

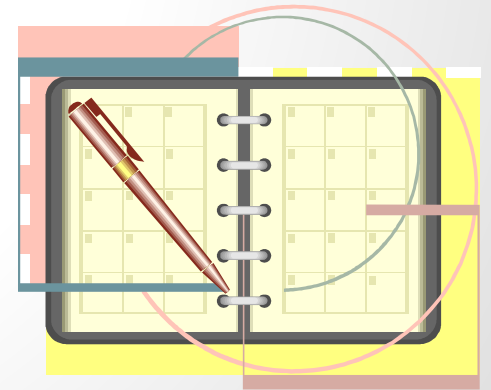


2019–20 Preliminary Budget Presentation

June 24, 2019

Agenda

- ▶ 2019–20 State Budget Update
- ▶ Update of 2018–19 Estimated Actuals
- ▶ Funding Status
- ▶ Revenue & Revenue Assumptions
- ▶ Expenditures & Expenditure Assumptions
- ▶ Fund Balance
- ▶ Multi–Year Projections
- ▶ PERS/STRS Changes
- ▶ Uncertainties & Prudence
- ▶ Next Steps
- ▶ Questions



State Budget Update (Relevant Factors Only)



- ▶ Cost of Living Adjustment (COLA) is 3.26%, which is slightly down from the estimate of 3.46% in January
 - Minimal effect for HSD because HSD is community funded (i.e. basic aid)
- ▶ No one-time mandate funds proposed for 2019–20
 - Unlike in past years, the 2019–20 May Revision does not propose any one-time Proposition 98 discretionary funding, which remains unchanged from the Governor's January proposal

Basic Aid (HSD) vs State Funded (ESD)

- ▶ District is entitled to a calculated Entitlement
 - Comprised of property taxes and State Aid
 - If Property taxes fill the bucket and overflow, the district keeps the overflow \$\$ and only receives a minimum amount of State Aid



- ▶ District is entitled to a calculated Entitlement
 - Comprised of property taxes and State Aid
 - When property taxes don't fill the bucket, the State makes up the shortfall with State Aid



What are the Changes to the 18-19 Budget/Estimated Actuals?

- ▶ ESD LCFF funding decreased due to ADA change
- ▶ HSD LCFF funding adjusted for property tax projected growth
- ▶ Supplemental & Concentration funding adjusted
- ▶ Adjustments for increases in STRS & PERS
- ▶ Adjusted salaries for late hires, unfilled positions

Changes con't

- ▶ Special Ed contribution decreased for unfilled vacancies, unused sub and extra duty costs and adjusted Non-Public Schools and Agencies to projected expenses
- ▶ MCOE Excess Cost “Billback” decreased – HSD \$160K
- ▶ SpEd transportation decreased – HSD \$101K

ESD Changes to 2018-19 Estimated Actuals

	Second Interim			Estimated Actuals				Change Since		
	2018-19			2018-19				Second Interim		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined		Unrestricted	Restricted	Combined
Revenue										
General Purpose	44,346,427	0	44,346,427	44,349,424	0	44,349,424		2,997	0	2,997
Federal Revenue	0	2,766,088	2,766,088	0	2,726,945	2,726,945	1	0	(39,143)	(39,143)
State Revenue	1,720,216	3,224,018	4,944,234	1,712,701	3,370,082	5,082,783	2	(7,515)	146,064	138,549
Local Revenue	571,509	6,659,504	7,231,013	807,970	6,704,434	7,512,403	3	236,461	44,930	281,390
Total Revenue	46,638,152	12,649,610	59,287,762	46,870,095	12,801,461	59,671,555		231,943	151,851	383,793
Expenditures										
Certificated Salaries	20,176,087	6,012,005	26,188,092	20,271,339	6,027,325	26,298,664	4	95,252	15,320	110,572
Classified Salaries	4,411,292	2,024,099	6,435,391	4,301,866	2,021,735	6,323,601	5	(109,426)	(2,365)	(111,790)
Benefits	8,363,939	4,196,657	12,560,596	8,270,833	4,192,799	12,463,633	5	(93,106)	(3,858)	(96,963)
Books and Supplies	1,648,821	1,216,110	2,864,931	1,456,525	1,108,421	2,564,946	6	(192,296)	(107,689)	(299,985)
Other Services & Oper. Expenses	4,616,248	4,823,590	9,439,838	4,571,979	5,196,419	9,768,398	7	(44,269)	372,829	328,560
Capital Outlay	88,621	1,182,324	1,270,945	81,558	1,153,690	1,235,248		(7,063)	(28,634)	(35,697)
Other Outgo 7xxx	224,012	1,000,258	1,224,270	232,738	1,035,141	1,267,879		8,726	34,883	43,609
Transfer of Indirect 73xx	(293,938)	226,167	(67,771)	(296,848)	229,078	(67,770)		(2,910)	2,911	1
Total Expenditures	39,235,082	20,681,210	59,916,292	38,889,991	20,964,607	59,854,598		(345,091)	283,397	(61,694)
Deficit/Surplus	7,403,070	(8,031,600)	(628,530)	7,980,104	(8,163,147)	(183,043)		577,034	(131,547)	445,487
Other Sources/(uses)	20,000	0	20,000	20,000	0	20,000		0	0	0
Transfers in/(out)	(1,127,332)	(185,000)	(1,312,332)	(1,133,417)	(185,000)	(1,318,417)		(6,085)	0	(6,085)
Contributions to Restricted	(6,889,489)	6,889,489	0	(7,108,873)	7,108,873	0	7	(219,384)	219,384	0
Net increase (decrease) in Fund Balance	(593,751)	(1,327,111)	(1,920,862)	(242,186)	(1,239,273)	(1,481,460)		351,565	87,838	439,402
Beginning Balance	14,573,855	3,848,852	18,422,707	14,573,855	3,848,852	18,422,707		0	0	0
Ending Balance	13,980,104	2,521,741	16,501,845	14,331,669	2,609,579	16,941,247		351,565	87,838	439,402
Revolving/Stores/Prepays			0			0		0	0	0
Reserve for Econ Uncertainty (3%)	1,836,859		1,836,859	1,835,191		1,835,191		(1,668)	0	(1,668)
7% Board Designated Reserve	4,286,004		4,286,004	4,282,112		4,282,112		(3,892)	0	(3,892)
			0			0		0	0	0
Restricted Programs		2,521,741	2,521,741		2,609,579	2,609,579		0	87,838	87,838
Unappropriated Fund Balance	7,857,241	0	7,857,241	8,214,366	0	8,214,366		357,125	0	357,125
<i>Unappropriated Percent</i>			1.9%			13.7%				

Notes: ESD

Notes:

- ¹ Federal funding decreased due to a slight change in Title I, II, III actual 18-19 funding
- ² New After School Kids Code grant (\$100,000) and Increased Lottery IMF \$46,064
- ³ Increased interest income, donations
- ⁴ Net change due to budgeting for Board approved compensation adjustments to management and confidential
- ⁵ Vacancy savings due to several positions unfilled throughout the 18-19 school year
- ⁶ Delayed curriculum adoption until 19-20
- ⁷ Increase of SpEd services (\$113K), After School Kids Code (\$100K), and services paid with donations/grants (\$74K)

Changes Since 2nd Interim 2018-19 Budget ESD

ESD Unrestricted Changes Since Second Interim		
		Change in Fund Balance 2018-19
Excess of Expenditures over Revenues		\$ (593,751)
Revenue Changes		
LCFF Funding - ADA funding changes	2,997	
State & Local Revenue - Interest income, donations	228,946	
	231,943	\$ 231,943
Expenditure Changes		
Certificated Salaries - comp adjustments (4.5% raise) mgmt	95,252	
Classified Salaries - vacancy savings	(109,426)	
Benefits	(93,106)	
Books and Supplies - curriculum adoption delay	(192,296)	
Other Services, Operations - utilities, technology	(44,269)	
Other Changes	(1,246)	
Transfers out	6,085	
Contribution to Restricted Budget - SpEd Trans & MCOE excess cost	219,384	
Total Expenditure Change	(119,622)	\$ (119,622)
Revised Excess of Expenditures over Revenues		\$ (242,186)

HSD Changes to 2018-19 Budget

	Second Interim 2018-19			Estimated Actuals 2019-20				Change Since Second Interim		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined		Unrestricted	Restricted	Combined
Revenue										
General Purpose	27,367,833	0	27,367,833	27,536,778	0	27,536,778	1	168,945	0	168,945
Federal Revenue	0	1,070,759	1,070,759	0	1,096,034	1,096,034	2	0	25,275	25,275
State Revenue	994,370	1,631,996	2,626,366	990,339	1,631,996	2,622,336		(4,031)	0	(4,030)
Local Revenue	599,261	4,658,090	5,257,351	778,473	4,694,521	5,472,993	3	179,212	36,431	215,642
Total Revenue	28,961,464	7,360,845	36,322,309	29,305,590	7,422,552	36,728,142		344,126	61,707	405,833
Expenditures										
Certificated Salaries	11,416,287	4,241,621	15,657,908	11,459,246	4,204,644	15,663,890	4	42,959	(36,977)	5,982
Classified Salaries	3,640,268	1,435,064	5,075,332	3,549,930	1,355,151	4,905,081	5	(90,338)	(79,913)	(170,251)
Benefits	5,206,042	3,065,501	8,271,543	5,115,504	3,014,657	8,130,161	5	(90,538)	(50,844)	(141,382)
Books and Supplies	905,994	784,455	1,690,449	1,001,043	680,952	1,681,995	6	95,049	(103,503)	(8,454)
Other Services & Oper. Expenses	2,875,498	3,126,559	6,002,057	2,900,747	3,184,877	6,085,625		25,249	58,318	83,568
Capital Outlay	26,060	533,952	560,012	30,306	541,450	571,756		4,246	7,498	11,744
Other Outgo 7xxx	45,082	1,011,712	1,056,794	121,173	986,712	1,107,885	7	76,091	(25,000)	51,091
Transfer of Indirect 73xx	(282,652)	246,150	(36,502)	(283,662)	247,160	(36,502)		(1,010)	1,010	0
Total Expenditures	23,832,579	14,445,014	38,277,593	23,894,288	14,215,603	38,109,891		61,709	(229,411)	(167,702)
Deficit/Surplus	5,128,885	(7,084,169)	(1,955,284)	5,411,302	(6,793,051)	(1,381,749)		282,417	291,118	573,535
Other Sources/(uses)	70,000	0	70,000	70,000	0	70,000		0	0	0
Transfers in/(out)	(98,765)		(98,765)	(98,765)	0	(98,765)		0	0	0
Contributions to Restricted	(6,328,084)	6,328,084	0	(6,193,812)	6,193,812	0	8	134,272	(134,272)	0
Net increase (decrease) in Fund Balance	(1,227,964)	(756,085)	(1,984,049)	(811,275)	(599,239)	(1,410,514)		416,689	156,846	573,535
Beginning Balance	6,260,509	1,634,183	7,894,692	6,260,509	1,634,183	7,894,692		0	0	0
Ending Balance	5,032,545	878,098	5,910,643	5,449,234	1,034,944	6,484,178		416,689	156,846	573,535
Revolving/Stores/Prepays	2,500		2,500			0		(2,500)	0	(2,500)
Reserve for Econ Uncertainty (3%)	1,149,191		1,149,191	1,144,160		1,144,160		(5,031)	0	(5,031)
Board Designated Reserve above 3%	3,613,386		3,613,386	4,037,606		4,037,606		424,220	0	424,220
Assigned for SRFT 2% compensation inc	267,468	48,770	316,238	267,468	48,770	316,238		0	0	0
Restricted Programs		829,328	829,328		986,174	986,174		0	156,846	156,846
Unappropriated Fund Balance	0	0	0	0	0	0		0	0	0
<i>Unappropriated Percent</i>			0.0%			0.0%				

Notes:HSD

Notes:

- ¹ General Purpose funding increased due to projected increases in secured prop taxes and community redevelopment funds
- ² Unanticipated increased funding for Title I,II,III
- ³ Increased funding from interest income, transportation revenue, tuition revenue, and flood damage reimbursement
- ⁴ Net change due to budgeting for Board approved compensation adjustments for management and confidential
- ⁵ Net change due to various classified positions vacancy savings
- ⁶ Net change due to AP Testing costs
- ⁷ Net change due increased MCOE tuition expense
- ⁸ Net change due to decreased Sp Ed transportation costs and MCOE Sp Ed excess costs

Changes Since 2nd Interim 2018-19 Budget HSD

HSD Unrestricted Changes Since Second Interim		
		Change in Fund Balance 2018-19
Excess of Expenditures over Revenues		\$ (1,227,965)
Revenue Changes		
Secured Property Taxes & Community Redevelopment Funds	168,945	
State Revenue	(4,031)	
Local Revenue - Interest Income, Transportation, Tuition, Flood	179,212	
	344,126	\$ 344,126
Expenditure Changes		
Certificated Salaries - Mgmt comp adjustments (2.0% raise)	42,959	
Classified Salaries - vacancy savings	(90,338)	
Benefits - vacancy savings	(90,538)	
Books and Supplies - AP testing expenses	95,049	
Other Services, Operations - utilities, technology, nurse support	25,249	
Other Changes	80,337	
Transfers of Indirect	(1,010)	
Contribution to Restricted Budget - SpEd Trans & MCOE excess cost	(134,272)	
Total Expenditure Change	72,564	\$ 72,564
Revised Excess of Expenditures over Revenues		\$ (811,275)

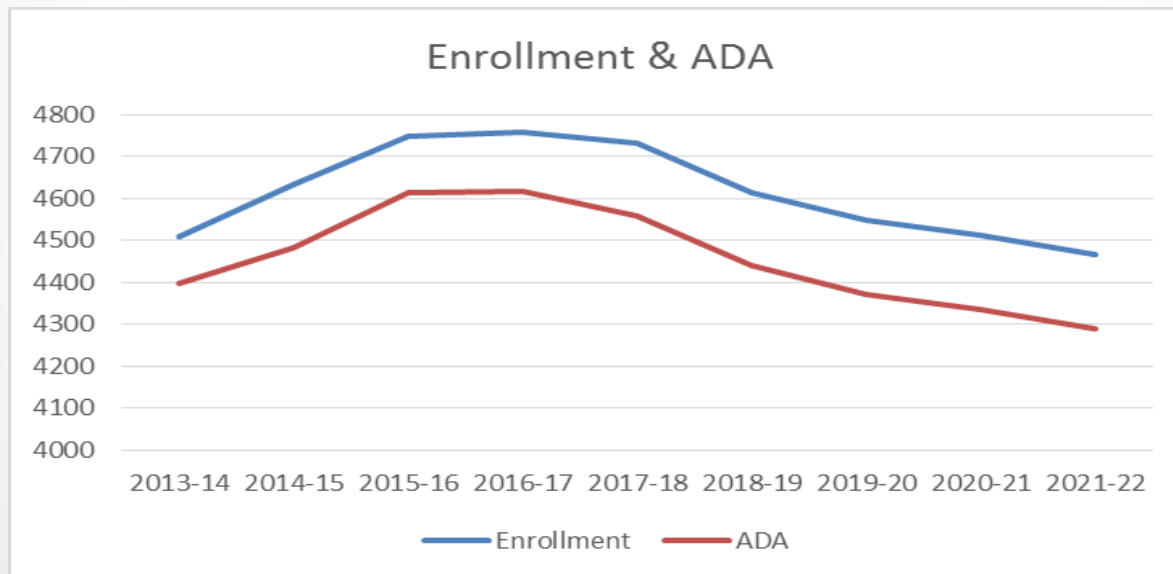
Components: Funding Factors

- ▶ Average Daily Attendance (ADA) or Enrollment (HSD)
 - ESD – The projected ADA for 2019–20 is 4,396, which is a decrease of 68 ADA from 2018–19
 - HSD – Projected enrollment is 2,685 which is 16 more than 2018–19
- ▶ Due to the fact that the HSD is community funded, the increase in enrollment over the last few years does not significantly impact operating revenues, but does increase operating expenditures



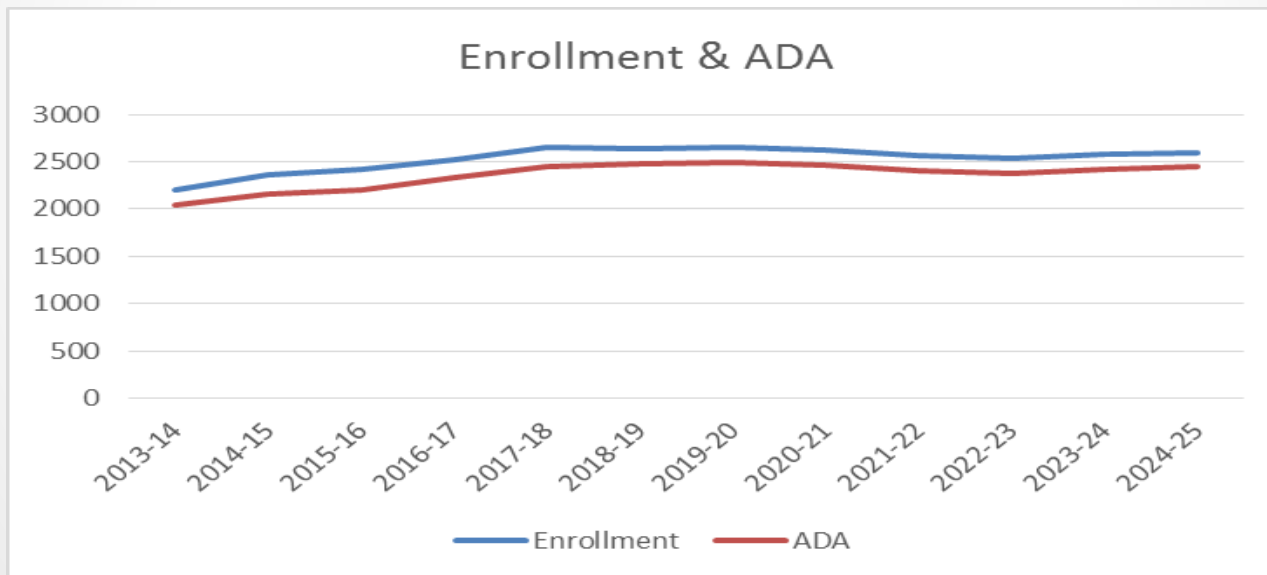
Components: ESD Funding Factors

- ▶ ESD Average Daily Attendance (ADA) and Enrollment decreasing
 - ESD – Since 2016–17 ADA has decreased 248 ADA which translates to \$2.04Million in lost funding



Components: HSD Expenditure Factor

- ▶ HSD Enrollment projected flat to slightly decreasing in budget year and subsequent years
 - HSD – Since 2013–14 enrollment has increased 460 students



Property Taxes > LCFF Transition = Basic Aid Status for HSD

19–20 Property Tax Revenue	\$ 28,736,096
Less: LCFF Entitlement	<u>\$ 26,858,366</u>
Excess Property Taxes	\$ 1,877,730

- SRHSD LCFF entitlement is \$26.8 million now that LCFF is fully funded and estimated grow to \$30.2 million in 2024–25
- Based on current assumptions and 4% annual property tax growth, Basic Aid funding in 2024–25 = \$34.6 million
- In 2024–25 LCFF funding for the HSD will still be about \$4.4 million more as a Basic Aid district.
 - Based on these projections it is likely SRHSD will remain designated as a “Basic Aid” District in the foreseeable future

Components: Funding Factors

- ▶ ESD LCFF funding for 2019–20 is estimated to increase by \$143,478 from 2018–19
- ▶ HSD LCFF sources for 2019–20 is est. to increase by \$1,178,742 from 2018–19 of which \$1,157,219 is from projected 4.44% secured property tax growth
- ▶ Estimate parcel tax revenue at \$3.4M both Districts

Components: Funding Factors

- ▶ Lottery revenue is estimated to be \$151 per ADA for unrestricted purposes and \$53 per ADA for restricted purposes
- ▶ Mandated Cost Block Grant is estimated to be \$32 per ADA
- ▶ No changes budgeted for Federal Revenue
- ▶ Parcel taxes projected to be the amount of \$273 per parcel ESD, and \$186 per parcel HSD
 - Difference in total revenues per year are due to the number of taxable parcels

Combined General Fund Revenue

▶ Elementary School District:

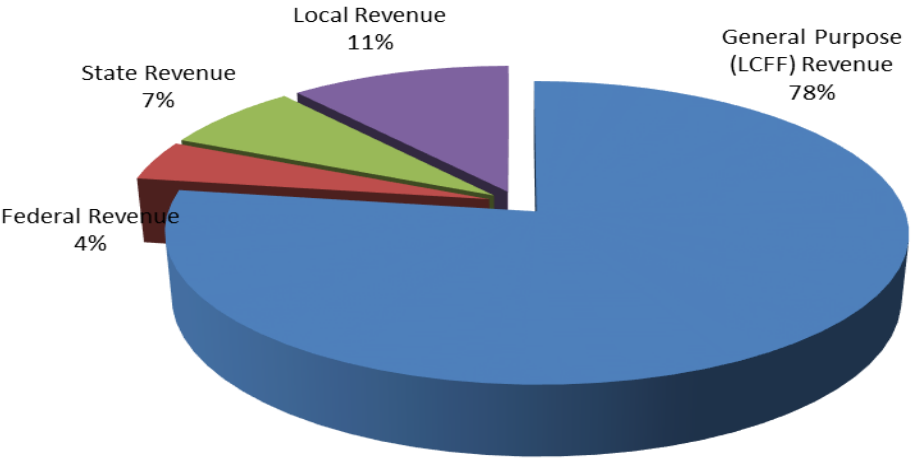
ESD General Fund Revenue	AMOUNT
General Purpose (LCFF) Revenue	\$44,492,902
Federal Revenue	\$2,473,893
State Revenue	\$4,126,252
Local Revenue	\$6,437,547
TOTAL	\$57,530,595

▶ High School District:

HSD General Fund Revenue	AMOUNT
General Purpose (LCFF) Revenue	\$28,701,289
Federal Revenue	\$998,451
State Revenue	\$2,085,185
Local Revenue	\$5,102,666
TOTAL	\$36,887,591

General Fund Revenue Budget

**Total ESD General Fund Revenues
Budget Adoption 2019-20**



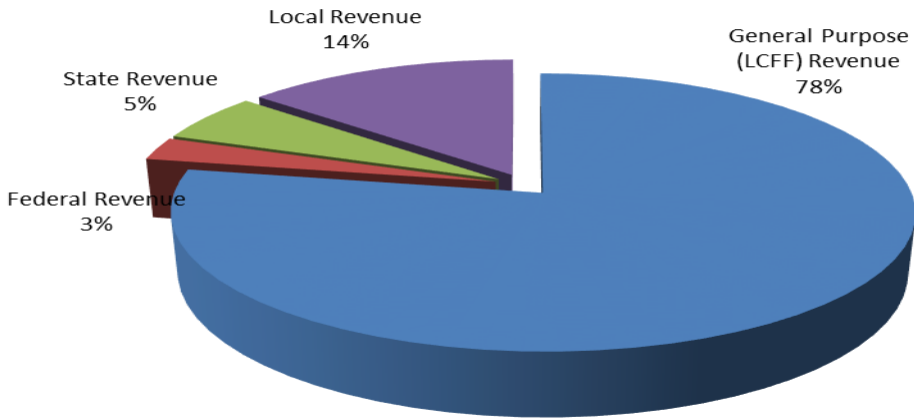
General Purpose – Property taxes, basic state aide, and education protection account funds

Federal – District must follow specific grant guidelines (Title I, Title II, etc.)

Other State – State funds not part of State Aid (Lottery, Special Education, Mandate etc.)

Local – Funds received from local sources (Parcel Tax, Foundation support, PTSA support, Interest, etc.)

**Total HSD General Fund Revenues
Budget Adoption 2019-20**



Key Budget Assumptions

- ▶ Step and column adjustments of 1.5%
- ▶ Increased STRS and PERS rates reflected
- ▶ No adjustments for collectively bargained salary and benefit increases in budget year and beyond
 - Budget assignments in HSD shown for offered 2% increase
- ▶ ESD – Local Control Funding Formula (LCFF), including 3.26% COLA increase to the LCFF base rates (3% & 2.8% in 2020–21 and 2021–22)
- ▶ The budget for Parcel Tax revenues has increased based on 5% annual inflation

Components: Expenditure Factors

- ▶ Budget includes the proposed STRS rate of 16.70% instead of the current 2019–20 statutory STRS rate of 18.13%
- ▶ PERS rate has been adjusted to the CalPERS approved rate of 20.733%
- ▶ Supplies and services reflect 2019–20 estimated activity
 - 2019–20 amounts will be adjusted during the 2019–20 First Interim

Combined General Fund Expenditures

▶ Elementary School District:

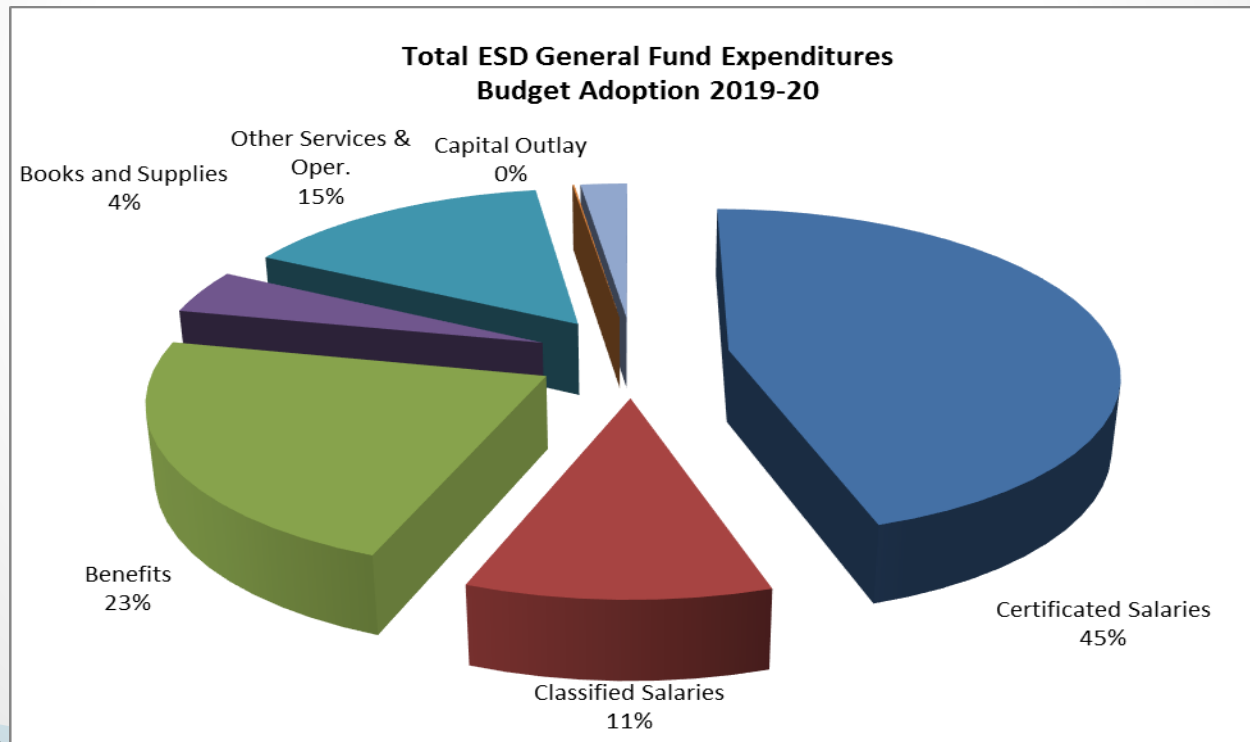
DESCRIPTION	UNRESTRICTED	COMBINED
Certificated Salaries	20,260,746	\$26,063,282
Classified Salaries	4,413,077	\$6,209,258
Benefits	8,865,886	13,052,219
Books and Supplies	1,594,685	\$2,508,412
Other Services & Oper.	4,493,872	\$8,676,049
Capital Outlay	24,000	\$54,000
Other Outgo/Transfer	(136,441)	\$1,298,229
TOTAL	39,515,824	\$57,861,450

▶ High School District:

DESCRIPTION	UNRESTRICTED	COMBINED
Certificated Salaries	11,587,409	\$16,039,876
Classified Salaries	3,604,225	\$5,073,616
Benefits	5,469,154	\$8,666,686
Books and Supplies	816,517	\$1,415,454
Other Services & Oper.	2,657,465	\$5,699,357
Capital Outlay	25,618	\$25,618
Other Outgo/Transfer	(172,834)	\$1,251,553
TOTAL	23,987,555	\$38,172,161

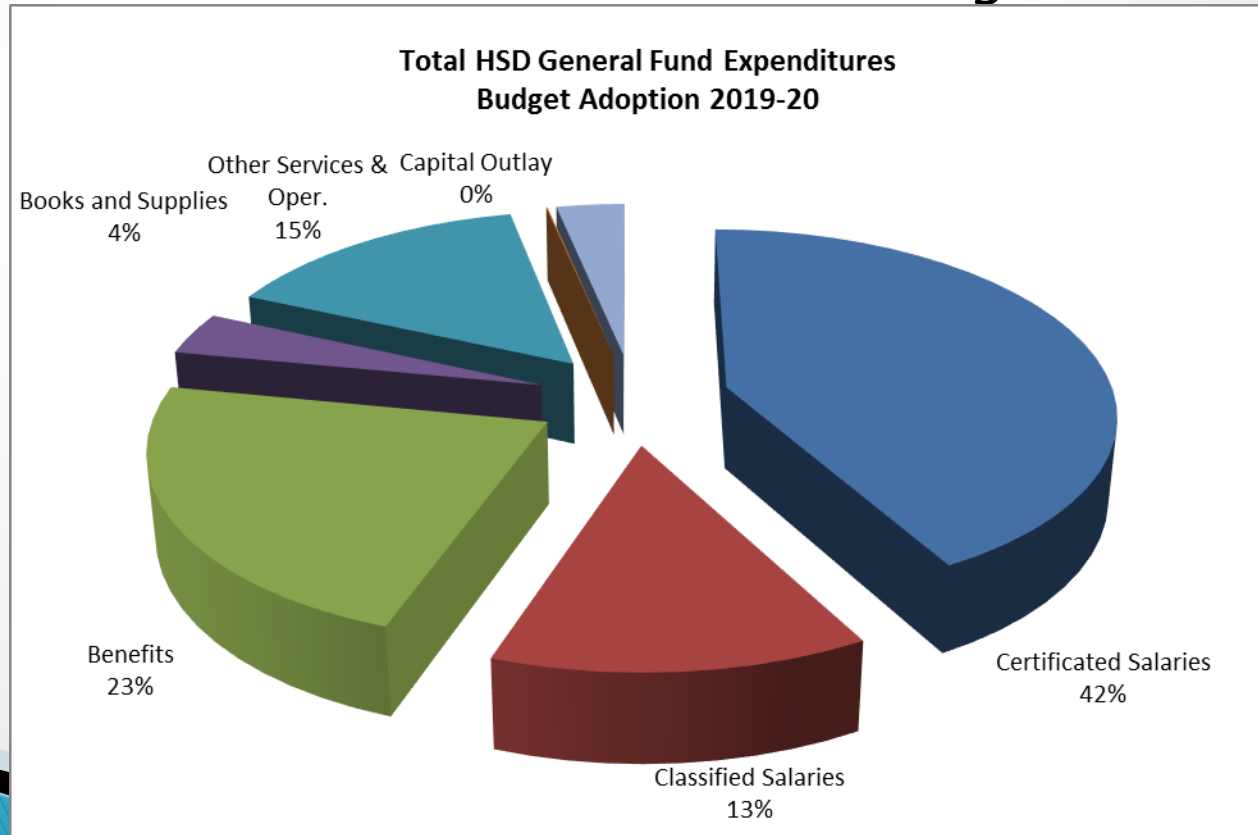
General Fund Expenditures (ESD)

- ▶ Reflects General Fund only (no Cafeteria, Bonds, Facilities, Child Development etc.)
- ▶ Employee costs are approximately 78% for combined general fund and 85% for unrestricted general fund
- ▶ LCAP Expenditures are included in the budget



General Fund Expenditures (HSD)

- ▶ Reflects General Fund only (no Cafeteria, Bonds, Facilities, Adult Ed, etc.)
- ▶ Employee costs are approximately 78% for combined general fund and 86% for unrestricted general fund
- ▶ LCAP Expenditures are included in the budget



Adopted Budget Summary – ESD

- ▶ The General Fund is comprised of Unrestricted and Restricted dollars
 - Unrestricted is LCFF, most of Lottery
 - Restricted is Parcel Tax, Title I, Special Ed, Prop 20 Lottery among others

ESD Budget Adoption General Fund Budget 2019-20			
Description	Unrestricted	Restricted	Total
Total Revenues	46,039,786	11,490,809	57,530,595
Total Expenditures	39,515,824	18,345,626	57,861,450
Excess/(Deficiency)	6,523,962	(6,854,817)	(330,855)
Other Sources/Uses	(8,808,321)	7,475,010	(1,333,311)
Net Increase/(Decrease)	(2,284,359)	620,193	(1,664,166)
Add: Beginning Fund Balance	14,331,669	2,609,579	16,941,248
Ending Fund Balance	12,047,310	3,229,772	15,277,082

Adopted Budget Summary – HSD

- ▶ The General Fund is comprised of Unrestricted and Restricted dollars
 - Unrestricted is LCFF, most of Lottery
 - Restricted is Parcel Tax, Title I, Special Ed, Prop 20 Lottery among others

HSD Budget Adoption General Fund Budget 2019-20			
Description	Unrestricted	Restricted	Total
Total Revenues	29,526,396	7,361,195	36,887,591
Total Expenditures	23,987,555	14,184,606	38,172,161
Excess/(Deficiency)	5,538,841	(6,823,411)	(1,284,570)
Other Sources/Uses	(6,871,523)	6,868,363	(3,160)
Net Increase/(Decrease)	(1,332,682)	44,952	(1,287,730)
Add: Beginning Fund Balance	5,449,234	1,034,944	6,484,178
Ending Fund Balance	4,116,552	1,079,895	5,196,448

Multi-Year Assumptions



- ▶ Adjusted enrollment and used Dept. of Finance (DOF) funding assumptions
 - HSD projects 4% increase annually in property taxes
- ▶ Removed “one-time” Mandated Cost revenues
- ▶ Step and Column cost increases 1.5% annually
- ▶ Increased STRS and PERS required contributions
- ▶ Unrestricted supplies, operating expenses and capital outlay to remain constant
- ▶ Contributions for restricted programs increased for salary, pension costs and anticipated incoming and exiting special need students.

Expenditures: STRS and PERS

- ▶ Recent legislation requires ever increasing contributions to the retirement systems for both the employer and the employee. By far the biggest increases are for the employer
- ▶ Employer contribution of CalSTRS increases from 16.28% to 16.70% (Increase ESD \$121K, HSD \$197K)
- ▶ CalPERS increased employer contribution from 18.062% to 20.733% (Increase ESD \$205K, HSD \$180K)

CalSTRS Rates per EC§ 22901.7 and 22950.5								
	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Projected	2020-21 Projected	2021-22 Projected
Employer	8.880%	10.73%	12.58%	14.43%	16.28%	16.70%	18.10%	17.80%
	<i>increase</i>	<i>1.85%</i>	<i>1.85%</i>	<i>1.85%</i>	<i>1.85%</i>	<i>0.42%</i>	<i>1.40%</i>	<i>-0.30%</i>

CalPERS Actual and Projected Rates								
	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Projected	2020-21 Projected	2021-22 Projected
Employer	11.771%	11.85%	13.89%	15.53%	18.06%	20.73%	23.60%	24.90%
	<i>Increase</i>	<i>0.08%</i>	<i>2.04%</i>	<i>1.64%</i>	<i>2.53%</i>	<i>2.67%</i>	<i>2.87%</i>	<i>1.30%</i>

Expenditures: STRS and PERS

- ▶ Actual expenditures have increased over 300% since 2014-15

ESD		
	STRS	PERS
2014-15	1,804,890	552,394
2015-16	2,321,495	563,366
2016-17	4,634,689	737,203
2017-18	5,196,770	883,907
2018-19 est.	5,811,255	1,076,534
2019-20 est.	5,932,459	1,281,724
2020-21 est.	6,410,426	1,486,200
2021-22 est.	6,398,992	1,590,357

HSD		
	STRS	PERS
2014-15	1,213,740	431,858
2015-16	2,422,630	449,290
2016-17	3,019,275	571,499
2017-18	3,499,841	690,922
2018-19 est.	3,688,025	783,734
2019-20 est.	3,885,621	963,525
2020-21 est.	4,151,855	1,213,438
2021-22 est.	4,145,370	1,297,483

Unrestricted Funds to Restricted Programs

▶ Contributions to Restricted programs for ESD:

ESD Contributions to Restricted	Amount
Special Ed IDEA	5,698,567
Special Capital Projects	185,000
Routine Maintenance	1,776,443
Total Contributions	7,660,010

▶ Contributions to Restricted programs for HSD:

HSD Contributions to Restricted	Amount
Special Ed IDEA	5,504,423
Routine Maintenance	1,147,381
Library	7,000
District ROP Programs	209,559
Total Contributions	6,868,363

ESD 2018-19 Preliminary Budget & MYP

		Adopted Budget 2019-20				Projection 2020-21				Projection 2021-22			
		Unrestricted	Restricted	Combined		Unrestricted	Restricted	Combined		Unrestricted	Restricted	Combined	
Revenue													
General Purpose	1	44,492,902		44,492,902		44,949,378		44,949,378		45,819,607	0	45,819,607	
Federal Revenue	2		2,473,893	2,473,893		0	2,473,893	2,473,893		0	2,473,893	2,473,893	
State Revenue	3	870,411	3,255,841	4,126,252	3	870,411	3,170,872	4,041,283		870,411	3,170,872	4,041,283	
Total Revenue	4	676,472	5,761,075	6,437,547		681,578	5,930,032	6,611,610		686,796	6,107,437	6,794,233	
Local Revenue		46,039,786	11,490,809	57,530,595		46,501,368	11,574,797	58,076,165		47,376,815	11,752,202	59,129,017	
Expenditures													
Certificated Salaries	5	20,260,746	5,802,536	26,063,282	5	20,551,255	5,887,759	26,439,014	5	20,846,122	5,974,259	26,820,381	
Classified Salaries	5	4,413,077	1,796,181	6,209,258	5	4,475,679	1,821,777	6,297,456	5	4,539,220	1,847,756	6,386,976	
Benefits	6	4,596,346	1,241,690	5,838,036	6	4,696,538	1,263,410	5,959,948	6	4,797,160	1,290,696	6,087,855	
		<i>STRS</i>	<i>3,362,536</i>	<i>2,569,923</i>	<i>5,932,459</i>		<i>3,719,777</i>	<i>2,690,648</i>	<i>6,410,426</i>		<i>3,710,610</i>	<i>2,688,382</i>	<i>6,398,992</i>
		<i>PERS</i>	<i>907,004</i>	<i>374,720</i>	<i>1,281,724</i>		<i>1,056,260</i>	<i>429,939</i>	<i>1,486,200</i>		<i>1,130,266</i>	<i>460,091</i>	<i>1,590,357</i>
Books and Supplies		1,594,685	913,727	2,508,412		1,200,000	869,237	2,069,237		1,200,000	869,237	2,069,237	
Other Services & Oper. Expenses		4,493,872	4,182,177	8,676,049		4,620,473	4,214,428	8,834,901		4,721,537	4,245,025	8,966,563	
Capital Outlay		24,000	30,000	54,000		24,000	30,000	54,000		24,000	30,000	54,000	
Other Outgo 7xxx		233,027	1,188,854	1,421,881		233,027	1,188,854	1,421,881		233,027	1,188,854	1,421,881	
Transfer of Indirect 73xx		(369,468)	245,816	(123,652)		(369,468)	245,816	(123,652)		(369,468)	245,816	(123,652)	
Total Expenditures		39,515,824	18,345,626	57,861,450		40,207,541	18,641,869	58,849,410		40,832,473	18,840,117	59,672,590	
Deficit/Surplus		6,523,962	(6,854,817)	(330,855)		6,293,827	(7,067,072)	(773,245)		6,544,341	(7,087,915)	(543,573)	
Other Sources/(uses)		20,000	0	20,000		20,000	0	20,000		20,000	0	20,000	
Transfers in/(out)		(1,168,311)	(185,000)	(1,353,311)		(1,168,311)	(185,000)	(1,353,311)		(1,168,311)	(185,000)	(1,353,311)	
Contributions to Restricted	7	(7,660,010)	7,660,010	0	7	(7,764,794)	7,764,794	0	7	(7,868,701)	7,868,701	0	
Net increase (decrease) in Fund Balance		(2,284,359)	620,193	(1,664,166)		(2,619,279)	512,722	(2,106,557)		(2,472,671)	595,786	(1,876,885)	
Beginning Balance		14,331,669	2,609,579	16,941,248		12,047,310	3,229,772	15,277,082		9,428,031	3,742,494	13,170,525	
Ending Balance		12,047,310	3,229,772	15,277,082		9,428,031	3,742,494	13,170,525		6,955,360	4,338,280	11,293,640	
Revolving/Stores/Prepays		0		0		0		0		0		0	
Reserve for Econ Uncertainty (3%)		1,776,443		1,776,443		1,806,082		1,806,082		1,830,777		1,830,777	
7% Board Designated Reserve		4,145,033		4,145,033		4,214,190		4,214,190		4,271,813		4,271,813	
Assigned for future compensation adj				0				0		0		0	
Restricted Programs			3,229,772	3,229,772			3,742,494	3,742,494			4,338,280	4,338,280	
Unappropriated Fund Balance	8	6,125,834		6,125,834	8	3,407,759	0	3,407,759	8	852,770	0	852,770	
<i>Unappropriated Percent</i>				<i>10.6%</i>				<i>5.8%</i>				<i>1.4%</i>	

ESD MYP Footnotes

Notes:

- ¹ LCFF funding to increase by COLA
- ² No changes budgeted for Federal Revenue
- ³ Eliminated One-Time Mandated revenues of \$168/ADA in 2019-20 and beyond (unrestricted)
- ⁴ Local revenue/donations booked as received
- ⁵ Projections include step and column movement of 1.5% certificated and 1.5% classified
- ⁶ Projection includes estimated increases in state pension percentages for both STRS & PERS. Assumes historical
- ⁷ Add'l contributions primarily relate to the inc of the following: s&c costs, STRS & PERS, and 3% contrib to RRMA
- ⁸ This amount represents level of fund balance above or (below) the required and designated level

HSD 2018-19 Preliminary Budget & MYP

		Adopted Budget 2019-20				Projection 2020-21				Projection 2021-22		
		Unrestricted	Restricted	Combined		Unrestricted	Restricted	Combined		Unrestricted	Restricted	Combined
Revenue												
General Purpose	1	28,701,289		28,701,289	1	29,789,246		29,789,246	1	30,915,110	0	30,915,110
Federal Revenue			998,451	998,451		0	998,451	998,451		0	998,451	998,451
State Revenue	2	516,830	1,568,355	2,085,185		521,310	1,618,064	2,139,374		525,924	1,618,064	2,143,988
Local Revenue	3	308,277	4,794,389	5,102,666	3	308,277	4,962,275	5,270,552	3	308,277	5,138,555	5,446,832
Total Revenue		29,526,396	7,361,195	36,887,591		30,618,833	7,578,790	38,197,623		31,749,311	7,755,070	39,504,381
Expenditures												
Certificated Salaries		11,587,409	4,452,467	16,039,876	4	11,755,454	4,518,759	16,274,213	4	11,926,019	4,586,046	16,512,065
Classified Salaries		3,604,225	1,469,391	5,073,616	4	3,651,645	1,490,041	5,141,686	4	3,699,777	1,511,000	5,210,777
Benefits	5	2,859,518	958,023	3,817,541	5	2,788,894	926,907	3,715,801	5	3,048,940	1,026,835	4,075,775
	STRS	1,932,782	1,952,839	3,885,621	5	2,127,737	2,024,117	4,151,855	5	2,122,831	2,022,538	4,145,370
	PERS	676,854	286,671	963,525	5	861,788	351,650	1,213,438	5	921,244	376,239	1,297,483
Books and Supplies		816,517	598,937	1,415,454		815,000	599,000	1,414,000		815,000	599,000	1,414,000
Other Services & Oper. Expenses		2,657,465	3,041,892	5,699,357		2,744,724	3,141,892	5,886,616		2,835,000	3,245,992	6,080,992
Capital Outlay		25,618	0	25,618		25,618	0	25,618		25,618	0	25,618
Other Outgo 7xxx		124,800	1,162,914	1,287,714		124,800	1,162,914	1,287,714		124,800	1,162,914	1,287,714
Transfer of Indirect 73xx		(297,634)	261,473	(36,161)		(297,634)	261,473	(36,161)		(297,634)	261,473	(36,161)
Total Expenditures		23,987,555	14,184,606	38,172,161		24,598,026	14,476,753	39,074,779		25,221,596	14,792,037	40,013,633
Deficit/Surplus		5,538,841	(6,823,411)	(1,284,570)		6,020,807	(6,897,963)	(877,156)		6,527,715	(7,036,967)	(509,252)
Other Sources/(uses)		70,000		70,000		70,000	0	70,000		70,000	0	70,000
Transfers in/(out)		(73,160)	0	(73,160)		(73,160)	0	(73,160)		(73,160)	0	(73,160)
Contributions to Restricted	6	(6,868,363)	6,868,363	0	6	(7,022,556)	7,022,556	0	6	(7,177,669)	7,177,669	0
Net increase (decrease) in Fund Balance		(1,332,682)	44,952	(1,287,730)		(1,004,910)	124,594	(880,316)		(653,114)	140,702	(512,412)
Beginning Balance		5,449,234	1,034,944	6,484,178		4,116,552	1,079,895	5,196,448		3,111,643	1,204,489	4,316,132
Ending Balance		4,116,552	1,079,895	5,196,448		3,111,643	1,204,489	4,316,132		2,458,529	1,345,191	3,803,720
Reserve for Econ Uncertainty (3%)		1,145,260		1,145,260		1,172,338		1,172,338		1,200,504		1,200,504
Board Designated Reserve > 3%		2,692,197		2,692,197		1,723,299		1,723,299		1,039,321		1,039,321
Assigned for 2% SRFT comp inc	7	279,095	52,351	331,446	7	216,006	40,517	256,523	7	218,704	41,023	259,727
Restricted Programs			1,027,544	1,027,544			1,163,972	1,163,972			1,304,168	1,304,168
Unappropriated Fund Balance		0	0	0		0	0	0		0	0	0
<i>Unappropriated Percent</i>				<i>0.0%</i>				<i>0.0%</i>				<i>0.0%</i>

HSD MYP Assumption Footnotes

Notes:

¹ Property taxes projected to increase by 4.44%, 4% and 4% per year respectively

² "One-time" funding from the State not projected to continue after 2018-19

³ Parcel tax revenue projected to increase 5% per year

⁴ Projections include step and column movement of 1.5% certificated and 1.5% classified.

⁵ Projection includes estimated increases in state pension percentages for both STRS & PERS

Assumes historical increase in health & welfare benefits

⁶ Add'l contributions primarily relate to the increase of the following: s&c costs, STRS & PERS, and 3% contrib to RRMA

⁷ Assigned cost for 2% compensation increase offered to SRFT

Summary Elementary MYP

- ✓ The ESD projects to deficit spend in the near future if this trend continues budget adjustments will need to be considered.

ESD Budget Adoption Multi-Year Projection (Total GF)			
Description	2019-20 Adopted Budget	Projected 2020-21	Projected 2021-22
Total Revenues	57,530,595	58,076,165	59,129,017
Total Expenditures	57,861,450	58,849,410	59,672,590
Excess/(Deficiency)	(330,855)	(773,245)	(543,573)
Other Sources/Uses	(1,333,311)	(1,333,311)	(1,333,311)
Net Increase/(Decrease)	(1,664,166)	(2,106,557)	(1,876,885)
Add: Beginning Fund Balance	16,941,248	15,277,082	13,170,525
Ending Fund Balance	15,277,082	13,170,525	11,293,640

Summary High School MYP

- ▶ Ongoing trend of deficit spending continues and will need to be addressed in 2020–21

HSD Budget Adoption Multi-Year Projection (Total GF)			
Description	2019-20 Adopted Budget	Projected 2020-21	Projected 2021-22
Total Revenues	36,887,591	38,197,623	39,504,381
Total Expenditures	38,172,161	39,074,779	40,013,633
Excess/(Deficiency)	(1,284,570)	(877,156)	(509,252)
Other Sources/Uses	(3,160)	(3,160)	(3,160)
Net Increase/(Decrease)	(1,287,730)	(880,316)	(512,412)
Add: Beginning Fund Balance	6,484,178	5,196,448	4,316,132
Ending Fund Balance	5,196,448	4,316,132	3,803,720

2019-20 All Funds (ESD)

All Funds of the Elementary School District				
Fund Number and Description		Fund Balance July 1, 2019	Current Year Activity	Fund Balance June 30, 2020
01	General Fund	\$16,941,248	(\$1,664,166)	\$15,277,082
12	Child Development	\$46,248	\$0	\$46,248
13	Cafeteria	\$26,767	\$0	\$26,767
14	Deferred Maintenance Fund	\$880,797	\$2,792	\$883,589
20	Special Reserve for OPEB	\$4,061,838	\$770,295	\$4,832,133
21	Building Funds	\$5,042,783	(\$1,189,275)	\$3,853,508
25	Capital Facilities Fund	\$129,548	\$12,955	\$142,503
40	Special Reserve for Capital Outla	\$1,809,322	\$207,462	\$2,016,784
51	Bond Interest Redemption	\$8,768,411	\$0	\$8,768,411

2018-19 All Funds (HSD)

All Funds of the High School District				
Fund Number and Description		Fund Balance July 1, 2019	Current Year Activity	Fund Balance June 30, 2019
01	General Fund	\$6,484,178	(\$1,287,730)	\$5,196,448
11	Adult Education	\$11,891	\$400	\$12,291
13	Cafeteria	\$801	\$0	\$801
14	Deferred Maintenance Fund *	\$291,201	\$0	\$291,201
20	Special Reserve for OPEB	\$2,062,147	\$30,000	\$2,092,147
21	Building Funds	\$511,549	\$747,514	\$1,259,062
25	Capital Facilities Fund	\$223,350	\$0	\$223,350
40	Special Reserve for Capital Outla	\$641,397	\$250,125	\$891,522
51	Bond Interest Redemption	\$6,548,236	\$0	\$6,548,236



Uncertainties and Prudence

- ▶ ESD Enrollment & ADA are slightly declining going forward
- ▶ HSD Enrollment projections flat to slightly declining
- ▶ Ongoing costs for step, STRS/PERS will outweigh new LCFF funding moving forward
- ▶ Property Tax Estimates
- ▶ Eventual downturn in the economy (every 8–10 years) based on past trends is looming
- ▶ HSD Multi-year Deficit spending erodes fund balance
- ▶ Improvements in working conditions in the form of salary increases have not been recognized in budget
- ✓ In the absence of revenue increases, on-going expenditure reductions in the HSD must be made for next year's budget



HSD Cost of COLA +1 salary increase

	Adopted Budget 2019-20			Projection 2020-21			Projection 2021-22		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
Net increase (decrease) in Fund Balance	(1,332,682)	44,952	(1,287,730)	(1,004,910)	124,594	(880,316)	(653,114)	140,702	(512,412)
Beginning Balance	5,449,234	1,034,944	6,484,178	4,116,552	1,079,895	5,196,448	3,111,643	1,204,489	4,316,132
Ending Balance	4,116,552	1,079,895	5,196,448	3,111,643	1,204,489	4,316,132	2,458,529	1,345,191	3,803,720
Reserve for Econ Uncertainty (3%)	1,145,260		1,145,260	1,172,338		1,172,338	1,200,504		1,200,504
Board Designated Reserve > 3%	1,763,609		1,763,609	458,733		458,733	(243,098)		(243,098)
Assigned for 2% SRFT comp inc	279,098	52,352	331,450	216,006	40,517	256,523	218,704	41,023	259,727
*COLA +1% compensation inc	928,585	113,739	1,042,324	1,264,566	154,892	1,419,458	1,282,419	157,079	1,439,498
Restricted Programs		913,804	913,804		1,009,080	1,009,080		1,147,089	1,147,089
Unappropriated Fund Balance	0	0	0	0	0	0	0	0	0
<i>Unappropriated Percent</i>			<i>0.0%</i>			<i>0.0%</i>			<i>0.0%</i>

* For ALL bargaining groups - FOR
INFORMATION ONLY

Next Steps



- ▶ Public hearings on LCAP and proposed budget tonight
- ▶ LCAP and budget adopted on June 26, 2019
- ▶ Based on the enacted State budget, there are no significant budget changes to be brought to the Board in August
- ▶ Unaudited Actuals for 2018–19 financials to the Board by September 15
- ▶ First Interim as of October 31
- ▶ By September 15th, unaudited actuals will be presented with budgets adjusted for carry-over balances and any new revenues.
- ▶ Update the Budget Advisory Committees (BAC) on the current fiscal status in October 2019

Questions

