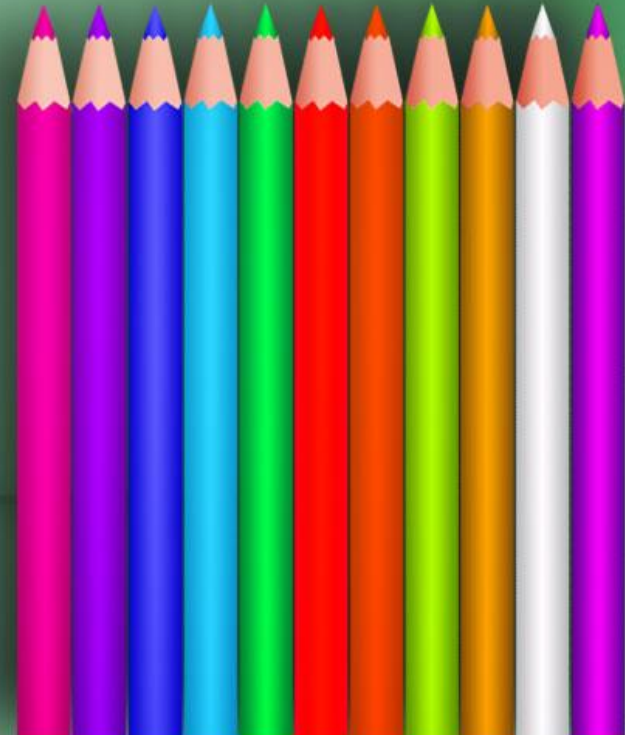


# SAN PASQUAL UNION SCHOOL DISTRICT

2018-2019 PROPOSED  
BUDGET



# BUDGET CYCLE

- **LCAP & Budget Public Hearing and Adoptions – June 2018**
  - June 2018, 1<sup>st</sup> Board Meeting
    - LCAP & Proposed Budget Public Hearing
  - June 2018, 2<sup>nd</sup> Board Meeting
    - LCAP & Proposed Budget Adoption
- **Unaudited Actuals – September 2018**
  - Close out Fiscal Year as of June 30<sup>th</sup>
  - Board reviews and approves report
- **First Interim – December 2018**
  - First Revision of Adopted Budget
- **Annual Audit – December 2018**
  - Independent audit firm submits report on district's fiscal & programs review/findings
- **Board Review of final Audit Report – January 2019**
- **Second Interim – March 2019**
  - Second Revision of Adopted Budget



# June 2018 Budget Report

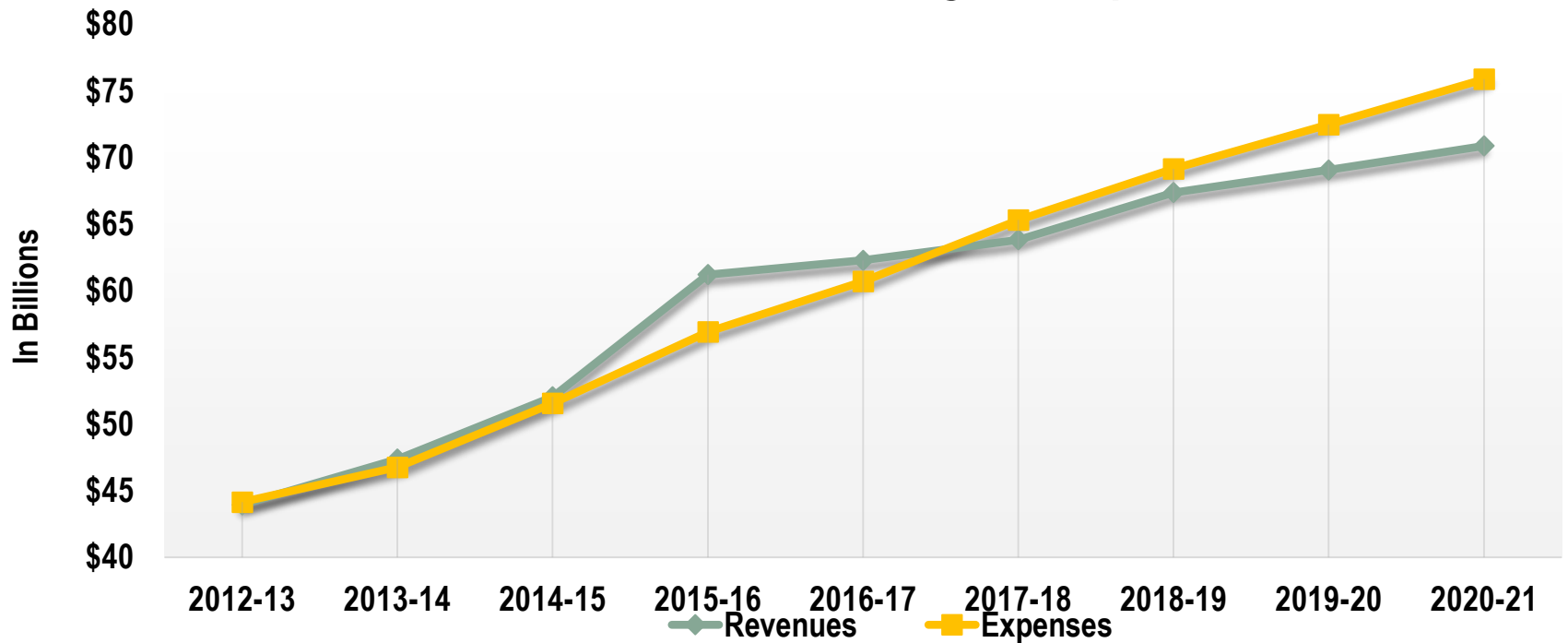
## *Governor's Proposal for 2018-19 State Budget*

- Over the past years public education has enjoyed growth in funding, however the 2018-19 State Budget dashes the hopes for any continuation of the trend
- COLA of 2.71%
- LCFF funding at 100% of the target
- Expenditures continue to rise, causing a huge squeeze for LEAs. In response, many LEAs are deficit spending and making expenditure reductions, including layoffs



# School Agency State Revenues vs. Expenditure Trends

## Historic School Funding and Expenditures



# Full Implementation of the LCFF

- Since enactment of the Local Control Funding Formula (LCFF) in 2012-13, Governor Brown's top priority has been full implementation of the LCFF funding model
- How did the Governor define full implementation?
  - Restoration of K-12 funding levels that prevailed in 2007-08, the year before the Great Recession
    - Prior to deep cuts that were imposed on revenue limits and most categorical programs
    - Restoration would include cost-of-living adjustments (COLA) since 2007-08
- The Governor's goal was to reach full funding by 2020-21, an eight-year implementation period

The May Revision proposes funding to reach full implementation in 2018-19, two years earlier than planned





# SSC Dartboard

Factor	K-3	4-6	7-8	9-12
2018-19 Base Grants	\$7,409	\$7,520	\$7,744	\$8,973
Grade Span Adjustments	\$771	-	-	\$233
2018-19 Adjusted Base Grants	\$8,180	\$7,520	\$7,744	\$9,206

Factor	2017-18	2018-19	2019-20	2020-21
Statutory COLA	1.56%	3.00%*	2.57%	2.67%
SSC Gap Funding Percentage	45.17%	100.00%	-	-
DOF Gap Funding Percentage	45.17%	100.00%	-	-

\*Includes statutory COLA of 2.71% plus an additional 0.29% represented by an additional \$166 million appropriated above LCFF targets



# Assumptions for Proposed Budget



# Assumptions for Proposed Budget

## ➤ Assumptions were based on Governor's May Revise

– Cost of Living Adjustment (COLA)	2.71%
– STRS Employer Rate	16.28%
– PERS Employer Rate	18.062%
– Social Security Employer Rate	6.2%
– Med Employer Rate	1.45%
– SUI Employer Rate	0.05%
– Workers Comp Rate	2.07%
– One Time Discretionary Funding - <i>2018-19 Only</i>	\$344/ADA
– Mandate Block Grant – K-8	\$31.16/ADA
– Unrestricted Lottery	\$146/Annual ADA
– Restricted Lottery	\$48/Annual ADA





# CalSTRS Rate Increases

- Employer rates are increasing to 16.28% in 2018-19, up from 14.43% in 2017-18
  - No specific funds are provided for this cost increase
- Under current law, once the statutory rates are achieved, CalSTRS will have the authority to marginally increase or decrease the employer contribution rate
- Recently, the CalSTRS Board increased the contribution rate for post-PEPRA employees from 9.205% to 10.205% effective July 1, 2018

CalSTRS Rates			
Year	Employer	Pre-PEPRA Employees	Post-PEPRA Employees
2017-18	14.43%	10.25%	9.205%
2018-19	16.28%	10.25%	10.205%
2019-20	18.13%	10.25%	10.205%
2020-21	19.10%	10.25%	10.205%



# CalPers Rate Increases

- CalPERS Board adopted an employer contribution rate of 18.062% for 2018-19, 2.531% higher than the current-year rate of 15.531%
- CalPERS Board also adopted the contribution rate for new employees
  - Currently, new members are contributing 6.5%, which will increase to 7.0% for 2018-19
  - Classic members continue to pay 7.0%

Year	Previously Released Employer Contribution Rates	Employer Contribution Rate*
2018-19	17.7%	18.062%
2019-20	20.0%	20.8%
2020-21	22.7%	23.5%
2021-22	23.7%	24.6%
2022-23	24.3%	25.3%
2023-24	24.8%	25.8%
2024-25	25.1%	26.0%

\*Actual for 2018-19



# Multiyear Projections

- Multiyear projections (MYPs) are required by AB 1200 (Chapter 1213/1991) and AB 2756 (Chapter 52/2004)
- Recognize that MYPs are projections, not forecasts
  - Projections are expected to change as various factors change – they are not predictions
  - Projections are the mathematical result of today's decisions based on a given set of assumptions
  - Forecasts are predictions of the future – there is a higher implied reliability factor than for projections
- Projections will change any time the underlying factors change – therefore, plan to adjust as conditions change



# Multi-Year Projections

## San Pasqual Union Elementary Multi-Year Projections Summary Report 2018-19 Adopted Budget

DESCRIPTION	OBJECT CODE	FY 2018-19			FY 2019-20			FY 2020-21			
		Current (Base Year)			First Projected Year			Second Projected Year			
		Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	
<b>A</b>	<b>Beginning Balance as of July 1</b>	\$922,558	\$81,732	\$1,004,290	\$1,045,049	\$81,732	\$1,126,781	\$904,273	\$81,732	\$986,004	
<b>B</b>	<b>Revenues</b>										
1	Revenue Limit Sources	8010-8099	4,617,452	26,339	4,643,791	4,775,117	26,339	4,801,456	4,903,461	26,339	4,929,800
2	Federal Revenues	8100-8299	0	244,068	244,068	0	223,082	223,082	0	206,712	206,712
3	Other State Revenues	8300-8599	300,752	263,882	564,634	102,054	268,736	370,790	102,095	275,184	377,279
4	Other Local Revenues	8600-8799	110,500	523,482	633,982	110,500	536,935	647,435	110,500	536,935	647,435
<b>5</b>	<b>Total Revenues</b>		<b>5,028,704</b>	<b>1,057,771</b>	<b>6,086,475</b>	<b>4,987,671</b>	<b>1,055,093</b>	<b>6,042,764</b>	<b>5,116,055</b>	<b>1,045,171</b>	<b>6,161,226</b>
<b>Beginning Balance &amp; Revenue (A+B5)</b>			<b>\$5,951,262</b>	<b>\$1,139,503</b>	<b>\$7,090,765</b>	<b>\$6,032,720</b>	<b>\$1,136,825</b>	<b>\$7,169,545</b>	<b>\$6,020,328</b>	<b>\$1,126,902</b>	<b>\$7,147,231</b>
<b>C</b>	<b>Expenditures</b>										
1	Certificated Salaries	1000-1999	2,367,434	360,771	2,728,205	2,458,725	349,840	2,808,566	2,549,127	342,416	2,891,544
2	Classified Salaries	2000-2999	626,499	262,883	889,382	645,520	268,072	913,592	665,139	273,378	938,516
3	Employee Benefits	3000-3999	932,404	379,881	1,312,285	1,024,631	419,769	1,444,400	1,099,262	447,258	1,546,521
4	Books & Supplies	4000-4999	345,183	98,007	443,190	303,757	101,300	405,057	220,662	104,572	325,234
5	Services, Other Operating Exp	5000-5999	495,588	58,282	553,870	513,389	60,240	573,629	531,076	62,186	593,262
6	Capital Outlay	6000-6999	0	0	0	0	0	0	0	0	0
7	Other Outgo - exclude Direct Sup.	7100-7299	0	37,052	37,052	0	38,297	38,297	0	39,534	39,534
8	Debt Service	7400-7499	0	0	0	0	0	0	0	0	0
9	Direct Support/Indirect Costs	7300-7399	0	0	0	0	0	0	0	0	0
10	CSR Reduction (for info only)	1000-7999	0	0	0	0	0	0	0	0	0
11	Projected Budget Reduction		0	0	0	0	0	0	0	0	0
<b>12</b>	<b>Total Expenditures:</b>		<b>\$4,767,108</b>	<b>\$1,196,876</b>	<b>\$5,963,984</b>	<b>\$4,946,022</b>	<b>\$1,237,518</b>	<b>\$6,183,540</b>	<b>\$5,065,266</b>	<b>\$1,269,344</b>	<b>\$6,334,610</b>
<b>D</b>	<b>Interfund Xfers/Other Sources</b>										
1	Transfers In	8910-8929	0	0	0	0	0	0	0	0	0
2	Transfers Out	7610-7629	0	0	0	0	0	0	0	0	0
3	Sources	8930-8979	0	0	0	0	0	0	0	0	0
4	Uses	7630-7699	0	0	0	0	0	0	0	0	0
5	Contributions	8980-8999	(139,105)	139,105	0	(182,425)	182,425	0	(224,174)	224,174	0
<b>E</b>	<b>Net Increase (Decrease) in Fund Balance</b>		<b>\$122,491</b>	<b>\$0</b>	<b>\$122,491</b>	<b>(\$140,776)</b>	<b>(\$0)</b>	<b>(\$140,777)</b>	<b>(\$173,384)</b>	<b>\$0</b>	<b>(\$173,384)</b>
<b>F</b>	<b>Ending Balance</b>		<b>\$1,045,049</b>	<b>\$81,732</b>	<b>\$1,126,781</b>	<b>\$904,273</b>	<b>\$81,732</b>	<b>\$986,004</b>	<b>\$730,889</b>	<b>\$81,732</b>	<b>\$812,621</b>
1	Revolving Cash	9711	1,000	0	1,000	1,000	0	1,000	1,000	0	1,000
2	Other Reserves	97xx	0	0	0	0	0	0	0	0	0
3	Restricted	9740	0	81,732	81,732	0	81,732	81,732	0	81,732	81,732
4	Stabilization Arrangements	9750	0	0	0	0	0	0	0	0	0
5	Other Commitments	9760	0	0	0	0	0	0	0	0	0
6	Assigned - Other Assignments	9780	520,000	0	520,000	400,000	0	400,000	300,000	0	300,000
7	Reserve for Economic Uncertainties	9789	238,559	0	238,559	247,342	0	247,342	253,384	0	253,384
8	Unassigned/unappropriated Amount	9790	285,490	0	285,490	255,931	0	255,931	176,504	0	176,504
<b>G</b>	<b>Components of Ending Fund Balance Total</b>		<b>\$1,045,049</b>	<b>\$81,732</b>	<b>\$1,126,781</b>	<b>\$904,273</b>	<b>\$81,732</b>	<b>\$986,004</b>	<b>\$730,889</b>	<b>\$81,732</b>	<b>\$812,621</b>
			<b>4% Calculated Reserve, or \$50,000 (greater of the two)</b>								
			<b>4.00%</b>			<b>Total Reserves</b>	<b>4% Calculated</b>		<b>Difference*</b>		
Reserve Percentage Level for this district:											
FY 2018-19 ADA Input Sheet (District):			<b>567.42</b>			FY 2018-19 Bud	\$238,559	\$238,559	\$0		
						FY 2019-20 Proj	\$247,342	\$247,342	\$0		
						FY 2020-21 Proj	\$253,384	\$253,384	\$0		
FY 2019-20 Unappropriated Amount is:			<b>Positive</b>								
FY 2020-21 Unappropriated Amount is:			<b>Positive</b>								



# Balance of Excess Minimum Reserve

District: San Pasqual Union School  
 CDS #: 37-68353

**Adopted Budget  
 2018-19 Budget Attachment  
 Balances in Excess of Minimum Reserve Requirements**

**Reasons for Assigned and Unassigned Ending Fund Balances in Excess of Minimum Recommended Reserves**

Education Code Section 42127(a)(2)(B) requires a statement of the reasons that substantiates the need for assigned and unassigned ending fund balances in excess of the minimum reserve standard for economic uncertainties for each fiscal year identified in the budget.

Combined Assigned and Unassigned/unappropriated Fund Balances		
Form	Fund	2018-19 Budget
01	General Fund/County School Service Fund	\$1,126,781.00
17	Special Reserve Fund for Other Than Capital Outlay Projects	\$226,066.00
Total Assigned and Unassigned Ending Fund Balances		\$1,352,847.00
District Standard Reserve Level		4%
Less District Minimum Reserve for Economic Uncertainties		\$238,559.00
Remaining Balance to Substantiate Need		\$1,114,288.00

Objects 9780/9789/9790  
 Form 01  
 Form 17  
 Form 01CS Line 10B-4  
 Form 01CS Line 10B-7

Reasons for Fund Balances in Excess of Minimum Reserve for Economic Uncertainties			
Form	Fund	2018-19 Budget	Description of Need
01	General Fund/County School Service Fund	\$200,000.00	One-Time Funds (Mandated Costs)
01	General Fund/County School Service Fund	\$100,000.00	Declining Enrollment
01	General Fund/County School Service Fund	\$125,000.00	Campus Safety Projects (Sound System, Alarm System)
01	General Fund/County School Service Fund	\$65,000.00	Technology Equipment
01	General Fund/County School Service Fund	\$100,000.00	Curriculum/Textbook Adoption (Common Core)
01	General Fund/County School Service Fund	\$200,000.00	Portable Replacement
01	General Fund/County School Service Fund	\$98,222.00	Legal Fees
17	Special Reserve Fund for Other Than Capital Outlay Projects	\$70,000.00	Legal Fees and/or Special Education IDT
17	Special Reserve Fund for Other Than Capital Outlay Projects	\$56,066.00	Technology Infrastructure
17	Special Reserve Fund for Other Than Capital Outlay Projects	\$100,000.00	Unanticipated Expenditures (STRS, PERS, hourly rate increase)
Insert Lines above as needed			
Total of Substantiated Needs		\$1,114,288.00	

Remaining Unsubstantiated Balance                      \$0.00                      Balance should be Zero

Education Code Section 42127 (d)(1) requires a county superintendent to either conditionally approve or disapprove a school district budget if the district does not provide for EC 42127 (a)(2)(B) public review and discussion at its public budget hearing.





# Final Thoughts

- Since we are now approaching a COLA-only environment the increasing demands on our base funding (STRS & PERS contributions, step and column costs, and increase in health benefits) will exceed the COLA funding
- Given the automatic cost increases LEAs are facing, it's a significant challenge to merely maintain current programs
- Collective bargaining will continue to be a challenge
- Need to continue to evaluate budget to address deficit spending

