

# Central Unified School District

## 2018–19 First Interim Report



Board Meeting – December 11, 2018

# 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)

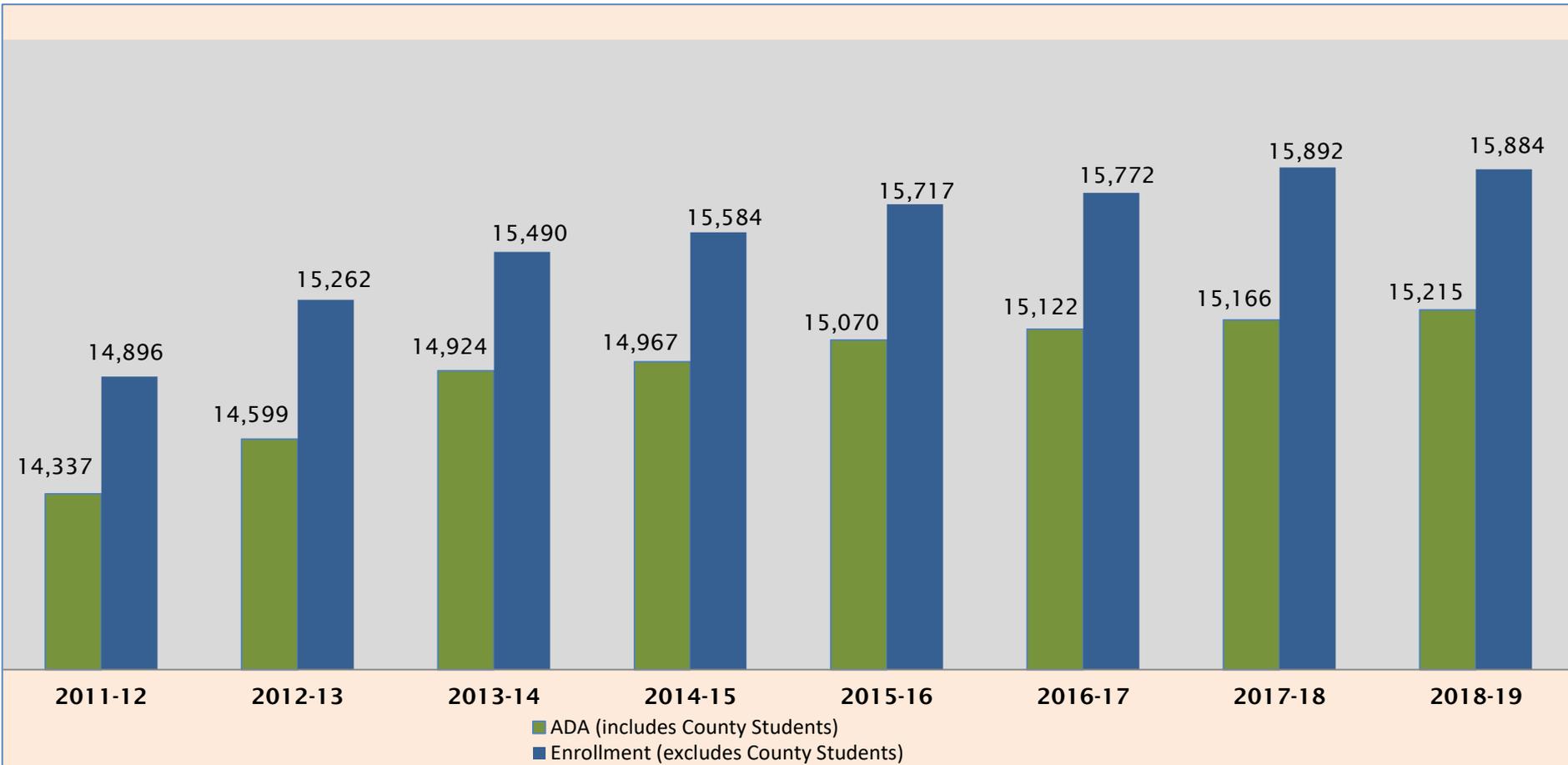
**Phase 8** – Close books and prepare unaudited actuals.

**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<br>Phase 9 | Phase 4                       |                  |
| September       | Phase 8<br>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<br>Phase 7<br>Phase 9 | Phase 2          |
| April           |                    | Phase 7                       | Phase 2          |
| May             |                    | Phase 7<br>Phase 9            | Phase 3          |
| June            |                    | Phase 8                       | Phase 3          |

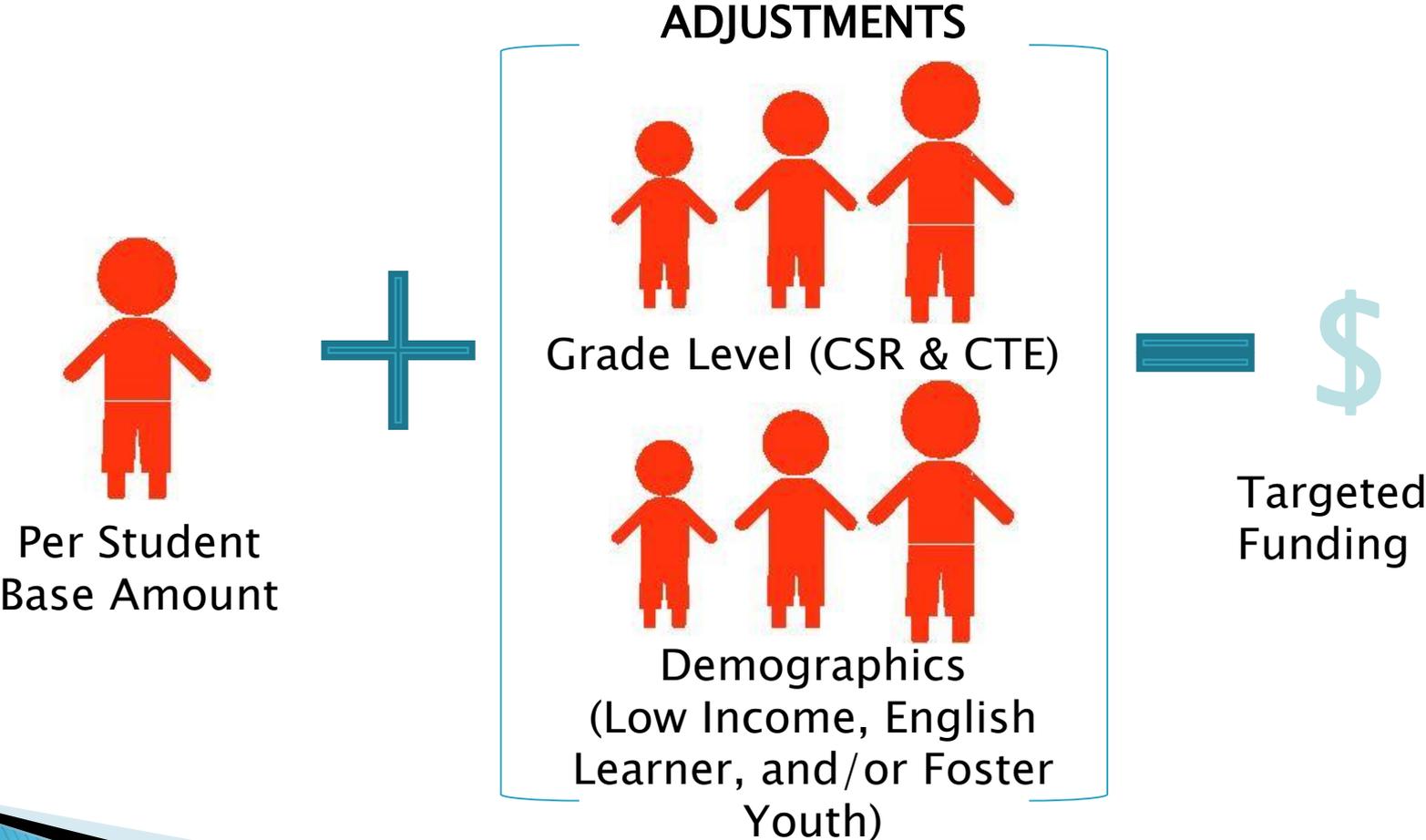
# Enrollment/Average Daily Attendance(ADA) History



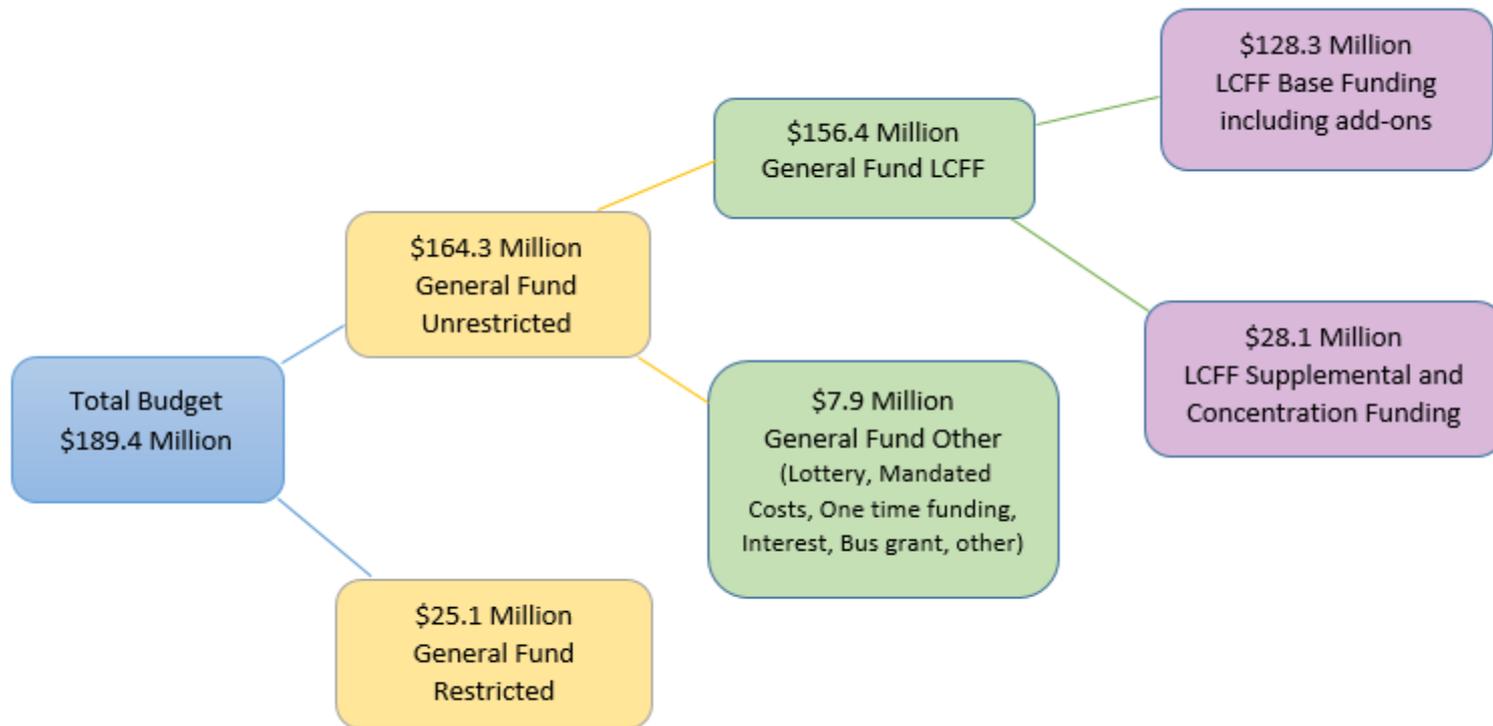
2018–19 ADA Projections reflect an increase of 49, based on 95% of District CBEDS Enrollment

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

Greatly simplifies state funding for local educational agencies (LEAs)

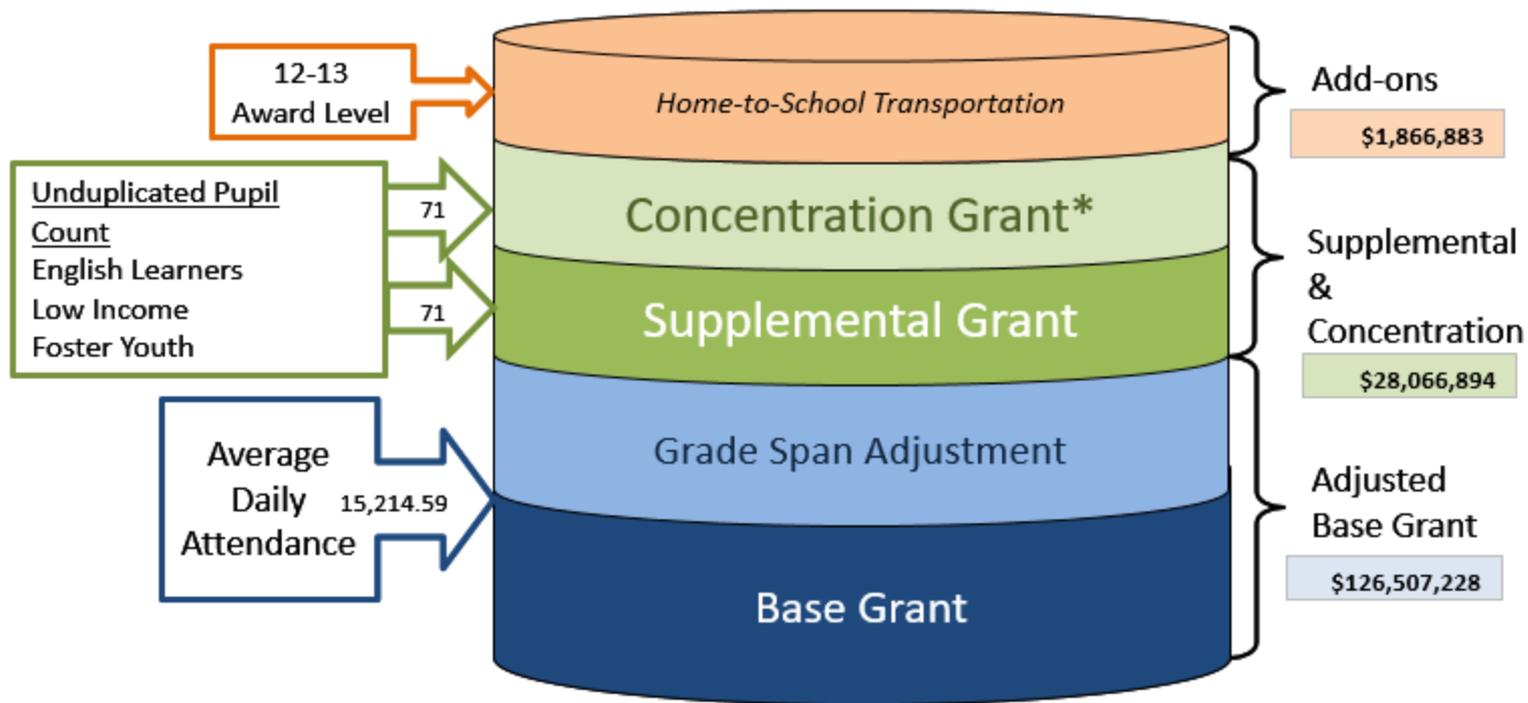


# Restricted/Unrestricted General Fund Revenue Overview



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

TOTAL TARGET LCFF: \$156,441,005



\*Unduplicated Pupil Percentage must be above 55% to receive Concentration Grant funding

# Revenue Budget 1<sup>st</sup> Interim

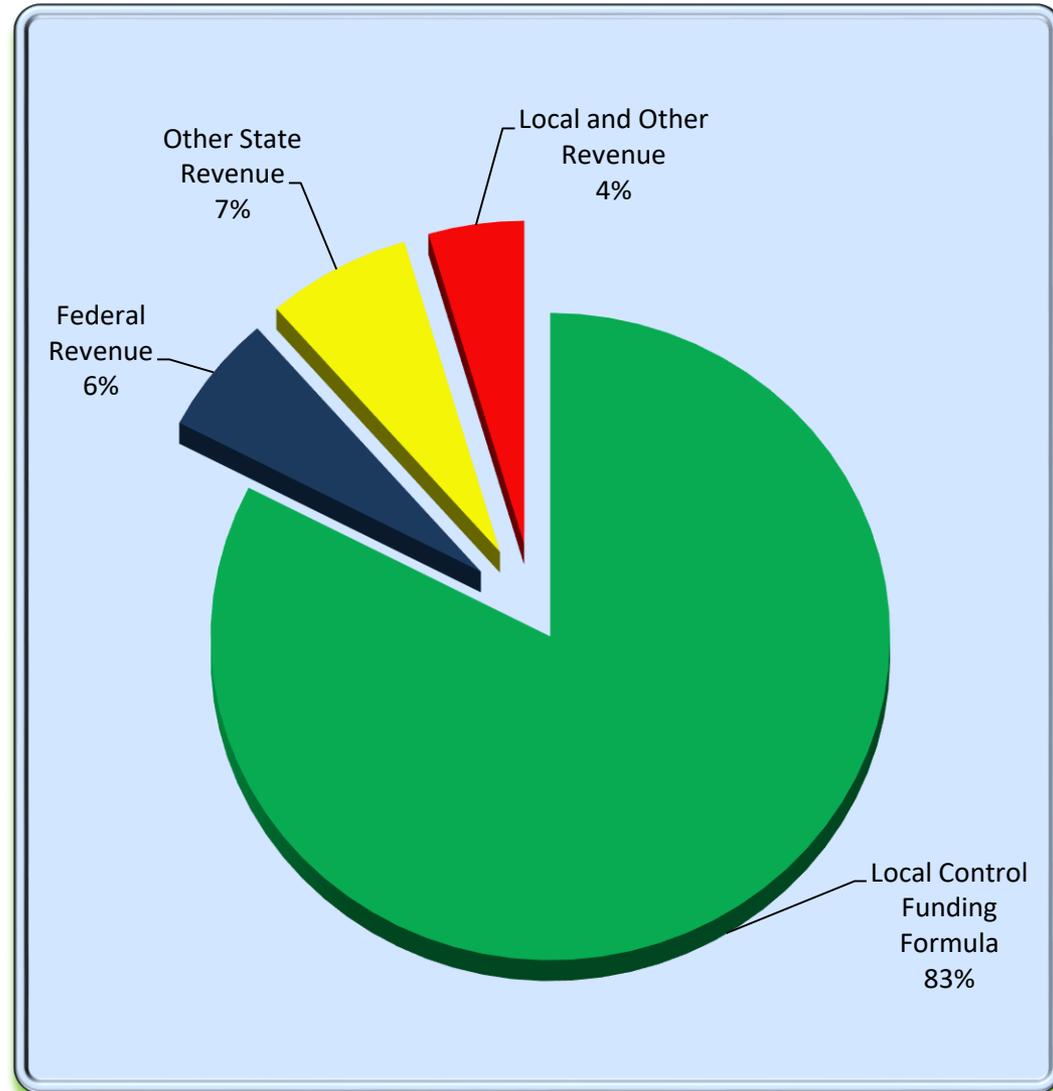
- ▶ **\$3.7 Million Increase since Adopted Budget**
  - **Unrestricted– Decrease –(\$1.3M)**
    - (\$14K) LCFF Revenue: Decrease in enrollment with an increase in unduplicated
    - \$114K Federal Revenue: Increase for Medi-Cal Administrative Activities(MAA) for funds received
    - (\$2.4M) State Revenue: Decrease in onetime allotment per Average Daily Attendance (ADA)
    - \$961K Other Revenue: Increase in bus grants, donations, miscellaneous deposits
  - **Restricted – Increase \$5.0M**
    - \$2.1M Federal Revenue: Increase for the addition of carryover and deferred revenues, update estimated revenue to award and/or new estimated award
    - \$1.6M State Revenue: Increase for the addition of carryover and deferred revenues, added Low Performing Grant of \$1.2M
    - \$1.3M Other Revenue: Increase for grants – Well Grant, After School Program, and donations for sites

# 2018-19 First Interim General Fund Revenue

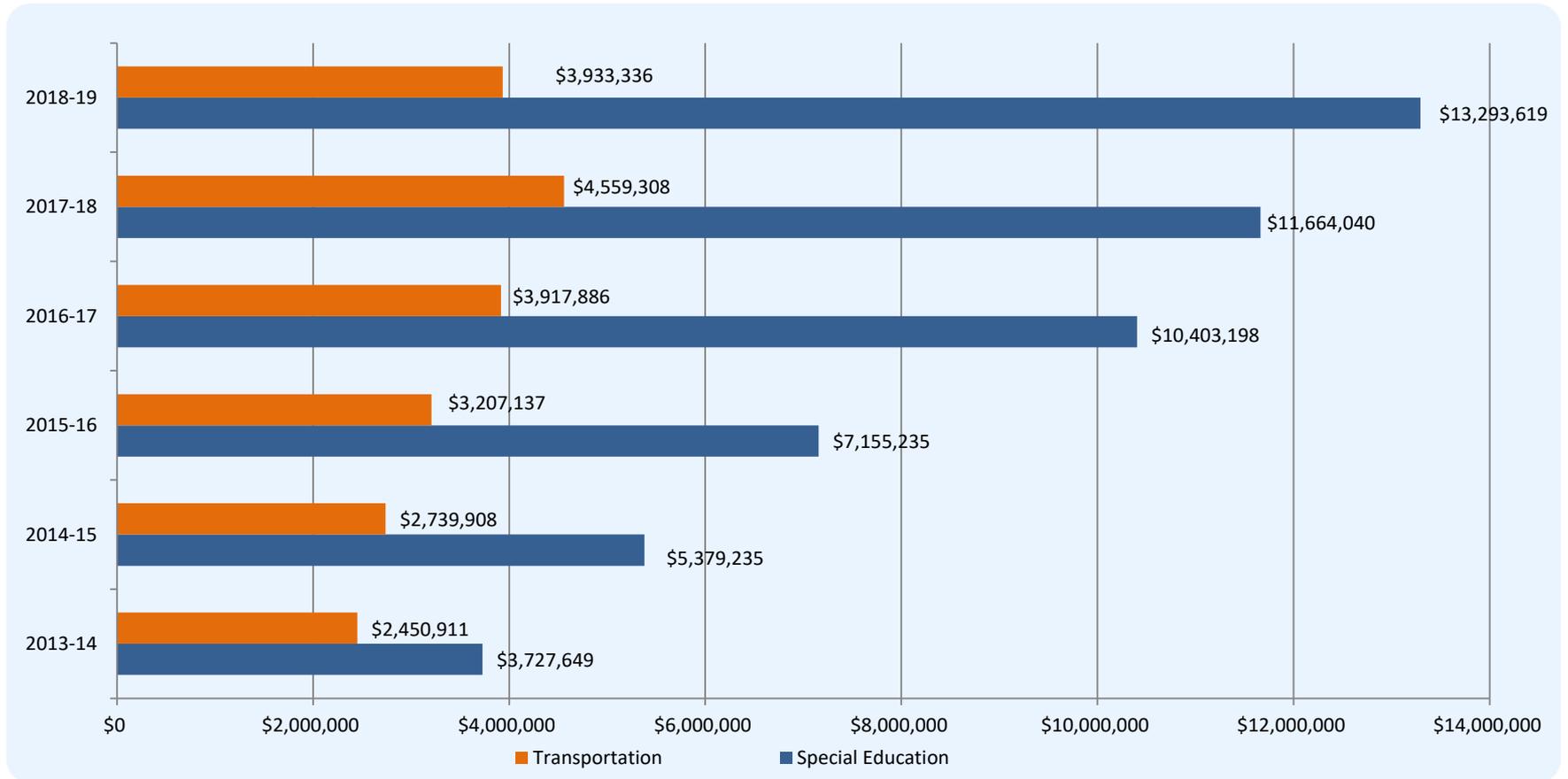
83% of the District's revenues are generated from the District's Local Control Funding Formula (LCFF)

## General Fund Sources (In Millions)

|                                      |                |
|--------------------------------------|----------------|
| Local Control Funding Formula (LCFF) | \$156.5        |
| Federal Revenue                      | \$11.3         |
| Other State Revenue                  | \$13.0         |
| Local and Other Revenue              | \$8.6          |
| Other Sources                        | \$0.0          |
| <b>Total Revenues</b>                | <b>\$189.4</b> |
| Beginning Balance                    | \$37.2         |
| <b>Total General Fund</b>            | <b>\$226.6</b> |



# 2018-19 First Interim General Fund Revenue – Contributions



The General Fund estimated 2018-2019 contribution to Special Education is \$13,293,619 an increase of \$1,629,579 over prior year and the contribution to Transportation is \$3,933,336 a decrease of \$625,972 over prior year.

# Expenditure Budget 1<sup>st</sup> Interim

## ▶ **\$12.3 Million Expenditure increase since Adopted Budget**

### ○ **Unrestricted increased \$6.3M**

- 43K Increase in Salaries and Benefits

Increase for additional positions, 3% increase for all classified, added long term assignments, adjustment for vacant positions, additional work agreements, decrease in health and welfare district cost

- \$1.5M Increase in Materials, Supplies, Services and Other

Budget revision to reallocate budget to align with site spending

- \$674K Increase Capital Outlay and Other Outgo

Increase to transportation to purchase buses, bus mapping and tracking software and reallocation of budget based on sites/department needs

- \$4.0M Increase Transfer Out

Increase transfer out to Fund 40 for new construction of High School

### ○ **Restricted Increase \$6.03M**

- \$952K Increase in Salaries and Benefits

Increase for additional positions, for 3% increase for all classified, added long term assignments, adjustment for vacant positions, additional work agreements, decrease in health and welfare district cost

- \$3.88M Increase in Materials, Supplies, Services and Other

Budget revision to reallocate budget to align with site spending - includes changes to allocation

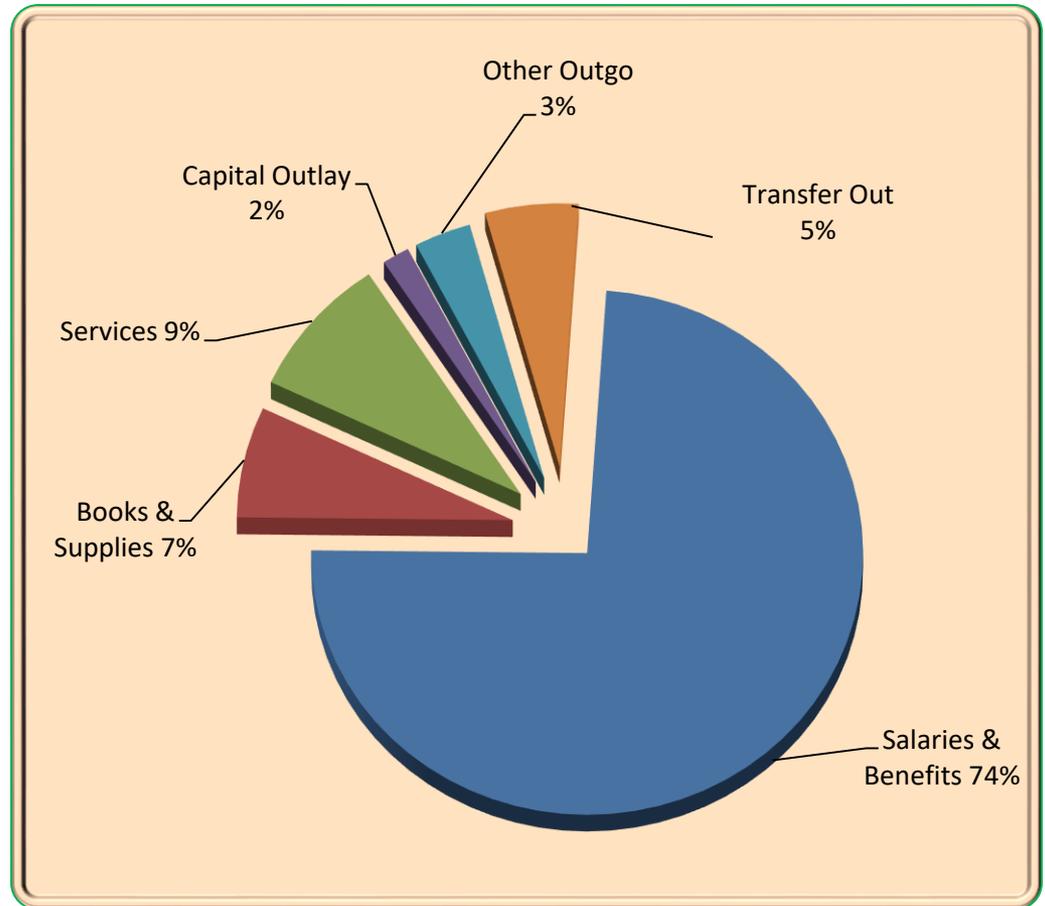
- \$1.2M Increase Capital Outlay and Other Outgo

Increase in capitalized improvements for West Well project, purchase of maintenance vehicle and replacement of vehicles, alignment of budgets to include carryover/deferred revenue

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

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

| General Fund Expenditures<br>(In Millions) |                |
|--|----------------|
| Salaries and Benefits                      | \$144.7        |
| Books and Supplies                         | \$13.3         |
| Services                                   | \$17.1         |
| Capital Outlay                             | \$3.1          |
| Other Outgo/Transfer Out                   | \$17.2         |
| <b>Total Expenditures</b>                  | <b>\$195.4</b> |

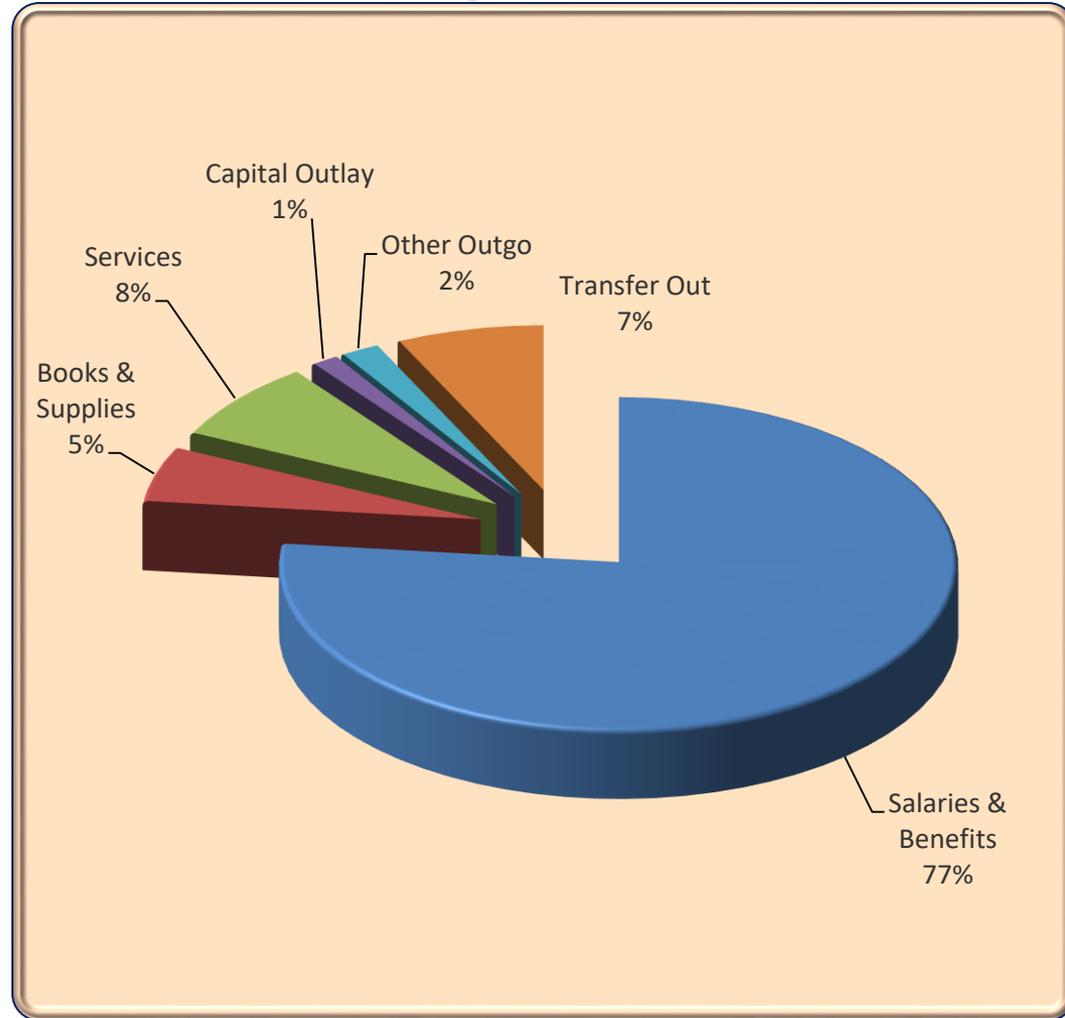


# 2018-19 First Interim

## Unrestricted General Fund Expenditures

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

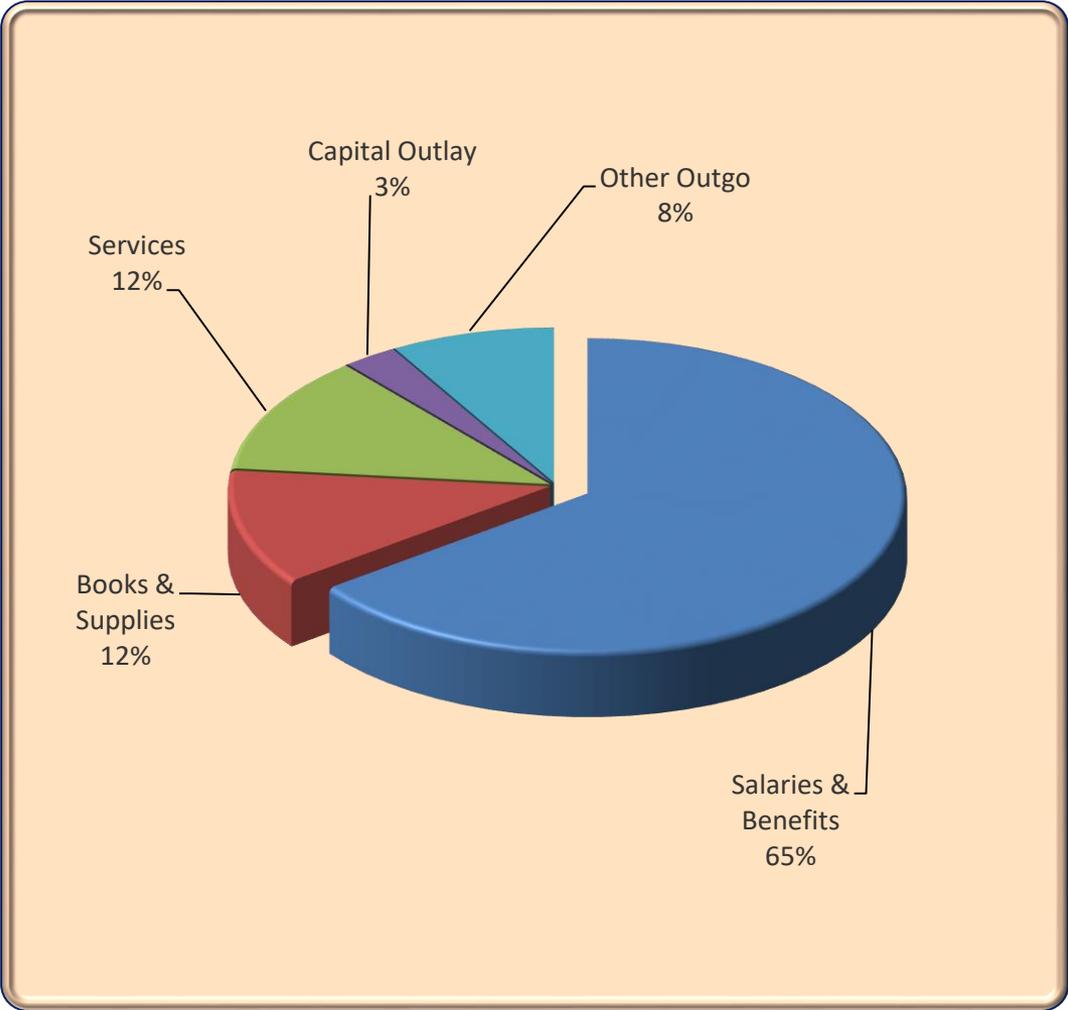
| General Fund Unrestricted Expenditures<br>(In Millions) |                |
|---|----------------|
| Salaries and Benefits                                   | \$115.9        |
| Books and Supplies                                      | \$8.1          |
| Services  | \$11.7         |
| Capital Outlay  | \$1.9          |
| Other Outgo/Transfer Out                                | \$13.5         |
| <b>Total Expenditures</b>                               | <b>\$151.0</b> |



# 2018-19 First Interim Restricted General Fund Expenditures

**65% of the District's  
restricted expenditures  
is committed to the  
employees of the District**

| General Fund Restricted Expenditures<br>(In Millions) |        |
|---|--------|
| Salaries and Benefits                                 | \$28.8 |
| Books and Supplies                                    | \$5.3  |
| Services  | \$5.4  |
| Capital Outlay  | \$1.2  |
| Other Outgo   | \$3.7  |
| Total Expenditures                                    | \$44.4 |



# 2018-19 First Interim MYP Assumptions

|    |  | 2018-19<br>1st Interim | 2019-20<br>Projected Budget<br>1st interim | 2020-21<br>Projected Budget<br>1st interim |
|----|--|------------------------|--|--|
|    | <b>Assumptions:</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                                   | 11,923                 | 11,923                                     | 11,923                                     |
| 4  | % CBEDS / ADA  | 95%                    | 95%  | 95%  |
| 5  | ADA Increase/Decrease over Prior Year @ P2           | 52                     | 125  | -69  |
| 6  | Increase/Decrease in enrollment                      | -10                    | 132  | -73  |
| 7  | EPA %  | 25.89%                 | 25.89%                                     | 25.89%                                     |
| 8  | COLA (Cost of Living Adjustment)                     | 3.70%                  | 2.57%                                      | 2.67%                                      |
| 9  | CPI %  | 3.66%                  | 3.50%                                      | 3.23%                                      |
| 10 | LCFF Per BASC Calculator                             | \$126,371,667          | \$134,276,891                              | \$141,536,361                              |
| 11 | Local Revenue - Property Tax                         | \$16,581,743           | \$16,581,743                               | \$16,581,743                               |
| 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                               | \$ 2,303,125                               |
| 15 | Instructional Materials - unrestricted               | \$ 3,216,310           | \$ 3,747,310                               | \$ 3,747,310                               |
| 16 | Transfer to Special Fund for Capital Outlay Projects | \$ 9,173,161           | \$ -                                       | \$ -                                       |
| 17 | Transfer to Deferred Maintenance                     | \$ 1,500,000           | \$ 1,500,000                               | \$ 1,500,000                               |
| 18 | Certificate of Participation (COP)                   | \$ 20,000,000          |  |  |
| 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     | \$ -                   | \$ 304,615                                 | \$ -                                       |
| 24 | Inc. benefits for increase in FTE                    | \$ -                   | \$ 81,549                                  | \$ -                                       |
| 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%                  | 1.85%                                      | 1.85%                                      |
| 28 | CalPERS' increase                                    | 2.531%                 | 2.74%                                      | 2.70%                                      |

# Multi-Year Projection

## 1<sup>st</sup> Interim

| Summary                                | 2018-19         | 2019-20                     | 2020-21                     |
|--|-----------------|-----------------------------|-----------------------------|
|  | 1st Interim     | Projected as of 1st Interim | Projected as of 1st Interim |
| <b>Beginning Balance</b>               | \$ 37,165,604   | \$ 31,143,381               | \$ 31,159,417               |
| Revenue                                | \$ 189,391,271  | \$ 191,139,160              | \$ 196,883,784              |
| Other Sources/Uses                     | \$ -            | \$ -                        | \$ -                        |
| Transfer in/out                        | \$ (10,673,161) | \$ (1,500,000)              | \$ (1,500,000)              |
| Expenditures                           | \$ 184,740,332  | \$ 189,623,122              | \$ 194,751,875              |
| <b>Net Increase (Decrease)</b>         | \$ (6,022,223)  | \$ 16,037                   | \$ 631,908                  |
| <b>Ending Balance</b>                  | \$ 31,143,381   | \$ 31,159,417               | \$ 31,791,325               |
| Restricted Assignment                  | \$ 2,878,140    | \$ 1                        | \$ 1                        |
| 5% Reserve                             | \$ 9,770,675    | \$ 9,556,156                | \$ 9,812,594                |
|  | \$ -            |                             |                             |
|  | \$ -            |                             |                             |
| <b>Total Reserve</b>                   | \$ 28,265,241   | \$ 31,159,416               | \$ 31,791,324               |
| <b>% Reserve of Total Expenditures</b> | 14.46%          | 16.30%                      | 16.20%                      |

# OTHER FUNDS

## 2018-19 First Interim

| Fund#        | Description                                      | 2018-19<br>Beginning<br>Balance | 2018-19<br>Revenue   | 2018-19<br>Expenditures | 2018-19<br>Ending<br>Balance |
|--------------|--|---------------------------------|----------------------|-------------------------|------------------------------|
| 11           | Adult Education                                  | \$ 817,569                      | \$ 1,165,933         | \$ 1,584,024            | \$ 399,478                   |
| 12           | Child Development                                | \$ 216,332                      | \$ 955,605           | \$ 1,024,176            | \$ 147,762                   |
| 13           | Child Nutrition                                  | \$ 2,595,965                    | \$ 8,991,613         | \$ 10,140,463           | \$ 1,447,116                 |
| 14           | Deferred Maintenance                             | \$ 894,460                      | \$ 2,407,461         | \$ 14,346               | \$ 3,287,575                 |
| 21           | Building Fund                                    | \$ 14,843,448                   | \$ 144,370           | \$ 14,987,819           | \$ -                         |
| 25           | Capital Facilities Fund                          | \$ 2,061,409                    | \$ 2,020,000         | \$ 3,505,626            | \$ 575,783                   |
| 35           | County School Facilities                         | \$ 1,020,093                    | \$ 2,148,164         | \$ 1,949,030            | \$ 1,219,226                 |
| 40           | Special Reserve Fund for Capital Outlay Projects | \$ 2,178,425                    | \$ 9,180,161         | \$ -                    | \$ 11,358,586                |
| 51           | Bond Fund  | \$ 6,398,191                    | \$ 7,013,949         | \$ 8,615,386            | \$ 4,796,754                 |
| 63           | Other Enterprise Fund                            | \$ 162,414                      | \$ 561,201           | \$ 650,597              | \$ 73,018                    |
| 67           | Self Insurance Fund                              | \$ 357,450                      | \$ 25,872,502        | \$ 25,142,000           | \$ 1,087,952                 |
| <b>TOTAL</b> |  | <b>\$ 31,545,758</b>            | <b>\$ 60,460,960</b> | <b>\$ 67,613,467</b>    | <b>\$ 24,393,251</b>         |

# Bottom Line

- ▶ Based on the current assumptions, the district is projected to deficit spend in 2018–19 with the next two years showing a slight net increase
  - Enrollment projections with a slight decline
  - Increase in unduplicated count
  - Increase in Special Education
  - Increase cost of STRS and PERS
  - 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 15.96% of the general fund operating expenditures, exceeding the Board approved minimum by 9.85%. The state average based on School Services data is 16.45%
- ▶ The Governor's January Budget will provide further clarification for both the 2018–19 and the 2019–20 year and will be incorporated into the 2018–19 Second Interim Report
- ▶ The district is committed to allocating available funds toward expenditures aligned with the overall Local Control Accountability Plan (LCAP)

# Q&A