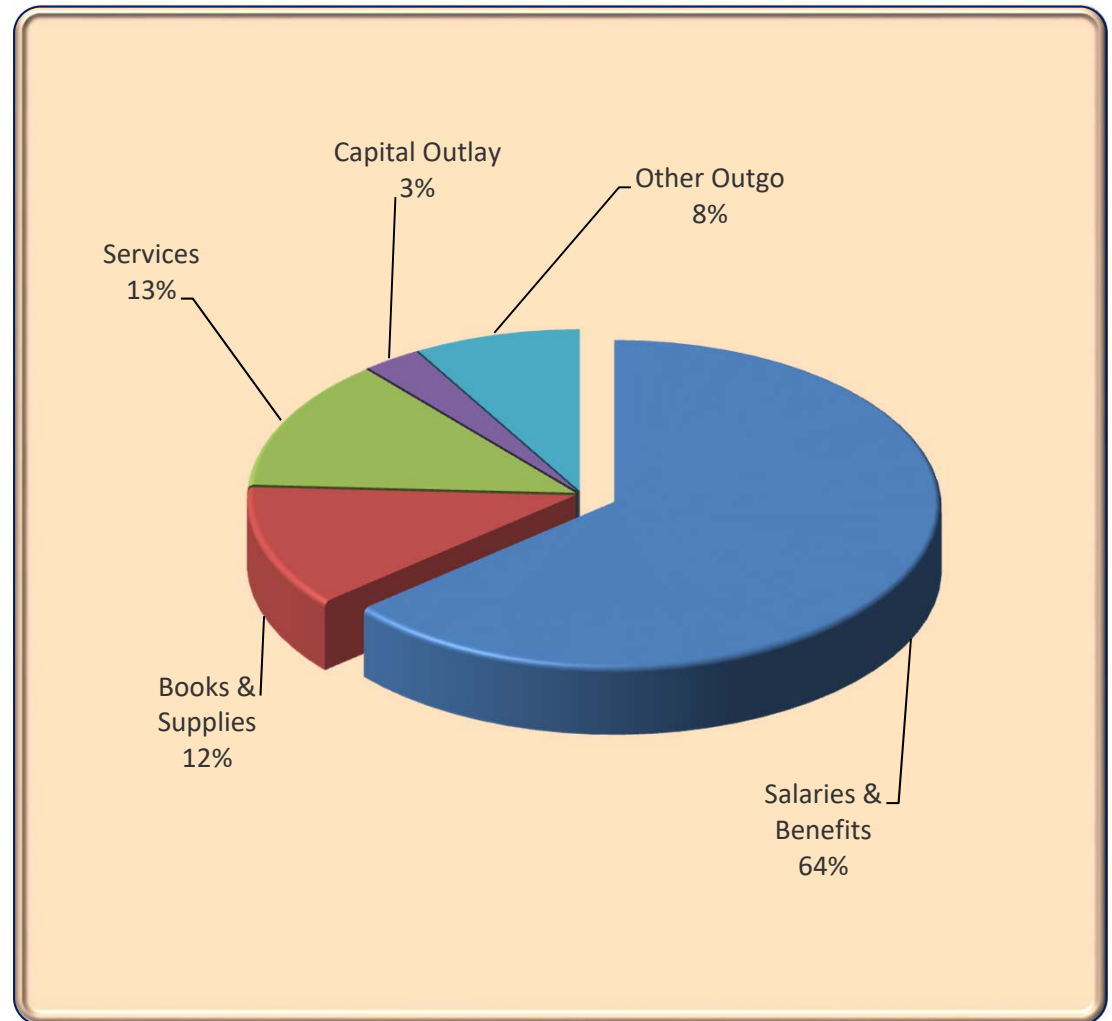
General Fund Unrestricted Expenditures (In Millions)	
Salaries and Benefits	\$115.8
Books and Supplies	\$6.2
Services	\$12.0
Capital Outlay	\$2.4
Other Outgo/Transfer Out	\$13.3
Total Expenditures	\$149.7



# 2018-19 Second Interim Restricted General Fund Expenditures

**64% of the District's  
restricted expenditures  
is committed to the  
employees of the District**

General Fund Restricted Expenditures (In Millions)	
Salaries and Benefits	\$28.9
Books and Supplies	\$5.4
Services	\$5.9
Capital Outlay	\$1.3
Other Outgo	\$3.8
Total Expenditures	\$45.3





# 2018-19 Second Interim MYP Assumptions

	<b>Assumptions:</b>	<b>2018-19 2nd Interim</b>	<b>2019-20 Projected Budget 2nd interim</b>	<b>2020-21 Projected Budget 2nd interim</b>
1	CBEDS Enrollment	15,884	16,016	15,943
2	ADA Projection (excludes County ADA)	15,089.80	15,215.20	15,145.85
3	Unduplicated Count	11,196	11,196	11,196
4	% CBEDS / ADA	95%	95%	95%
5	ADA Increase/Decrease over Prior Year @ P2	94	125	-69
6	Increase/Decrease in enrollment	112	132	-73
7	EPA %	25.89%	25.89%	25.89%
8	COLA (Cost of Living Adjustment)	3.70%	3.46%	2.86%
9	CPI %	3.58%	3.18%	3.05%
10	LCFF Per BASC Calculator	\$138,895,433	\$147,820,962	\$153,857,360
11	Local Revenue - Property Tax	\$17,545,572	\$17,545,572	\$17,545,572
12	Indirect Cost - restricted revenue	3.28%	3.28%	3.28%
13	Federal Revenue	0%	0%	0%
14	Technology Replacement & Leases	\$ 2,436,125	\$ 2,230,125	\$ 2,230,125
15	Instructional Materials - unrestricted	\$ 1,390,513	\$ 3,600,000	\$ 3,600,000
16	Transfer to Special Fund for Capital Outlay Projects	\$ 9,173,161.00		
17	Transfer to Deferred Maintenance	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
18	Certificate of Participation (COP)		\$ 35,000,000	
19	Increase for step and Column	2.00%	2.00%	2.00%
20	Increase per year for Benefits *	12%	5%	5%
21	Bargaining Agreement Increase - CUTA	0.00%	0.00%	0.00%
22	Bargaining Agreement Increase - CSEA	3.00%	0.00%	0.00%
23	Inc. Certificated FTE for increase in enrollment		\$ 318,548	
24	Inc. benefits for increase in FTE		\$ 78,882	
25	Staffing ratio K -3	26 to 1	26 to 1	26 to 1
26	Total estimated certificated FTE to increase		5.08	
27	CalSTRS' increase	1.85%	0.82%	1.00%
28	CalPERS' increase	2.531%	2.64%	2.70%

# Multi-Year Projection

## 2<sup>nd</sup> Interim

		2018-19	2019-20	2020-21
<b>Summary</b>		<b>2nd Interim</b>	<b>Projected as of 2nd Interim</b>	<b>Projected as of 2nd Interim</b>
<b>Beginning Balance</b>	\$	37,165,604	\$ 32,850,026	\$ 33,140,792
Revenue	\$	190,673,118	\$ 193,080,002	\$ 199,205,749
Other Sources/Uses	\$	-	\$ -	\$ -
Transfer in/out	\$	(10,673,161)	\$ (1,500,000)	\$ (1,500,000)
Expenditures	\$	184,315,534	\$ 191,289,237	\$ 197,683,942
Net Increase (Decrease)	\$	(4,315,577)	\$ 290,766	\$ 21,807
<b>Ending Balance</b>	\$	32,850,026	\$ 33,140,792	\$ 33,162,599
Restricted Assignment	\$	2,571,807	\$ 1	\$ 1
5% Reserve	\$	9,749,435	\$ 9,639,462	\$ 9,959,197
	\$	-		
	\$	-		
Total Reserve	\$	30,278,220	\$ 33,140,791	\$ 33,162,598
% Reserve of Total Expenditures		15.53%	17.19%	16.65%

# OTHER FUNDS

## 2018-19 Second Interim

Fund No.	Description	2018-19 Beginning Balance	2018-19 Revenue	2018-19 Expenditures	2018-19 Ending Balance
11	Adult Education	\$ 817,569	\$ 1,181,535	\$ 1,595,351	\$ 403,753
12	Child Development	\$ 216,332	\$ 1,125,552	\$ 1,193,423	\$ 148,462
13	Child Nutrition	\$ 2,595,965	\$ 8,946,627	\$ 10,217,084	\$ 1,325,508
14	Deferred Maintenance	\$ 894,460	\$ 1,527,356	\$ 2,421,816	\$ (0)
21	Building Fund	\$ 14,843,448	\$ 42,151,870	\$ 56,991,480	\$ 3,839
25	Capital Facilities Fund	\$ 2,061,409	\$ 2,522,719	\$ 4,018,848	\$ 565,280
35	County School Facilities	\$ 1,020,093	\$ 2,162,664	\$ 1,950,403	\$ 1,232,354
40	Special Reserve Fund for Capital Outlay Projects	\$ 2,178,425	\$ 9,186,161	\$ -	\$ 11,364,586
51	Bond Fund	\$ 6,398,191	\$ 9,851,694	\$ 9,134,002	\$ 7,115,883
63	Other Enterprise Fund	\$ 162,414	\$ 548,515	\$ 637,812	\$ 73,118
67	Self Insurance Fund	\$ 357,450	\$ 25,914,106	\$ 25,183,202	\$ 1,088,354
	<b>TOTAL</b>	\$ 31,545,758	\$ 105,118,800	\$ 113,343,420	\$ 23,321,138

# Bottom Line

- ▶ Based on the current assumptions, the district is projected to deficit spend in 2018–19 with no deficit spending in the two out years
  - Enrollment projections with a slight decline
  - Increase in unduplicated count
  - Increase in Special Education
  - Decrease cost of STRS and PERS for the out years
  - 3% increase for classified staff
- ▶ The Board adopted a minimum reserve amount of 5% in March 2009
- ▶ The projected ending fund balance in three years is 16.6% of the general fund operating expenditures, exceeding the Board approved minimum by 11.6%. The state average based on School Services data is 16.64%
- ▶ The May Revise will provide further clarification for both the 2018–19 and 2019–20 year and will be incorporated into our 2019–20 July 1 Budget Adoption
- ▶ The district is committed to allocating available funds toward expenditures aligned with the overall Local Control Accountability Plan (LCAP)



# Q&A

