



# **Lynwood Unified School District**

**2013-14 Second Interim Financial Report**

**March 11, 2014**



## Background

- **Statutory Requirement**
  - AB 1200 - enacted in the early 1990s in response to a number of near bankruptcies, requests for state loans, or defaults on school district obligations, requirements include,
    - Public Disclosure – 10 days prior to bargaining unit agreement settlement or issuance of non-voters approved debt
    - Interim Report – At least twice a year (December 15 and March 15)
- **Certifications**
  - Positive – Will meet financial obligations in the current and subsequent two fiscal years
  - Qualified – May not meet financial obligations in the current or subsequent two fiscal years
  - Negative – Will NOT meet financial obligations in the current or subsequent two fiscal years
  - Qualified or negative status requires additional reporting (due June 1) until district is “positive” again



## Certification

- “Positive” certification
- Current year’s projections similar to 1<sup>st</sup> Interim
- Subsequent two years’ projections show substantial changes



## **Governor's Proposed 2014-15 Budget**

- **\$11.8 billion increase in Proposition 98 funding**
  - \$6.7 billion to buy down apportionment deferrals (no actual spending authority, alleviate cash flow issue)
  - \$4.47 billion additional LCFF funding – fund 28% of targeted level and base year level
  - Approx. \$13.6 million new funding
- **2015-16**
  - Est. LCFF gap funding % - 33.95%
  - Approx. \$13.1 million new funding
- **1<sup>st</sup> Interim projection LCFF gap funding % used:**
  - **16.49% for 2014-15**
  - **18.69% for 2015-16**



## **Supplemental and Concentration Grants Proportionality Calculation**

- **The State Board of Education defines the methodology of calculating the supplemental and concentration funds (proportionality funding increase) to be used to increase or improve the services for the sub-groups**
- **Est. proportionality Supplemental and Concentration funding increase, approx. \$10 million each year in 2014-15 and 2015-16**



# Local Control Accountability Plan (LCAP)

- **Supplemental & Concentration Grant**
  - Additional funding for students who are classified as English Learner (EL), Low Income (LI) and Foster Youth (FY)
  - 20% of the base grant for the first 55% of these sub-groups, 50% of the base grant for the % of the these sub-group above 55%, unduplicated
- **LCAP regulations require districts to increase or improve services for the sub-groups in proportion to the funding increase generated by these sub-groups**
- **“Services” as defined in Education Code section 42238.07 may include but not limited to, services associated with the delivery of instruction, administration, facilities, pupil support services, technology, and other general infrastructure necessary to operate and deliver educational instruction and related services**
- **District Use of Funds**
  - Districts with an enrollment of EL/LI/FY students in excess of 55% of total enrollment can spend the supplemental/concentration grants district wide

## Next Step

- **Develop LCAP**
  - Submit to LACOE before July 1, 2014 for approval
  - Update each year
- **Align budget with LCAP**
  - Public Hearing must now take place prior to budget adoption



# Future Outlook

- **Improved financial health**
- **Challenges ahead**
  - Governor's budget is only a proposal
  - Prop 30
  - Economic growth
  - Enrollment
  - STRS and PERS unfunded liability
  - Facility needs
  - E-Rate funding
  - Common Core
  - Others





## QUESTIONS

