

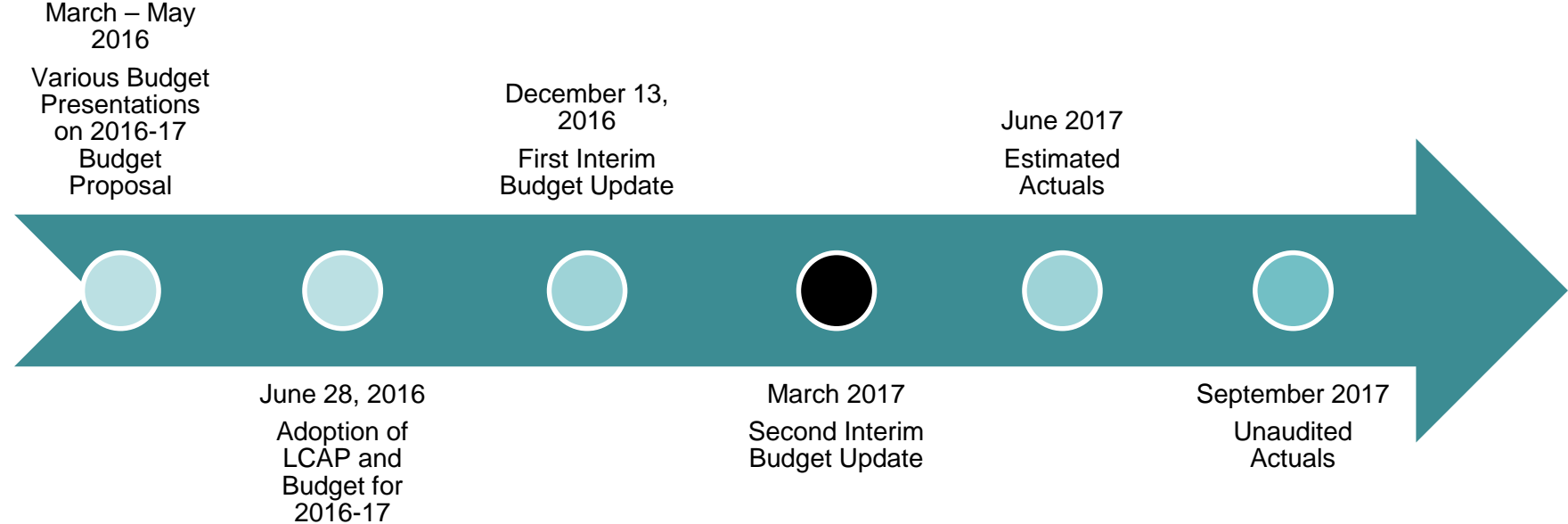
2016-2017

Second Interim

Budget Update

March 14, 2017

2016-2017 Budget – Second Interim Update



2016-2017 Budget – Second Interim Update

Agenda

- Background
- Multi-year budget assumptions
- 2016-17 Budget update for General Fund
- Multi-year projections (MYP)
- Areas of concern
- Additional material

2016-2017 Budget – Second Interim Update

Background

- Per State Law, AUSD’s Board must pass Second Interim budget update by March 15 of each year.
- Board must certify that the District’s projected financial outlook for 2016-17, 2017-18, and 2018-19 is one of the following:
 - **Positive: WILL MEET** the financial obligations for the current and two subsequent years
 - **Qualified: MAY NOT MEET** the financial obligations for the current and two subsequent fiscal years
 - **Negative: WILL BE UNABLE TO MEET** the financial obligations for the remainder of the current fiscal year and two subsequent fiscal years



- Staff recommends a positive certification

2016-2017 Budget – Second Interim Update

Changes from First Interim

- Governor’s budget proposal for 2017-18
 - Reduction in revenue for 2017-18 - \$1.5M
 - Increase in one-time revenue for 2017-18 - \$436K
- Bargaining unit agreements are now fully budgeted – \$1.5M
- Increase in Public Employees Retirement Contribution - \$300K
- Increase in special education contribution – \$985K
 - Transportation - \$385K
 - Salaries – \$600K
- Other Items
 - Reduction in one-time mandate – \$204K
 - Increase in interest income – \$70K

2016-2017 Budget – Second Interim Update

Assumptions

Categories	Source	2014-15	2015-16	2016-17	2017-18	2018-19
District Enrollment	CALPADS	9,499	9,454	9,481	9,481	9,481
District Funded ADA- Actual/Projected	Projection	9,093	9,078	9,103	9,103	9,103
ADA as a Percentage of Total Enrollment	Projection	95.73%	96.02%	96.01%	96.01%	96.01%
Unduplicated EL/FRM Count	CALPADS	3,690	3,385	3,308	3,308	3,308
COLA	SSC	0.85	1.02%	0.00%	1.48%	2.40%
LCFF GAP Funding Percentage	DOF	30.16	52.56%	55.28%	23.67%	53.85%
Public Employee Retirement	COE Advisory	11.77%	11.85%	13.88%	15.80%	18.70%
State Teacher's Retirement	COE Advisory	8.88%	10.73%	12.58%	14.43%	16.28%

2016-2017 Budget – Second Interim Update

General Fund

	Unrestricted		Restricted		Total General Fund
	Totally Unrestricted	LCFF Supplemental Grant	Restricted without Parcel Tax	Parcel Tax	
REVENUES					
LCFF Revenue	\$ 70,751,958	\$ 4,767,714	\$ 495,338	\$ -	\$ 76,015,010
Federal	\$ 13,414	\$ -	\$ 4,094,123	\$ -	\$ 4,107,537
Other State	\$ 3,606,496	\$ -	\$ 6,466,608	\$ -	\$ 10,073,104
Other Local	\$ 1,322,381	\$ -	\$ 5,259,444	\$ -	\$ 6,581,825
Parcel Tax	\$ -	\$ -	\$ -	\$ 12,171,528	\$ 12,171,528
Revenues	\$ 75,694,249	\$ 4,767,714	\$ 16,315,513	\$ 12,171,528	\$ 108,949,004
EXPENDITURES					
Salaries & Benefits	\$ 48,427,957	\$ 4,137,191	\$ 24,425,848	\$ 11,295,649	\$ 88,286,645
Books/Supplies & Outlay	\$ 3,129,479	\$ 73,270	\$ 4,678,062	\$ 425,824	\$ 8,306,635
Services & Op. Expenses	\$ 8,739,579	\$ 780,387	\$ 6,887,069	\$ 130,977	\$ 16,538,012
Other Outgo & Transfers	\$ (1,741,129)		\$ 1,788,584	\$ 360,831	\$ 408,286
Expenditures	\$ 58,555,886	\$ 4,990,848	\$ 37,779,564	\$ 12,213,281	\$ 113,539,579
Other Sources (Uses)	\$ (19,243,566)		\$ 19,243,566		\$ -
Net Inc. (Dec) in Fund Bal.	\$ (2,105,203)	\$ (223,134)	\$ (2,220,485)	\$ (41,753)	\$ (4,590,575)
Beginning Balance	\$ 13,992,692	\$ 555,301	\$ 3,311,661	\$ 41,753	\$ 17,901,407
Ending Balance	\$ 11,887,489	\$ 332,167	\$ 1,091,176	\$ -	\$ 13,310,832

2016-2017 Budget – Second Interim Update

MYP (Summary), Unrestricted Gen. Fund

Line		2016-17	2017-18	2018-19	2019-20
		Budgeted	Projected	Projected	Projected
A	Beginning Balance, July 1	\$ 14,547,993	\$ 12,219,656	\$ 7,243,156	\$ 2,056,988
B	Revenues	\$ 80,461,963	\$ 77,401,251	\$ 79,437,572	\$ 82,290,629
C	Transfer from Deferred Maintenance		\$ 2,406,304		
D	Expenditures	\$ 63,546,734	\$ 64,485,072	\$ 65,752,324	\$ 67,522,617
E	Contribution to Restricted Fund	\$ 19,243,566	\$ 20,298,983	\$ 21,371,416	\$ 22,556,226
F	Strategic Budget Reduction			\$ (2,500,000)	\$ (8,000,000)
G = B+C-D-E+F	Surplus (Deficit)	\$ (2,328,337)	\$ (4,976,500)	\$ (5,186,168)	\$ 211,786
H = A+G	Ending Balance	\$ 12,219,656	\$ 7,243,156	\$ 2,056,988	\$ 2,268,774
I	Components of Ending Fund Bal. (EFB)	\$ 2,025,632	\$ 2,025,632	\$ 2,025,632	\$ 2,025,632
J = H - I	Unassigned/Unappropriated Ending Fund Balance	\$ 10,194,024	\$ 5,217,524	\$ 31,356	\$ 243,142

2016-2017 Budget – Second Interim Update

Components of Ending Fund Balance (EFB)*

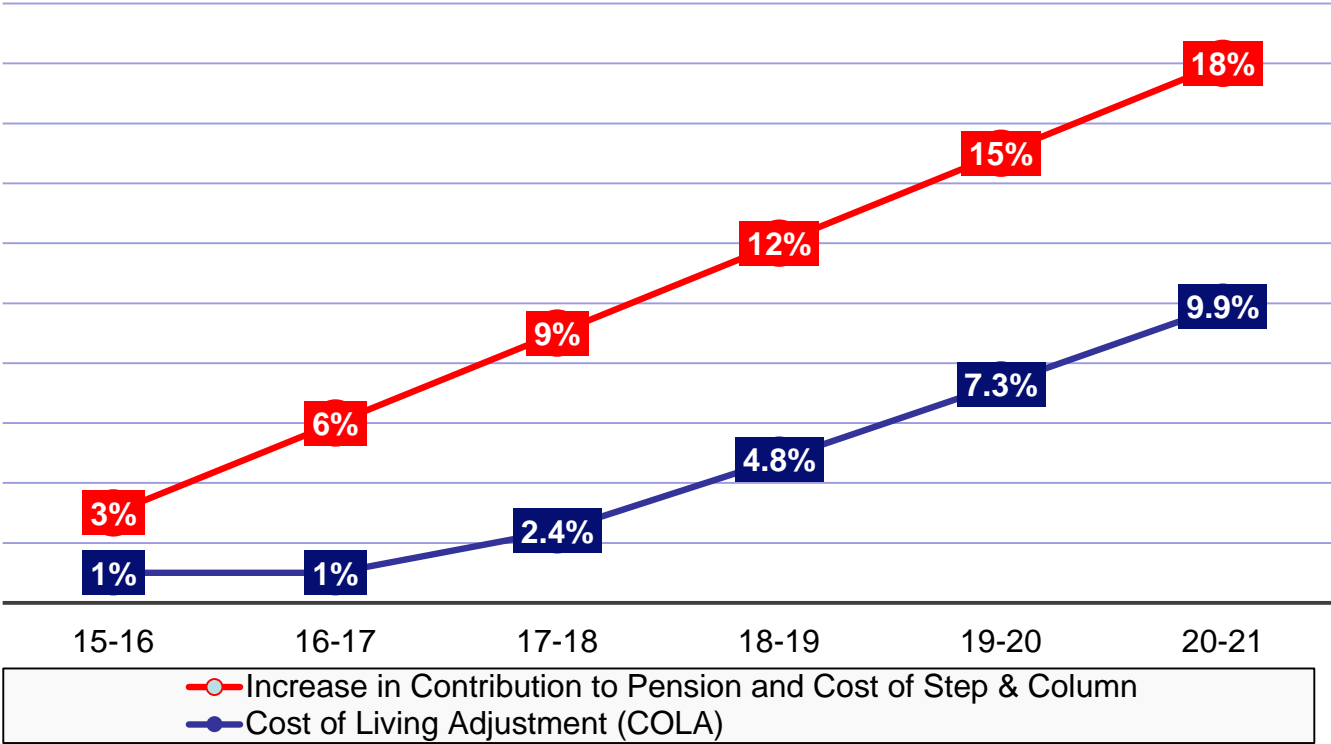
Description	2016-2017	2017-2018	2018-2019
Ending Fund Balance**	\$ 12,219,656	\$ 7,243,156	\$ 2,056,988
Components of Ending Fund Balance			
Revolving Cash	\$ 50,000	\$ 50,000	\$ 50,000
MAA Set-Aside	\$ 63,465	\$ 63,465	\$ 63,465
Textbook Adoptions	\$ 1,580,000	\$ 1,580,000	\$ 1,580,000
LCFF Supplemental Funds	\$ 332,167	\$ 332,167	\$ 332,167
Total - Components	\$ 2,025,632	\$ 2,025,632	\$ 2,025,632
Net Unassigned Ending Fund Balance	\$ 10,194,024	\$ 5,217,524	\$ 31,356

*Also known as set-asides

2016-2017 Budget – Second Interim Update

Areas of Concern

Increase in Contribution to Pension Systems and Cost of Step & Column*



*Annual compensation increase based on years of service and education

2016-2017 Budget – Second Interim Update

Areas of Concern

- Ongoing expenditures funded by one-time transfers
 - Previous increases in employee compensation were financed using one-time transfers from the Reserve Fund and Deferred Maintenance Fund
- Special Education
- Transportation
- Non-competitive Salary Schedule
- Deferred Maintenance
- Measure B1 Parcel Tax litigation

2016-2017 Budget – Second Interim Update

Going Forward

- Governor’s revenue projections have been questioned
- Tighten up the current operating budget
- Discipline in FTE allocation
 - Follow the enrollment
- Build Reserve Fund to create a cushion for a softer landing in case the District does not prevail in Measure B1 litigation
 - Transfer one-time revenue to Reserve Fund
- Build Deferred Maintenance Fund
 - Transfer one-time savings to Deferred Maintenance Fund

ADDITIONAL MATERIALS

2016-2017 Budget – Second Interim Update

MYP (Details), Unrestricted Gen. Fund

	2016-17	2017-18	2018-19
<u>REVENUES</u>			
LCFF	\$ 75,519,672	\$ 76,371,311	\$ 76,438,224
Federal	\$ 13,414	\$ 13,414	\$ 13,414
Other State	\$ 3,606,496	\$ 2,100,449	\$ 1,663,553
Other Local	\$ 1,322,381	\$ 1,322,381	\$ 1,322,381
Revenues	\$ 80,461,963	\$ 79,807,555	\$ 79,437,572
<u>EXPENDITURES</u>			
Salaries & Benefits	\$ 52,565,148	\$ 54,921,429	\$ 56,386,575
Books/Supplies & Outlay	\$ 3,197,749	\$ 1,702,836	\$ 1,224,534
Services & Operating Expenses	\$ 9,524,966	\$ 9,602,977	\$ 9,883,385
Other Outgo & Transfers	\$ (1,741,129)	\$ (1,742,170)	\$ (1,742,170)
Strategic Budget Reduction			\$ (2,500,000)
Expenditures	\$ 63,546,734	\$ 64,485,072	\$ 63,252,324
Other Sources (Uses)	\$ (19,243,566)	\$ (20,298,983)	\$ (21,371,416)
Net Inc/Dec in Fund Balance	\$ (2,328,337)	\$ (4,976,500)	\$ (5,186,168)
Beginning Balance	\$ 14,547,993	\$ 12,219,656	\$ 7,243,156
Ending Balance	\$ 12,219,656	\$ 7,243,156	\$ 2,056,988
Components of Ending Fund balance			
Assigned / Legally Restricted	\$ 2,025,632	\$ 2,025,632	\$ 2,025,632
Unassigned/Unappropriated EFB	\$ 10,194,024	\$ 5,217,524	\$ 31,356

2016-2017 Budget – Second Interim Update

MYP (Details), Restricted Gen. Fund

	2016-17	2017-18	2018-19
REVENUES			
LCFF transfers from Unrestricted	\$ 495,338	\$ 495,338	\$ 495,338
Federal	\$ 4,094,123	\$ 3,770,206	\$ 3,861,445
Other State	\$ 6,466,608	\$ 6,476,734	\$ 6,499,056
Other Local	\$ 5,339,344	\$ 4,879,830	\$ 4,879,830
Parcel Tax	\$ 12,091,628	\$ 12,091,628	\$ 12,091,628
Revenues	\$ 28,487,041	\$ 27,713,736	\$ 27,827,297
EXPENDITURES			
Salaries & Benefits	\$ 35,721,497	\$ 36,354,807	\$ 37,265,565
Books/Supplies & Outlay	\$ 5,103,887	\$ 3,137,947	\$ 3,229,576
Services & Operating Expenses	\$ 7,018,046	\$ 6,396,565	\$ 6,580,174
Other Outgo & Transfers	\$ 2,149,415	\$ 2,123,400	\$ 2,123,398
Expenditures	\$ 49,992,845	\$ 48,012,719	\$ 49,198,713
Other Sources (Uses)	\$ 19,243,566	\$ 20,298,983	\$ 21,371,416
Net Inc/Dec in Fund Balance	\$ (2,262,238)	\$ -	\$ -
Beginning Balance	\$ 3,353,414	\$ 1,091,176	\$ 1,091,176
Legally Restricted Fund Balance*	\$ 1,091,176	\$ 1,091,176	\$ 1,091,176
Unassigned/Unappropriated	\$ -	\$ -	\$ -

2016-2017 Budget – Second Interim Update

MYP (Details), Combined Gen. Fund

	2016-17	2017-18	2018-19
REVENUES			
LCFF	\$ 76,015,010	\$ 76,866,649	\$ 76,933,562
Federal	\$ 4,107,537	\$ 3,783,620	\$ 3,874,859
Other State	\$ 10,073,104	\$ 8,577,183	\$ 8,162,609
Other Local	\$ 6,661,725	\$ 6,202,211	\$ 6,202,211
Parcel Tax	\$ 12,091,628	\$ 12,091,628	\$ 12,091,628
Revenues	\$ 108,949,004	\$ 107,521,291	\$ 107,264,869
EXPENDITURES			
Salaries & Benefits	\$ 88,286,645	\$ 91,276,236	\$ 93,652,141
Books/Supplies & Outlay	\$ 8,301,636	\$ 4,840,782	\$ 4,454,109
Services & Operating Expenses	\$ 16,543,012	\$ 15,999,544	\$ 16,463,559
Other Outgo & Transfers	\$ 408,286	\$ 381,229	\$ 381,229
Strategic Budget Reduction			\$ (2,500,000)
Expenditures	\$ 113,539,579	\$ 112,497,791	\$ 112,451,038
Other Sources (Uses)			
Net Inc/Dec in Fund Balance	\$ (4,590,575)	\$ (4,976,500)	\$ (5,186,169)
Beginning Balance	\$ 17,901,407	\$ 13,310,833	\$ 8,334,333
Ending Balance	\$ 13,310,832	\$ 8,334,333	\$ 3,148,164
Components of Ending Fund balance		\$ -	\$ -
Assigned / Legally Restricted	\$ 3,116,808	\$ 3,116,808	\$ 3,116,808
Unassigned/Unappropriated EFB	\$ 10,194,024	\$ 5,217,525	\$ 31,356

2016-2017 Budget – Second Interim Update

Fund 11, 12 & 13

	Adult Education Fund 11	Child Development Fund 12	Child Nutrition Fund 13
REVENUES			
Federal	\$ 313,612	\$ 257,949	\$ 1,760,000
State	\$ 788,340	\$ 1,224,240	\$ 95,400
Local	\$ 45,068	\$ 362,850	\$ 1,026,728
Revenues	\$ 1,147,020	\$ 1,845,039	\$ 2,882,128
EXPENDITURES			
Salaries & Benefits	\$ 988,813	\$ 1,655,262	\$ 1,598,495
Supplies	\$ 133,968	\$ 85,773	\$ 1,079,190
Services & Operating Expenses	\$ 33,326	\$ 4,932	\$ 38,238
Capital Outlay	\$ -	\$ -	\$ 25,962
Other Outgo & Transfers	\$ -	\$ 97,964	\$ 136,761
Expenditures	\$ 1,156,107	\$ 1,843,931	\$ 2,878,646
Other Sources (Uses)		\$ -	
Net Inc/Dec in Fund Balance	\$ (9,087)	\$ 1,108	\$ 3,482
Beginning Balance	\$ 141,515	\$ 104,799	\$ 628,565
Ending Balance	\$ 132,428	\$ 105,907	\$ 632,047
Restrictions/Commitments/Assignments			
Legally Restricted Ending Fund Balance	\$ 132,428	\$ 105,907	\$ 632,047
Unassigned/Unappropriated	\$ (0)	\$ 0	\$ 0

2016-2017 Budget – First Interim Update

Fund 14, 17, 21, 25 & 40

	Deferred Maintenance Fund 14	Special Reserve Non-Capital Outlay Fund 17	Building Fund (Measure I Proceeds) Fund 21	Capital Facilities Fund 25	Special Reserve Capital Outlay Fund 40
REVENUES					
LCFF Sources	\$ 500,000				
State					
Local	\$ 1,863	\$ 46,975	\$ 468,620	\$ 1,085,850	\$ 223,663
Revenues	\$ 501,863	\$ 46,975	\$ 468,620	\$ 1,085,850	\$ 223,663
EXPENDITURES					
Salaries & Benefits	\$ -	0	\$ 423,831		\$ 120,848
Supplies	\$ -	\$ -	\$ -		
Services & Operating Exp.	\$ -	\$ -	\$ 150,877	\$ 98,667	\$ 600,000
Capital Outlay	\$ 623,239	\$ -	\$ 55,514,651	\$ 7,146	
Other Outgo & Transfers	\$ -	0			
Expenditures	\$ 623,239	\$ -	\$ 56,089,359	\$ 105,813	\$ 720,848
Other Sources (Uses)					
Net Inc/Dec in Fund Balance	\$ (121,376)	\$ 46,975	\$ (55,620,739)	\$ 980,037	\$ (497,185)
Beginning Balance	\$ 1,386,099	\$ 8,055,174	\$ 83,353,509	\$ 4,277,363	\$ 1,262,385
Ending Balance	\$ 1,264,723	\$ 8,102,149	\$ 27,732,770	\$ 5,257,400	\$ 765,200
Restrictions/Commitments/Assignments					
Facilities Related Projects	\$ 1,264,723		\$ 27,732,770	\$ 5,257,400	
Additional Reserve Equal to Three Weeks Payroll		\$ 4,695,961			
District Office Rental Reserve					\$ 765,200
Reserved for Economic Uncertainties		\$ 3,406,188			
Unassigned/Unappropriated	\$ (0)	\$ 0	\$ (0)	\$ 0	\$ (0)

2016-2017 Budget – Second Interim Update

Glossary of Terms

ACA	Affordable Care Act aka Obama Care
ACOE / COE	Alameda County Office of Education / County Office of Education
CBEDS	California Basic Educational Data Systems
Certificated	Teachers, Substitute Teachers, Counselors, Principals, Vice Principals, Nurses, Psychologists, Directors in Education Services, Superintendent
Classified	Office Managers, Accountants, Custodians, Food Service Assistants, Directors in Business Services
COLA	Cost of Living Allowance
Contributions	General fund cash transfer to a restricted program which is unable to meet its expenditures
CPI	Consumer Price Index
DOF	Depart of Finance
EFB	Ending Fund Balance
EL	English Learners
FCMAT	Fiscal Crisis and Management Assistance Team
FRM	Free or Reduced Priced Meal
FTE	Full Time Equivalent
LCAP	Local Control Accountability Plan
LCFF	Local Control Funding Formula
MYP	Multi Year Projections
Other Outgo & Uses	Transfer of Indirect cost from restricted to unrestricted funds, Debt Payment Contribution to restricted programs, primarily Special Education, Student Transportation
RL	Revenue Limit (old State funding formula for Education)
Services	Utility Bills, Legal Fees, Insurance, Software Subscriptions, Internet Access, Special Education Non Public Schools
SSC	School Services of California
Supplies	Classroom Supplies, Textbooks, Janitorial Supplies, Office Supplies, Technology Equipment