

# **BUCKEYE UNION SCHOOL DISTRICT**

## **2019-2020 FIRST INTERIM REPORT EXECUTIVE SUMMARY**

**Financial Report as of October 31, 2019  
Presented: December 18, 2019**

## Background

The California Education Code, as updated by AB1200 and AB2756, requires school districts to report on their financial condition at the time of budget adoption and after closing the books with the unaudited actuals. Two interim reports are also required during the Fiscal Year. The First Interim report illustrates a district's financial condition and projections as of October 31<sup>st</sup> as well as budget revisions based on expenditure and revenue trends and other available information. The following is a summary of the financial position of the Buckeye Union School District as of October 31, 2019. The Governing Board of a school district certifies the district's financial condition to the County Office of Education through these reports. Based on the information contained in the enacted 2019-20 California State budget and the financial information provided in the interim reports, the Buckeye Union School District certifies the District's financial position is positive; the District will meet its financial obligations in the current and subsequent two fiscal years.

For ease and clarity, I have summarized within this report the activities and position of each fund and included detailed analysis of items of particular interest. Original state reports are available in the district office and can be forwarded to you upon request.

## Comparison of the State's Proposed and Enacted Budget

The Legislature has been active, and many new laws impact district budgets. Major legislation was passed in these areas: school start time, vaccinations, charter schools, school bonds, and increased liability exposure to sexual assault and molestation claims. Many of the new laws will require LEAs to analyze and evaluate the financial impact to each school district. Governor Newsom has allocated one-time funds to the following programs:

- One-time \$3.15 billion non-Prop. 98 general fund payment on behalf of employers to CalSTRS and CalPERS Schools Pool. Of this amount, an estimated \$850 million will buy down the employer contribution rates in 2019-20 and 2020-21. The remaining \$2.3 billion will be paid toward the employers' long term unfunded liability for both systems;
- One-time funding of \$492.7 million in non-AB 602 funding to provide special education early intervention preschool grants to LEAs serving children between ages 3 and 5 years, inclusive, with individualized education programs, except those enrolled in kindergarten or transition kindergarten; and
- One-time funding of \$36 million for an additional year of funding the Classified School Employees Summer Assistance Program. This funding will be for employee withholdings during the 2020-21 fiscal year. State matching funds will be paid Summer 2021.

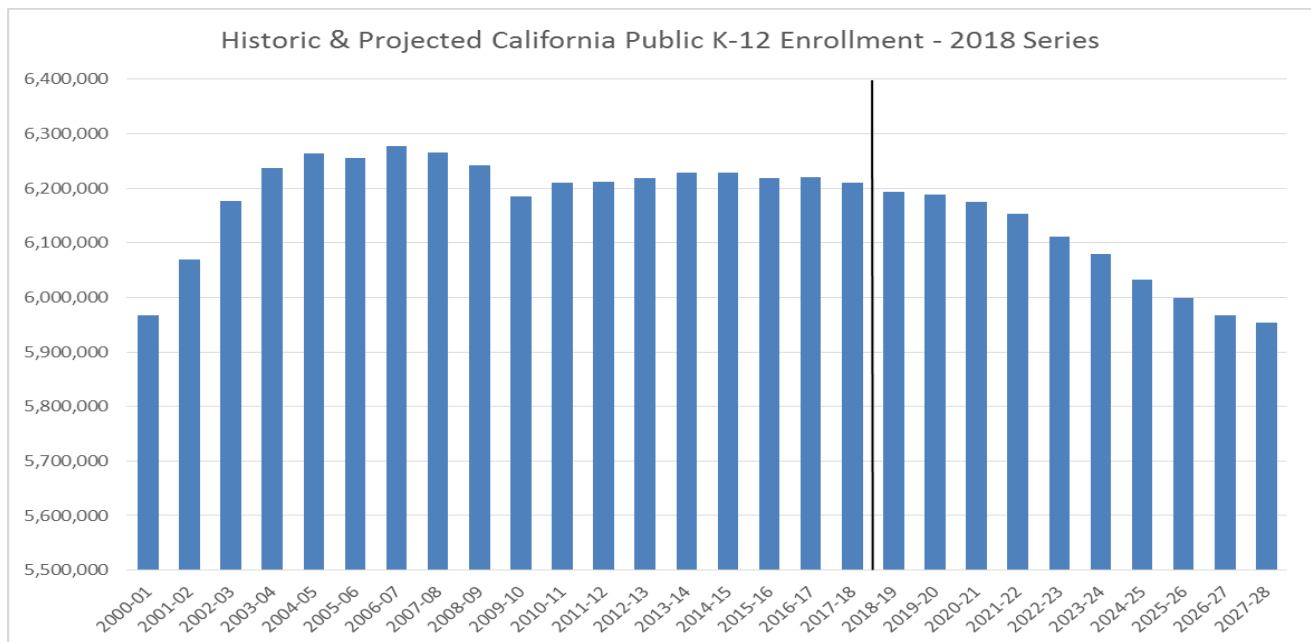
Governor Gavin Newsom also signed AB 48 into law allowing the Public Preschool, K-12, and College Health and Safety Bond Act of 2020 to appear on the March 2020 ballot. If approved by voters, the K-12 entities will receive facilities funding as follows:

- \$5.2 billion for modernization.
- \$2.8 billion for new construction.
- \$500 million for career technical education.
- \$500 million for charter schools.

## Enrollment and Attendance History and Projections

The most significant characteristic for determining District income is the calculation of the average number of students that are in school and in attendance on a daily basis. The State funds school districts based on the amount of students attending school each day, instead of the number of students actually enrolled in school each day. This average daily attendance or ADA is multiplied by the District's Local Control Funding Formula Grade Span Rate per ADA to determine the total Local Control Funding Formula income for the District. Funding for traditional public schools is allocated based on the higher of the current year or prior year ADA. Funding for charter schools is always based on current year attendance. ADA should not be confused with enrollment. The official annual enrollment count is taken in October for that school year and is used for staffing and facility needs.

**California Enrollment Trends:** California has experienced a decrease in total Public K-12 enrollment in the past years. Over the next ten years, a decline of 258,000 in total enrollment is projected, if current trends in birth rates and migration hold. Declining enrollment is a challenging issue for school districts across the state.

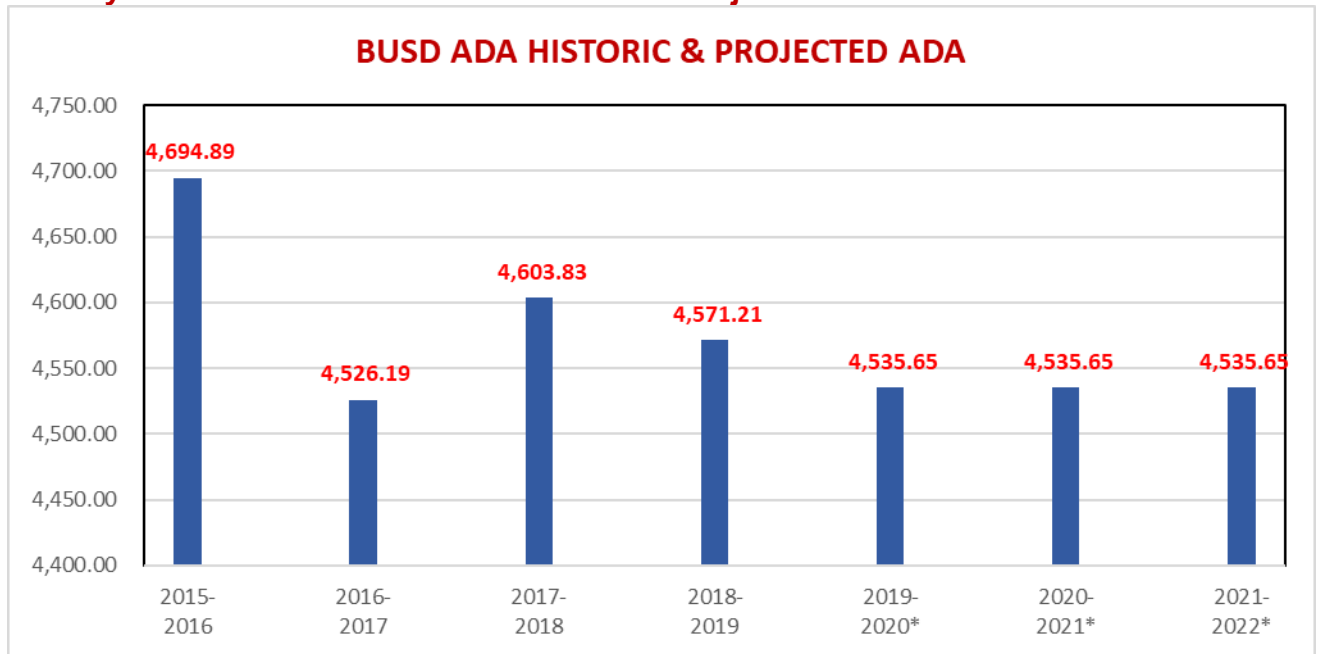


## El Dorado County School District Historic ADA:

District/Charter	Grade Span	2015-2016 P-2 ADA	Change	2016-2017 P-2 ADA	Change	2017-2018 P-2 ADA	Change	2018-2019 P-2 ADA	Total Net Decline from 2015-16 thru 2018-19
Black Oak Mine Unified School District	K - 12	1,039.85	(38.50)	1,001.35	(23.40)	977.95	(15.46)	962.49	(77.36)
Buckeye Union School District*	K - 8	4,674.26	(172.45)	4,501.81	72.60	4,574.41	(35.11)	4,539.30	(134.96)
Camino Union Elementary School District	K - 8	400.36	(0.74)	399.62	(26.98)	372.64	13.58	386.22	(14.14)
El Dorado Union High School District	9 - 12	6,259.09	(20.83)	6,238.26	(28.51)	6,209.75	39.74	6,249.49	(9.60)
Gold Oak Union Elementary School District	K - 8	451.63	2.70	454.33	(2.11)	452.22	(5.56)	446.66	(4.97)
Gold Trail Union Elementary School District	K - 8	612.08	39.16	651.24	23.49	674.73	(45.66)	629.07	16.99
Indian Diggings Elementary School District	K - 8 (NSS)	18.29	(3.08)	15.21	3.96	19.17	(1.38)	17.79	(0.50)
Lake Tahoe Unified School District	K - 12	3,730.26	(32.32)	3,697.94	(61.48)	3,636.46	(18.34)	3,618.12	(112.14)
Latrobe School District	K - 8	130.87	2.94	133.81	(2.50)	131.31	8.60	139.91	9.04
Mother Lode Union Elementary School District	K - 8	1,025.02	10.75	1,035.77	(46.35)	989.42	(5.23)	984.19	(40.83)
Pioneer Union Elementary School District	K - 8	262.75	6.72	269.47	5.68	275.15	(19.37)	255.78	(6.97)
Placerville Union Elementary School District	K - 8	1,233.45	(2.91)	1,230.54	(13.65)	1,216.89	21.38	1,238.27	4.82
Pollock Pines Elementary School District	K - 8	649.44	2.55	651.99	0.61	652.60	(30.51)	622.09	(27.35)
Rescue Union Elementary School District	K - 8	3,565.67	49.45	3,615.12	(92.99)	3,522.13	(5.15)	3,516.98	(48.69)
Silver Fork Elementary School District	K - 8	12.84	(4.40)	8.44	(1.14)	7.30	2.36	9.66	(3.18)
<b>TOTALS</b>		<b>24,065.86</b>	<b>(160.96)</b>	<b>23,904.90</b>	<b>(192.77)</b>	<b>23,712.13</b>	<b>(96.11)</b>	<b>23,616.02</b>	

NOTE: All above data was obtained from the CDE website. Certified data for noted period. Line B-15 Used for all Districts except Indian Diggings (All ADA for them is NSS)  
 \*Includes all BUSD Dependent Charters

## Buckeye Union School District Historic and Projected ADA:



Since ADA is such an important part of the District's income base, the projection of ADA for this next fiscal year is an important part in projecting the District's income. Currently, even a 1% change in attendance rates would be approximately a \$400,000 change in the District's projected revenues. Therefore, District attendance records are monitored monthly and ADA is updated throughout the year to ensure that the projected revenues are in line with the

District’s budgeted or revised projections. The Buckeye Union School District has averaged a 96.5% to 97% attendance rate compared to enrollment in past three years.

**Routine First Interim Budget Adjustments**

In addition to the non-routine items noted above, the District reviews all of its accounts and has adjusted its First Interim budget projections to reflect the following:

- Based upon current enrollment data, the District adjusted its revenue accounts that are based on Average Data Attendance (ADA). Start-of-school enrollment is materially different from budget projections, so revenues have been recalculated based upon updated ADA projections.

DESCRIPTION	TRADITIONAL AND CHARTER
<b>2019-2020 Budgeted ADA</b>	Average Daily Attendance (ADA) is estimated at 4,535.65 (3,748.10 Traditional, 755.64 Charter, and 31.91 County Program ADA), which is lower than BUSD’s 2018-19 ADA. Due to a decline in enrollment the funded ADA will be based on the prior year adjusted ADA of 4,697.59 (3,910.04 Traditional, 755.64 Charter, and 31.91 County Program ADA)
<b>2019-2020 FIRST INTERIM ADA ADJUSTMENT</b>	As of 12/10/19 ADA is estimated at 4,566.21 (3,773.40 Traditional, 760.90 Charter, and 31.91 County), which is lower than 2018-2019. As a result, the funded ADA for the traditional program will be based on prior year adjusted ADA in the 2019-2020 budget. Revenues have been recalculated based upon updated ADA projections.

- Categorical revenue accounts are updated to most recent information received from the state and federal governments. Corresponding expenditure accounts are also adjusted accordingly.
- Indirect costs are updated to reflect changes in total estimated expenditures.
- Other income accounts are analyzed and adjusted to reflect year-to-date receipts and estimated year-end amounts.
- Revenues and expenditures of programs that supported by contributions from the General Fund are updated to current projections and adjusted accordingly.
- Salary and benefit accounts are adjusted to reflect updated staffing levels and changes to benefit costs. All budgets reflect the most current negotiated agreements with employee bargaining units.
- All expenditure accounts analyzed and adjusted to reflect year-to-date expenditures and estimated expenditures to finish the year.
- Carryovers from prior year budgets are adjusted accordingly.

**Pension Costs**

Pensions have been one of the fastest-rising costs in school budgets. Before passage of the new rates, districts statewide paid \$2.8 billion in 2013-14 to CalSTRS and CalPERS. Four years later, those costs had nearly doubled. Districts, the State and certificated and

classified employees share pension costs, although districts are responsible for the largest portion. Contribution rates are calculated as a percentage of total employee payroll.

### How much California districts paid for employee pensions Average per student



**\*2013-14 was the last year before a new state law increased payments.**

Payments were made to CalSTRS, the state pension plan for teachers and administrators and CalPERS, the state pension plan for other school employees such as teachers aides, clerical workers and custodians.

Source: California Department of Education, analysis by Phillip H. Reese  
Chart by Yuxuan Xie

EdSource

## CALSTRS

**Member Contribution Increases (AB 1469):** In 2014, AB 1469 increased member contributions on compensation that is creditable to the Defined Benefit Program. Below is a table showing the increases in the member contribution rate from 2014 through 2018.

Effective Date	Pre-CalSTRS Funding Plan Member Contribution Rate		Post-CalSTRS Funding Plan Member Contribution Rate	
	2% at 60 Members <sup>1</sup>	2% at 62 Members	2% at 60 Members <sup>1</sup>	2% at 62 Members <sup>1</sup>
July 1, 2014	8%	8%	8.15%	8.15%
July 1, 2015	8%	8%	9.20%	8.56%
July 1, 2016	8%	8%	10.25%	9.205%
July 1, 2017	8%	8%	10.25%	9.205%
July 1, 2018 & thereafter	8%	9%	10.25%	10.205%

<sup>1</sup> The contribution rate for CalSTRS 2% at 62 members is based, in part, on the normal cost of benefits and may increase or decrease in future years. The contribution rate for 2% at 60 members is set in statute.

**Employer Contribution Increases (AB 1469):** The funding plan provided for increases in the employer contribution rate. These supplemental contributions were intended to eliminate the employers' share of the Unfunded Actuarial Obligation (UAO) by 2046. Below is a table showing the increases in the employer contribution rate from 2014 through 2020.

Effective Date	Base Employer Contribution Rate	Post-CalSTRS Funding Plan Contributions	
		Employer Supplemental Contribution Rate <sup>1</sup>	Total Employer Rate <sup>2</sup>
July 1, 2014	8.25%	0.63%	8.88%
July 1, 2015	8.25%	2.48%	10.73%
July 1, 2016	8.25%	4.33%	12.58%
July 1, 2017	8.25%	6.18%	14.43%
July 1, 2018	8.25%	8.03%	16.28%
July 1, 2019	8.25%	9.88%	18.13%
July 1, 2020	8.25%	10.85%	19.10%

<sup>1</sup> The funding plan included a set schedule of employer supplemental rate increases through fiscal year 2020–21.

<sup>2</sup> The total employer rate does not reflect the supplemental pension payments in the 2019–20 state budget.

**State Contribution Increases (AB 1469):** The funding plan maintained the state’s base contribution rate of 2.017 percent to the Defined Benefit Program. The funding plan increased the supplemental rate dedicated to paying for the 1990 benefit structure. The increases in the state supplemental rate were phased in over three years. This contribution rate was anticipated to eliminate the state’s share of the unfunded liability by 2046. Below is a table showing the state contribution rate to the Defined Benefit Program from 2014 through 2019.

Effective Date	Base State Contribution Rate	Pre-CalSTRS Funding Plan State Supplemental Contribution Rate	Post-CalSTRS Funding Plan Contributions	
			State Supplemental Contribution Rate	Total State Rate
July 1, 2014	2.017%	1.024%	1.437% <sup>1</sup>	3.454%
July 1, 2015	2.017%	1.274%	2.874% <sup>1</sup>	4.891%
July 1, 2016	2.017%	1.505%	4.311% <sup>1</sup>	6.328%
July 1, 2017	2.017%	1.505%	4.811% <sup>2</sup>	6.828%
July 1, 2018	2.017%	1.505%	5.311% <sup>3</sup>	7.328%
July 1, 2019	2.017%	1.505%	5.811% <sup>4</sup>	7.828%

<sup>1</sup> The funding plan included a set schedule of state supplemental rate increases through fiscal year 2016–17.

<sup>2</sup> Adopted by the board in April 2017.

<sup>3</sup> Adopted by the board in May 2018.

<sup>4</sup> Adopted by the board in May 2019.

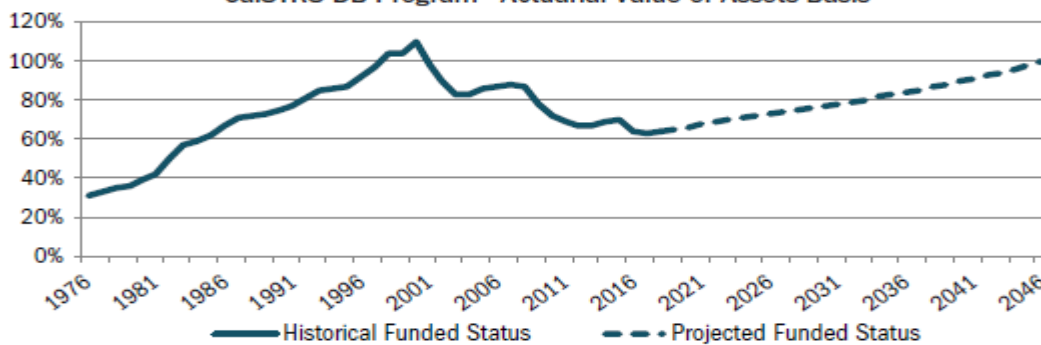
**Has the CalSTRS Funding Plan Worked?** The funding plan had a mixed impact on funding levels and contribution rates. As shown in the table below, the funded status is slightly lower today than initially anticipated when the funding plan was adopted, while the UAO is slightly greater than anticipated.

	Actual – Without Funding Plan (as of June 30, 2013)	Projected – With Funding Plan (as of June 30, 2018)	Actual – With Funding Plan (as of June 30, 2018)
Funded Status	66.5%	64.6%	64.0%
UAO	\$73.7 billion	\$98.5 billion	\$107.2 billion

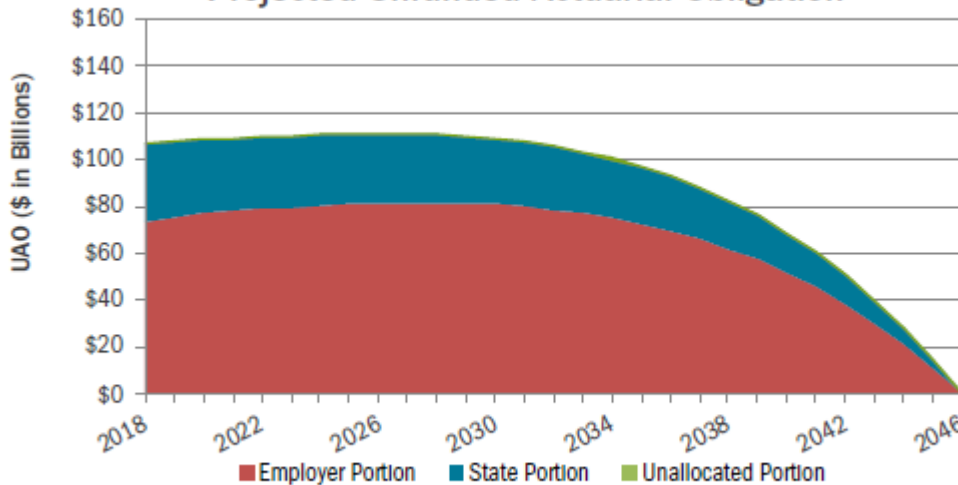
Even if the current UAO is slightly greater than originally anticipated when the funding plan was adopted, both the state’s share and the employers’ share of the UAO is projected to be eliminated by 2046. By 2046, the Defined Benefit Program is expected to be 99.9 percent funded with a remaining unallocated UAO of about \$500 million.

### Historical and Projected Funded Status

CalSTRS DB Program - Actuarial Value of Assets Basis



### Projected Unfunded Actuarial Obligation



To achieve the reduction in the UAO illustrated above, the board will need to exercise its authority to adjust contribution rates in the future.

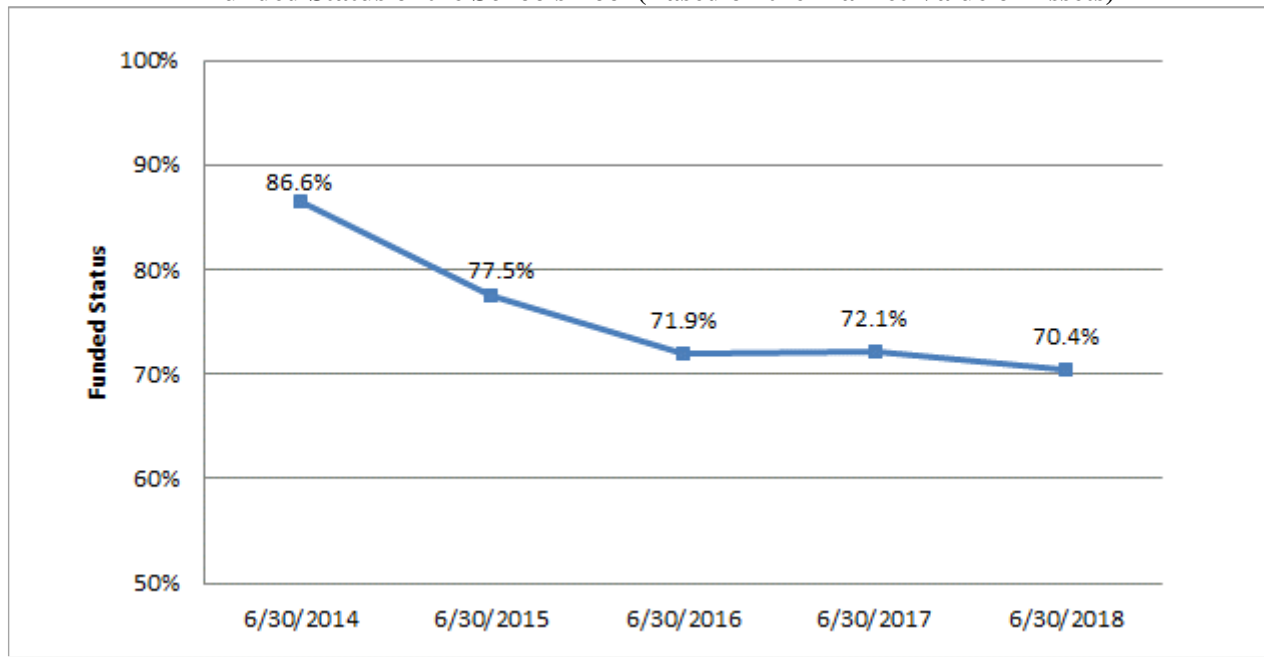


## CALPERS

**Member, Employer and State Contributions:** In January 2013, the California Public Employees' Pension Reform Act (PEPRA), took effect which changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. The greatest impact is felt by new CalPERS members.

**Funded Status:** From June 30, 2017 to June 30, 2018 the funded status for the Schools Pool in CALPERS decreased by 1.7 percent. This was mainly due to the reduction in the discount rate. The graph below shows the actual funded status for the past five years.

**Funded Status of the Schools Pool (Based on the Market Value of Assets)**



**Current and projected employer contribution rates based on SB 90, Section 4, as amended June 17, 2019**

	Valuation Year	Fiscal year Impact	Original Projected Employer Rates <sup>1</sup>	Expected Rate Reductions Due to \$904 mill state contribution			Estimated Reduced Employer Rates <sup>4</sup>
				Direct offset to rate due to \$244 mill from the state <sup>2</sup>	Reduction in rate due to \$660 mill from state toward the UAL <sup>3</sup>	Total rate Reduction	
Actual	6/30/2018	2019-2020	20.733%	1.012%	0.000%	1.012%	19.721%
Projected	6/30/2019	2020-2021	23.6%	0.7%	0.2%	0.9%	22.7%
	6/30/2020	2021-2022	24.9%		0.3%	0.3%	24.6%
	6/30/2021	2022-2023	25.7%		0.3%	0.3%	25.4%
	6/30/2022	2023-2024	26.4%		0.3%	0.3%	26.1%
	6/30/2023	2024-2025	26.6%		0.3%	0.3%	26.3%
	6/30/2024	2025-2026	26.5%		0.3%	0.3%	26.2%
Total Projected Employer Savings over 28 Years (millions)				\$244	\$1,622	\$1,866	

## Reserves

**District Reserve Requirements (Senate Bill 858):** The 2014 State Budget Act and the passage of Proposition 2 in November 2014 established a hard cap on district reserves, if all of the following conditions are met:

- The Proposition 98 maintenance factor must be fully repaid; and
- Proposition 98 must be funded based on Test 1; and
- Proposition 98 provides sufficient funds to support enrollment growth and the statutory COLA; and
- A deposit must be made into the Proposition 98 reserve when capital gains revenues exceed 8% of General Fund revenues.

Existing law specifies that in any fiscal year immediately following a year in which a transfer of any amount is made to the Public School System Stabilization Account, a district's assigned or unassigned fund balance (including Fund 01 and Fund 17) may not exceed two times the reserve for economic uncertainty (three times the reserve for economic uncertainty for districts with more than 400,000 ADA).

Currently, the District reserve cap is not activated in 2019-20 and is not expected to be activated in 2020-21. The likelihood of the reserve cap being activated in future years remains low. The required reserve for economic uncertainty represents only a few weeks of payroll for most districts. Prudent reserves afford districts and their governing boards time to thoughtfully identify and implement budget adjustments over time. Inadequate reserves force districts to react quickly, often causing significant disruption to student programs and employees. As a result, County offices as well as District staff continue to reinforce the need for reserves in excess of the minimum reserve for economic uncertainty.

## Cash Management

Even though the LCFF is projected to bring fiscal relief to LEAs, cash management is also still essential. To date, the District has only borrowed internally for cash, relying on other funds in the District that have cash balances to wait out the time when the EPA funds will be received. Staff is closely watching cash balances and is taking the necessary steps to ensure that the District is able to meet its financial obligations.

## Positive Certification

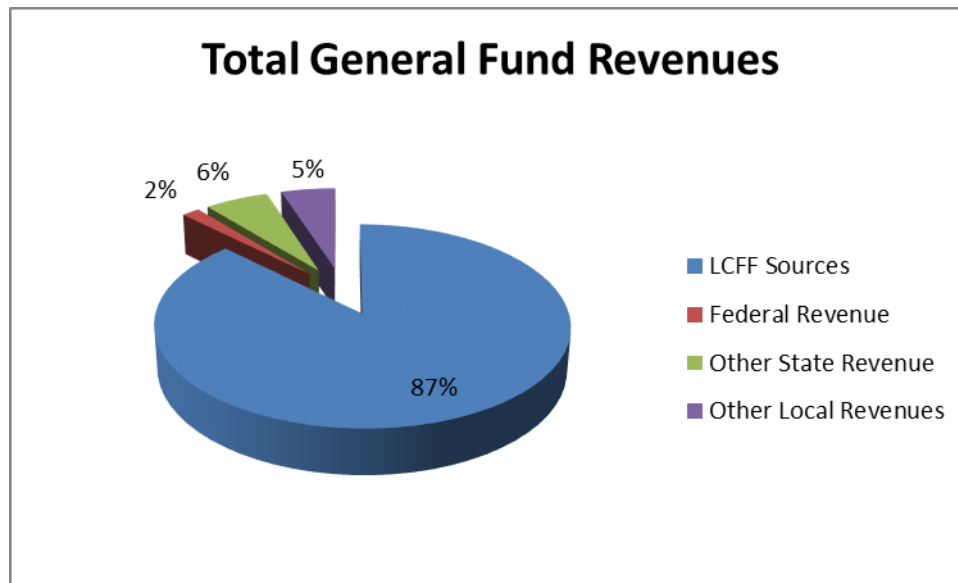
While the District certifies itself as positive, it is important to remember that there are many unpredictable factors affecting revenues and expenditures and the First Interim Report is based on the best information available at the time the financial reports are approved. The First Interim Report, therefore, should be considered a "snapshot in time" of the financial plan of the District on the date it is adopted. As the school year progresses, variables change which may require the District to make revisions to its current and multi-year projections. Staff closely monitors these variables throughout the fiscal year to ensure fiscal solvency.

***Financial Analysis of the General Fund  
Unrestricted & Restricted Revenue and Expense***

**REVENUE**

The District receives funding for its general operations from various sources. A summary of the major funding sources for 2019-2020 is illustrated below:

Description	Unrestricted	Combined
LCFF Revenue	\$40,273,387	\$40,273,387
Federal Revenues	\$50,000	\$870,171
Other State Revenues	\$884,928	\$2,807,576
Other Local Revenues	\$514,814	\$2,369,924
<b>TOTAL</b>	<b>\$41,723,129</b>	<b>\$46,321,058</b>



**Revenue:** Revenue has been revised to include full funding under the Local Control Funding Formula in the current and subsequent years. For Fiscal Year 2019-20 the total funded LCFF Revenue is approximately \$40,273,387. Projected LCFF funding for Fiscal Year 2020-21 and Fiscal Year 2021-22 is \$40,243,585 and \$41,352,533, respectively.

**Summary of Unrestricted Revenue Changes:**

	Amount	Explanation
LCFF Revenue	\$(137,629)	Alignment of ADA/Enrollment assumptions to actuals since budget adoption
Federal	\$(12,455)	Alignment of budget assumption based on actual receipts to date for MAA
Other State	\$(11,025)	Unrestricted Lottery projection adjusted to current rates

Local Revenues	\$30,000	Increase in interest income based on projected cash balances
Contributions to Restricted Programs	\$(5,349)	Alignment of budget to actuals to date since budget adoption
<b>TOTAL</b>	<b>\$(136,458)</b>	

**Summary of Restricted Revenue Changes:**

	Amount	Explanation
LCFF Revenue	\$0	None – Not Applicable
Federal	\$2,541	Adjustments to entitlements District-wide made based on most current information available, since budget adoption
Other State	\$(39,887)	Restricted Lottery assumptions adjusted to reflect current rates (\$20,942), Mental health adjusted to actual (\$7,905) and other small program adjustments
Local Revenue	\$284,607	Adjustments to donations to align with prior years trends and revenues.
Contributions to Restricted Programs	\$5,349	Alignment of budget to actuals to date since budget adoption
<b>TOTAL</b>	<b>\$252,610</b>	

**Multi-Year Financial Projections**

One of the most important elements of the First Interim Report is the three-year projection for the General Fund. In this forecast, the District projects its financial prognosis for the current and subsequent two years. The purpose of the projection is to report to its stakeholders on the continued fiscal viability of the District. The projection provides the rationale for the District's choice of certification options (Positive, Qualified, or Negative) on its Certification of Financial Condition.

**Multi-Year Combined Revenue Projections:**

Description	2019-2020	2020-2021	2021-2022
	Combined	Combined	Combined
LCFF Revenue	\$40,273,387	\$40,243,585	\$41,352,533
Federal Revenues	\$870,171	\$826,662	\$785,329
Other State Revenues	\$2,807,576	\$2,782,576	\$2,782,576
Other Local Revenues	\$2,369,924	\$2,369,924	\$2,369,924
<b>TOTAL</b>	<b>\$46,321,058</b>	<b>\$46,222,747</b>	<b>\$47,290,362</b>

## EXPENSES

The General Fund is used for the majority of the functions within the District. At First Interim, adjustments were made to salaries and benefits to reflect changes in position control since Budget Adoption. The other major change to expenditures is the appropriation of unrestricted site carryovers and the appropriation of the designated curriculum funds. As illustrated below, salaries and benefits comprise approximately 86% of the District's budget

Description	Unrestricted	Combined
Certificated Salaries	\$19,107,397	\$21,082,769
Classified Salaries	\$4,760,607	\$7,415,393
Employee Benefits (H&W; Taxes; STRS/PERS)	\$8,827,988	\$12,216,166
Books and Supplies	\$1,736,739	\$2,497,796
Other Operating Expenditures	\$1,624,747	\$3,989,850
Capital Outlay	\$ 0	\$ 0
Other Outgo	\$238,675	\$312,224
<b>TOTAL</b>	<b>\$36,296,153</b>	<b>\$47,514,198</b>

### Summary of Unrestricted Expenditure Changes:

	Amount	Explanation
Certificated Salaries	\$195,839	Adjustment made to reflect changes in position control since budget adoption
Classified Salaries	\$(212,363)	Adjustment made to reflect changes in position control since budget adoption
Benefits	\$25,022	Adjustment made to reflect changes in position control since budget adoption
Books & Supplies	\$7,982	Minor program adjustments
Operating Exp.	\$320,787	Posting of Carryover balances for sites
Capital Outlay	\$0	Not Applicable
Other Outgo	\$122,070	Contributions of Indirect Costs reduced for budget savings in restricted programs
<b>TOTAL</b>	<b>\$459,337</b>	

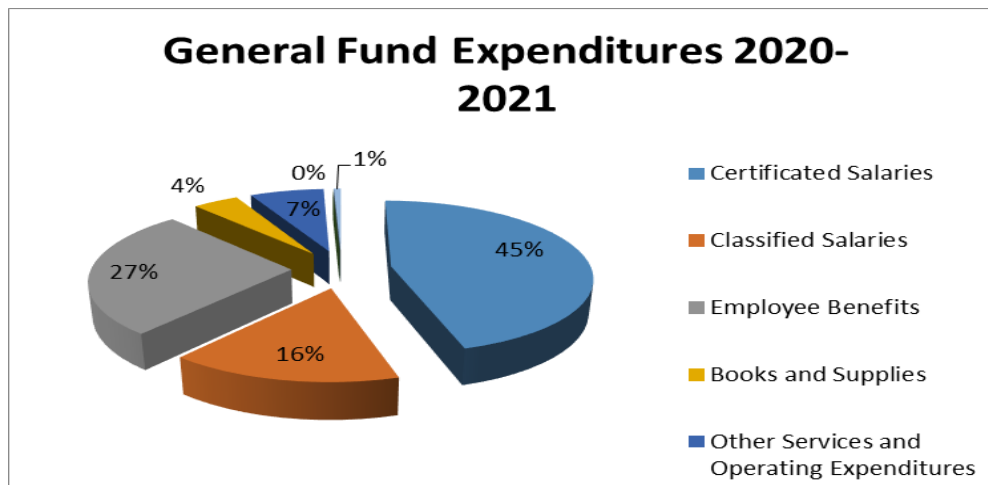
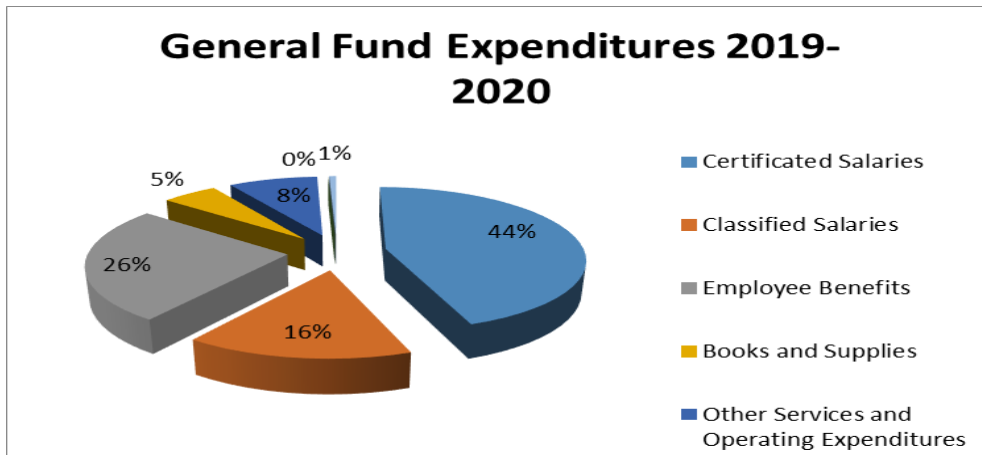
### Summary of Restricted Expenditure Changes:

	Amount	Explanation
Certificated Salaries	\$(38,615)	Adjustment made to reflect changes in position control since budget adoption
Classified Salaries	\$128,326	Adjustment made to reflect changes in position control since budget adoption
Benefits	\$50,556	Adjustment made to reflect changes in position control since budget adoption
Books & Supplies	\$221,562	Posting of Carryover balances for sites
Operating Exp.	\$497,505	Posting of Carryover balances for sites
Capital Outlay	\$0	Not Applicable

Other Outgo	\$(122,070)	Contributions of Indirect Costs reduced for budget savings in restricted programs
<b>TOTAL</b>	<b>\$737,264</b>	

**Multi-Year Combined Expenditure Projections:**

Description	2019-2020	2020-2021	2021-2022
	Combined	Combined	Combined
Certificated Salaries	\$21,082,769	\$21,535,617	\$21,999,174
Classified Salaries	\$7,415,393	\$7,527,741	\$7,641,774
Employee Benefits (H&W; Taxes; STRS/PERS)	\$12,216,166	\$12,818,083	\$12,957,271
Books and Supplies	\$2,497,796	\$2,035,296	\$2,090,296
Other Operating Expenditures	\$3,989,850	\$3,289,850	\$3,289,850
Capital Outlay	\$0	\$0	\$0
Other Outgo	\$312,224	\$312,224	\$312,224
<b>TOTAL</b>	<b>\$47,514,198</b>	<b>\$47,518,811</b>	<b>\$48,290,589</b>



As illustrated above, salaries and benefits comprise approximately 86%-88% of the District's budget in the current multi-year projection. No labor settlement agreements have been reached for the current year or 2020-2021 or 2021-2022.

The following discusses the most significant items in the three-year projection:

- LCFF: The District is utilizing the Department of Finance's estimated COLAs, gap funding percent, and resulting LCFF Funding Rate percentages.
- The Legislature has fully funded LCFF in the 2019-20 fiscal year.
- BUSD Unduplicated Percentage of enrollment for 2019-20 through 2021-22 ranges from 17.82% to 18.48%, based on a rolling three-year average.
- ADA: The District's LCFF funding is based primarily on the ADA in the 2018-19 fiscal year. The LCFF calculation allows a one year "hold harmless" on the loss of revenues due to ADA decline. Therefore, the decrease in ADA is reflected in the LCFF calculation for 2020-21. The District is projecting no change in enrollment in 2020-2021.
- Mandated Cost Reimbursement One-time Revenues: One-time revenues are adjusted for in the three-year projection. No additional one-time revenues are projected after the 2019-20 budget year.
- Employee Compensation: Normal ongoing step and column increases are included in the three-year projection. Additional expense to the District caused by the increase in the STRS and PERS rates is also included.
- Reasonable increases to supply and operating expense accounts;
- Reasonable increases to technology expense accounts
- Changes to the number of staff to support students in general education, special programs, class sizes, and curriculum adoptions;
- No COLA Adjustments, with exception of programs outside of LCFF (Transportation and TIG Add-ons receive no COLA)

Given these assumptions, it is projected that the district will have an operating deficit of approximately (\$708,486) in fiscal 2019-2020 in its Unrestricted Funds. It is also projected that the district will have an operating deficit in its Restricted Funds of approximately (\$484,654). However, it should be noted that at Budget Adoption "carry over" was not included in the revenue available to balance the restricted resources. We have since closed the books and the restricted resources balance, with a projected ending balance at first interim of \$1,831,891.

## Summary of Reserves

School finance experts, including the El Dorado County Office of Education, continue to reinforce the need for reserves in excess of the minimum reserve for economic uncertainty. Prudent reserves afford districts and their governing boards' time to thoughtfully identify and implement budget adjustments over time. The District's multiyear projection anticipates the District's Reserves for Economic Uncertainty over the next three budget years to be as follows:

	<b>2019-2020 First Interim</b>			<b>2020-2021 Projected Budget</b>			<b>2021-2022 Projected Budget</b>		
BEGINNING BALANCE, July 1	6,393,431	1,831,891	8,225,322	5,684,945	1,347,237	7,032,182	5,108,721	627,397	5,736,118
ACTUAL ENDING BALANCE, June 30	5,684,945	1,347,237	7,032,182	5,108,721	627,397	5,736,118	4,732,391	3,500	4,735,891
COMPONENTS OF ENDING BALANCE									
Reserved									
Revolving Cash	1,000	-	1,000	1,000	-	1,000	1,000	-	1,000
Prepaid Expenditures	-	-	-	-	-	-	-	-	-
<b>RESTRICTED</b>	-	1,347,237	1,347,237	-	627,397	627,397	-	3,500	3,500
<b>DESIGNATED</b>	-	-	-	-	-	-	-	-	-
Required Reserve for Economic Uncertainties (3%)	1,425,426	-	1,425,426	1,425,564	-	1,425,564	1,448,718	-	1,448,718
Board Reserve for Economic Uncertainties (1%)	475,142	-	475,142	475,188	-	475,188	482,906	-	482,906
Additional Economic Uncertainty reserve	3,783,377	0	3,783,377	3,206,969	0	3,206,969	2,799,767	0	2,799,767
Total Undesignated Amount	0	0	0	0	0	0	0	0	0
<i>Special Reserve Fund Balance</i>	<b>382,779</b>	<b>0</b>	<b>382,779</b>	<b>385,279</b>	<b>0</b>	<b>385,279</b>	<b>387,779</b>	<b>0</b>	<b>387,779</b>
	<b>14.80%</b>			<b>12.07%</b>			<b>9.81%</b>		

## **Other Funds**

The only major changes to other funds in the District were to building funds. Staff is adjusting income and expenditure budgets as contracts are encumbered and finished with respect to the Blue Oak Elementary Modernization Project. Total expenditures are expected to both increase and decrease as the district moves through its various projects.

## Conclusion

The First Interim Report is an important document in the District's ongoing communications to its stakeholders. The report and certification provide accountability and evidence of stewardship to our community. The Buckeye Union School District certifies the District's financial position is positive; the District will meet its financial obligations in the current and subsequent two fiscal years.