

2013-2014 Second Interim Report



March 18, 2014



Local Control Funding Formula (LCFF)

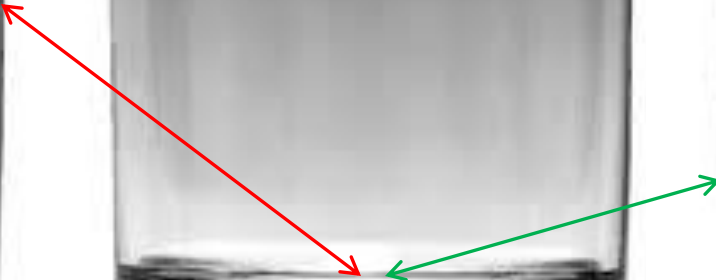
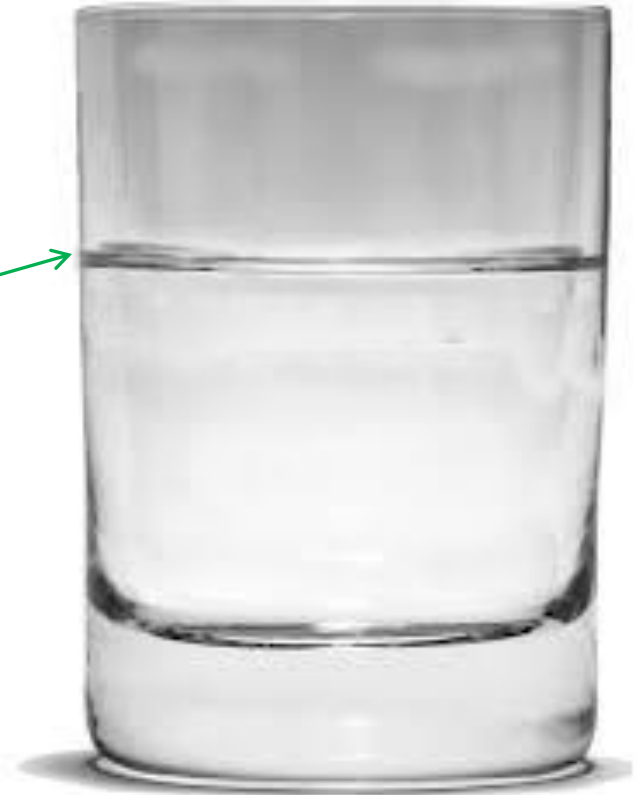
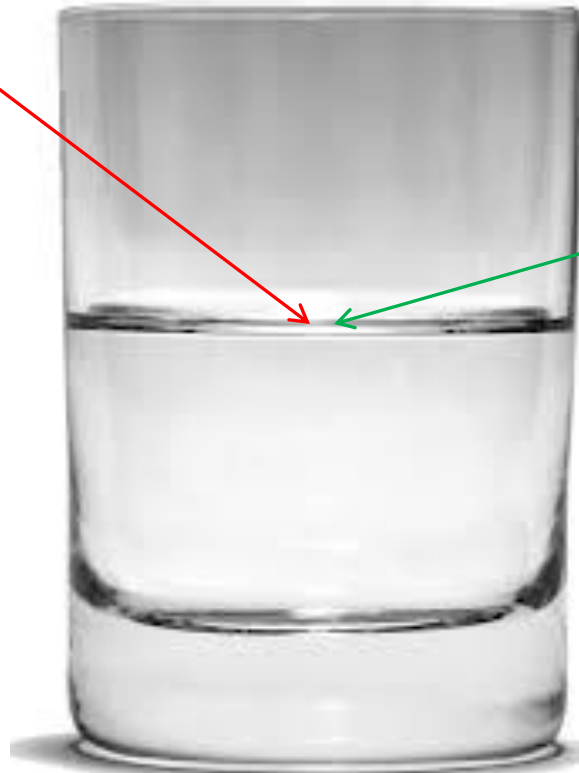
- The “Local Control Funding Formula” (LCFF), is the new funding model for allocating state revenue to districts.
- The LCFF replaces the former Revenue Limit and many State Categorical programs with unrestricted funds for districts using a grade span base grant that is the same for all California school districts
- Local School Boards adopt a Local Control Accountability Plan (LCAP) with the annual budget.

Setting a Revenue Target

2008-2009
Revenue Limit

2012-2013
Revenue Limit

2013-2014
LCFF



Updates to LCFF

BASE GRANT:						
Line No.	Grade Span	Funded ADA	Base Grant Rate	2013-14 COLA 1.57%	2013-14 Base Grant Rate	2013-14 Total Base Grant
B-1	K-3	8,219.85	\$ 6,845	\$ 107	\$ 6,952	\$ 57,144,397
B-2	4-6	6,231.27	\$ 6,947	\$ 109	\$ 7,056	\$ 43,967,836
B-3	7-8	3,929.29	\$ 7,154	\$ 112	\$ 7,266	\$ 28,550,237
B-4	9-12	0.00	\$ 8,289	\$ 130	\$ 8,419	\$ -
B-5	Total Base Grant					\$ 129,662,470

Base Grant Rates have been determined by the State and are the same for every district.

Funded ADA decreased by 214.96 from First Interim projections

The COLA of 1.565% remains the same as projected at First Interim. The COLA affects the Target Entitlement but is not a guaranteed increase to total funding

The Total Base Grant decreased \$1,516,400 from First Interim projections

Updates to LCFF

AUGMENTATION GRANTS:		
C-1	K-3 CSR Augmentation (2013-14 Base Grant Line B-1 x 10.4%) (zero if EC Section 42238.02 (d)(3) condition not met)	\$ 5,943,017
C-2	9-12 Augmentation (2013-14 Base Grant Line B-4 x 2.6%)	\$ -
C-3	Total Augmentation Grants (C-1 + C-2)	\$ 5,943,017

The K-3 Grade Span Adjustment is 10.4 percent of the Base Grant Rate for Grades K-3

Approximately \$723 per K-3 ADA is received for 2013-2014.

The K-3 Grade Span Adjustment decreased \$69,503 from First Interim

Updates to LCFF

Supplemental and Concentration Grants:		
D-1	2013-14 Total Enrollment	19,281
D-2	Total Unduplicated Pupil Count (English Learners, Free or Reduced-Price Meal and Foster Youth)	16,904
D-3	% of Enrollment Eligible for Supplemental Add-on	87.67%
D-4	Supplemental Add-on (20% x D-3 x (B-5 + C-3))	\$ 23,777,066
D-5	% of Enrollment Eligible for Concentration Add-on (if D-3 < 55%, enter 0, D-3 minus 55%)	32.67%
D-6	Concentration Add-on (50% x D-5 x (B-5 + C-3))	\$ 22,151,156

The Unduplicated Pupil Count was certified in the California Longitudinal Pupil Achievement Data System (CALPADS) for enrollment on CBEDS (October 2013)

The percent of enrollment eligible for the Supplemental and Concentration Add-on increased by 1.45% from First Interim projections

The Supplemental Add-on increased by \$119,783

The Concentration Add-on increased by \$735,580

Updates to LCFF

TRANSPORTATION AND TIIG GRANTS:	
2012-13 Transportation Funding Add-on (no COLA)	\$ 309,220
2012-13 TIIG Funding Add-on (no COLA)	\$ 1,059,011
TOTAL LCFF ENTITLEMENT/TARGET:	
Total LCFF Entitlement/Target (B-5 + C-1 + C-2 + D-4 + D-6 + E-1 + E-2)	\$ 182,901,941

No changes in Transportation or TIIG Add-ons

The Total LCFF Target decreased \$730,540

This Entitlement (Target) funding is the funding the district will receive at full implementation of the LCFF.

The Target is based on ADA and will change as ADA projections are updated

Updates to LCFF

2013-2014 HOLD HARMLESS CALCULATION:		
G-1	2012-13 Total Categorical Funding Including Transportation and TIIG	\$ 13,217,912
G-2	2012-13 Revenue Limit Funding	\$ 95,644,835
G-3	2012-13 Funded ADA	18,680.60
G-4	2012-13 Hold Harmless Revenue Limit Per ADA (Line G2/G3)	\$ 5,120.01
G-5	2013-14 Funded ADA (Line A-5)	18,380.41
G-6	2013-14 <i>Hold Harmless Revenue Limit</i> Funding (G4 x G5) “Minimum State Aid”	\$ 94,107,867
G-7	2013-14 Total <i>Hold Harmless Revenue Limit</i> Funding and Categorical Funding (Lines G1 + G6) “Minimum State Aid”	\$ 107,325,779
2013-2014 TOAL LCFF FUNDING		
H-1	Difference between Total LCFF Entitlement and <i>Hold Harmless Funding</i> (GAP) (Lines F1 - G7)	\$ 75,576,162
H-2	GAP Funding (11.78% for 2013-14)	\$ 8,902,872
H-3	ERT Funding	\$ -
H-4	2013-14 Funding (G-7 + H-2 + H-3)	\$ 116,228,651

The Hold Harmless is being referred to as “Minimum State Aid”
Funded ADA has decreased 214.96

Hold Harmless/Minimum State Aid decreased \$1,100,590

The GAP Funding increased \$43,592

Total 2013-14 Funding decreased \$1,056,998

Updates to LCFF

STATE AID PORTION OF TOTAL LCFF FUNDING (H-4)		\$ 116,228,651
I-1	Local Revenue	\$ 4,445,775
I-2	Gross State Aid (H-4 - I-1)	\$ 111,782,876
I-3	Est. Gross EPA (from Schedule 4 Line F-1a)	\$ 17,139,433
I-4	Minimum EPA funding (\$200 per ADA) (from Schedule 4 Line F-1b)	\$ 3,676,082
I-5	Adjusted EPA (Lesser of Gross State Aid or Gross EPA) (Lesser of I-2 or I-3)	\$ 17,139,433
I-6	Final Estimated EPA (Greater of minimum EPA or Adjusted EPA) (Greater of I-4 or I-5)	\$ 17,359,150
I-7	State Aid Portion of LCFF (LCFF Funding Less Local Revenue & EPA) (Lines H-4 - I-1 - I-6)	\$ 94,423,726

LCFF funding will continue to have three revenue sources: Local property tax revenue, the Education Protection Account (EPA or Proposition 30), and state aid. The sum of these three sources will always equal the Total Funding

Local Revenue (local property taxes) decreased \$7,031

EPA (Prop 30 revenues) increased \$219,717

State Aid decreased \$1,269,684

These projections are all subject to change during the remainder of the year

Unrestricted Comparison

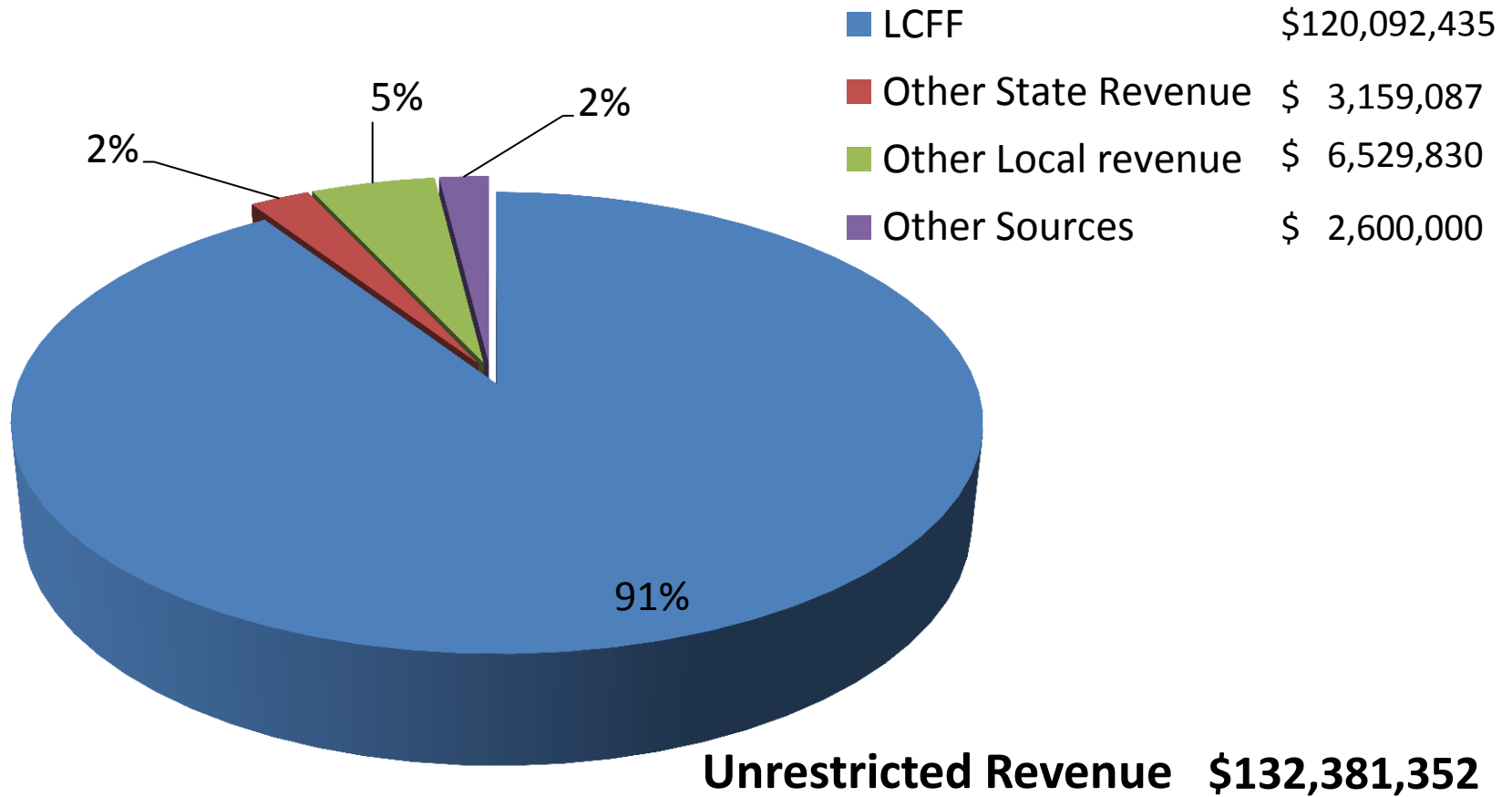
First Interim to Second Interim

Unrestricted 2013-2014 First Interim to Second Interim Comparison						
Revenue		First Interim		Second Interim		Difference
Revenue Limit Sources	\$	119,865,599	\$	120,092,435	\$	226,836
Federal Revenue	\$	1,000	\$	0	\$	(1,000)
Other State Revenue	\$	3,091,747	\$	3,159,087	\$	67,340
Other Local Revenue	\$	5,994,802	\$	6,529,830	\$	535,028
						One time
TOTAL REVENUES	\$	128,953,148	\$	129,781,352	\$	828,204
EXPENDITURES		Adopted		First Interim		Difference
Certificated Salaries	\$	52,890,872	\$	52,720,844	\$	(170,028)
Classified Salaries	\$	11,436,306	\$	11,552,459	\$	116,153
Employee Benefits	\$	26,554,482	\$	26,742,255	\$	187,773
Books and Supplies	\$	1,983,770	\$	2,027,075	\$	43,305
Services, Operating Expenses	\$	9,754,251	\$	9,843,665	\$	89,414
Capital Outlay	\$	7,800	\$	18,003	\$	10,203
Other Outgo	\$	4,833,508	\$	4,975,041	\$	141,533
Transfers of Indirect Costs	\$	(1,033,934)	\$	(1,266,939)	\$	(233,005)
TOTAL EXPENDITURES	\$	106,427,055	\$	106,612,403	\$	185,348
Other Sources/Uses	\$	2,600,000	\$	2,600,000	\$	0
Contributions	\$	(22,149,856)	\$	(23,099,864)	\$	(950,008)
Adjusted Beginning Fund Balance	\$	18,694,833	\$	18,694,833	\$	0
Increase/(Decrease) to Fund Balance	\$	2,976,237	\$	2,669,085	\$	(307,152)
Ending Fund Balance	\$	21,671,070	\$	21,363,918	\$	(307,152)
Components of Ending Fund Balance						
Revolving Cash, Stores, Reserves,						
Restricted	\$	17,624,613	\$	6,610,024	\$	(11,014,589)
Unappropriated Amount	\$	4,046,457	\$	14,753,894	\$	10,707,437

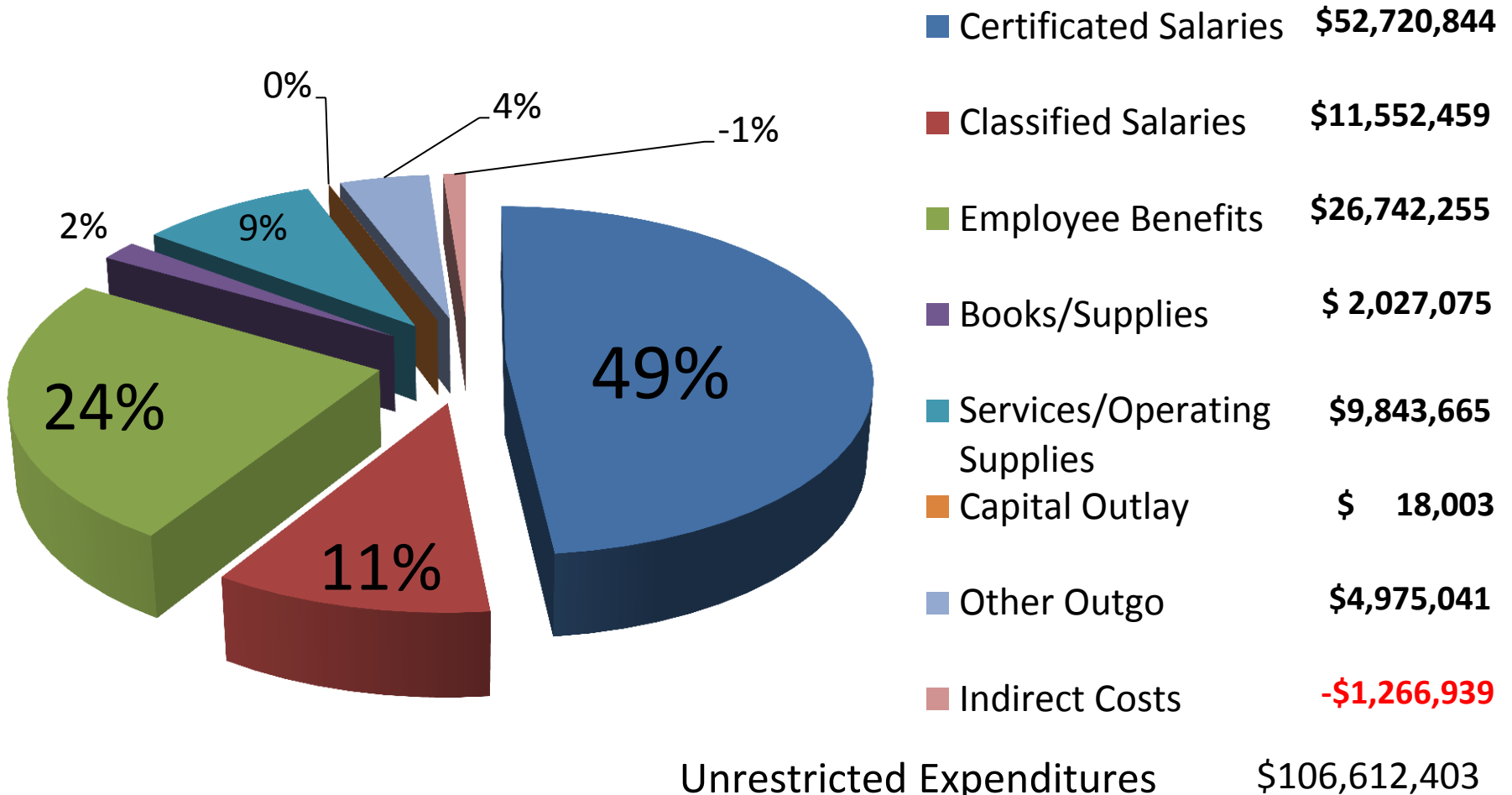
One time

One time

2013-2014 Unrestricted Revenue



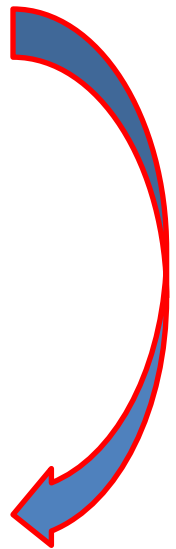
2013-2014 Unrestricted Expenditures



Unrestricted Comparison

First Interim to Second Interim

	2013-14 First Interim (FI) Budget		2013-14 Second Interim (SI) Budget		13-14 SI to 13-14 FI Difference
Beginning Fund Balance	\$	20,548,094	\$	20,548,094	\$ 0
Increase/(Decrease) to Fund Balance	\$	2,976,237	\$	2,669,085	\$ (307,152)
Audit Adjustments	\$	(1,853,261)	\$	(1,853,261)	\$ 0
Restatements					
Ending Fund Balance	\$	21,671,070	\$	21,363,918	\$ (307,152)
Components of Ending Fund Balance					
Revolving Cash	\$	0	\$	0	\$ 0
Stores	\$	0	\$	0	\$ 0
Other Assignments					
Designated for Economic Uncertainties	\$	4,898,272	\$	4,957,518	\$ 59,246
Designation for Fiscal Stablization	\$	10,993,584	\$	0	\$ (10,993,584)
Board Designated	\$	1,632,757	\$	1,652,506	\$ 19,749
Unappropriated Amount		4,146,457		14,753,894	10,607,437
Ending Fund Balance	\$	21,671,070	\$	21,363,918	\$ (307,152)



Cash Flow Projections

2013-2014 Inter-year Deferrals			
Timeframe	Exemption Available?	Amount	Principal Apportionment Payment Impact
April 2014 to July 2014	No	\$3,448,101	42.21%
May 2014 to July 2014	No	\$8,168,968	100%
June 2014 to July 2014	Yes	\$11,172,129	100%
Deferred across fiscal years		\$22,789,198	24.15%

Inter-year deferrals have been eliminated; however, the legislation will not be enacted until the 2013-14 deferrals are made

The cash deferrals will be paid in July 2014

The District will apply for the June deferral exemption

No Tax Revenue Anticipation Notes (TRANS) issued mid-year

Multi-Year Projections



Assumptions

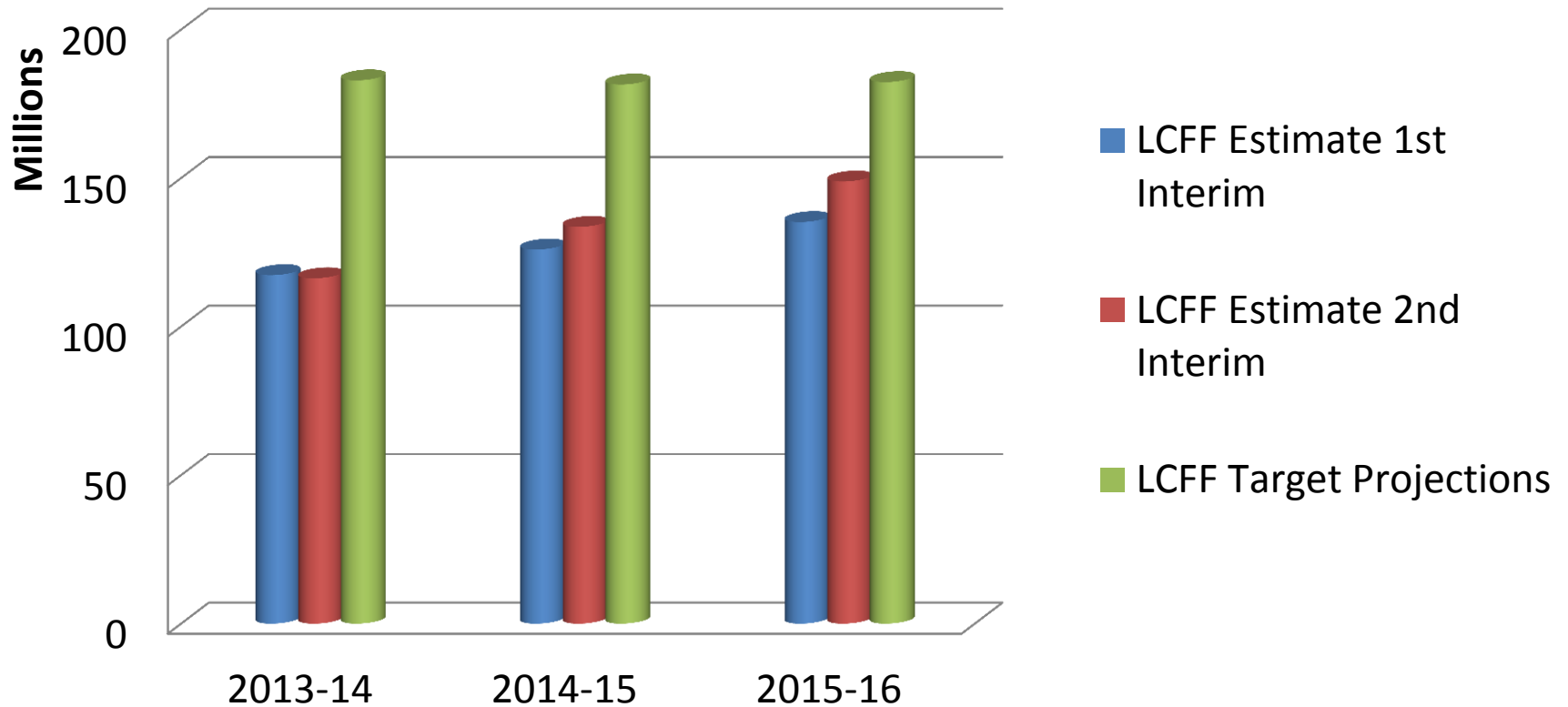
- Student Enrollment Projections
 - Declining Enrollment
- Student Attendance Rates
- Staffing Formulas
- Allocation Formulas
- Tamarisk Re-Opening
- K-3 Grade Span Adjustment (GSA)

Multi-Year Projection Factors

	2014-2015	2015-2016
Step and Column Movement	2.0%	2.0%
Cost of Living Adjustment to LCFF Target	.86%	2.12%
LCFF Gap Funding	28.05%	33.95%
Lottery Revenue – Unrestricted	\$126.00	\$126.00
Lottery Revenue – Restricted	\$ 31.00	\$ 31.00
Interest Rate for 10-year Treasuries	3.20%	3.40%
Consumer Price Index (CPI)	2.20%	2.40%
LCFF Unduplicated % for Supplemental and Concentration Grants	86.95%	86.71%

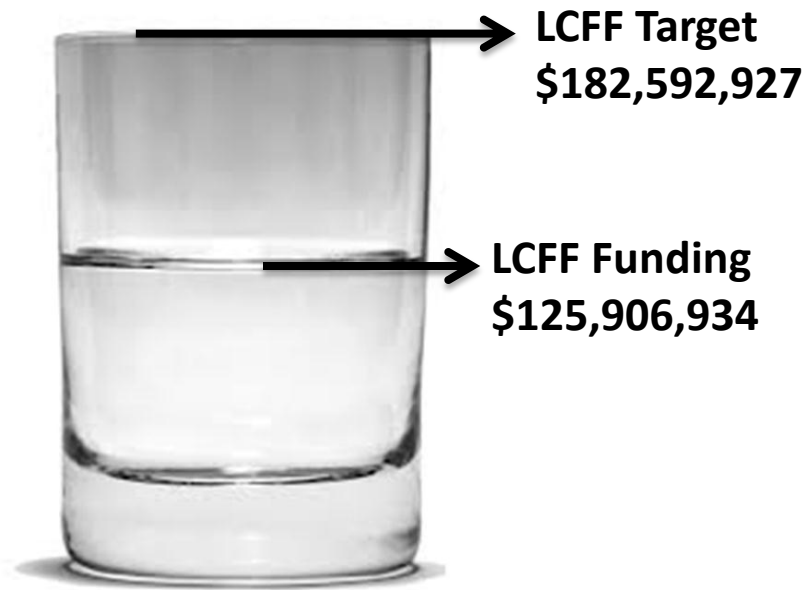
Projected State Revenue

Revenue Projections

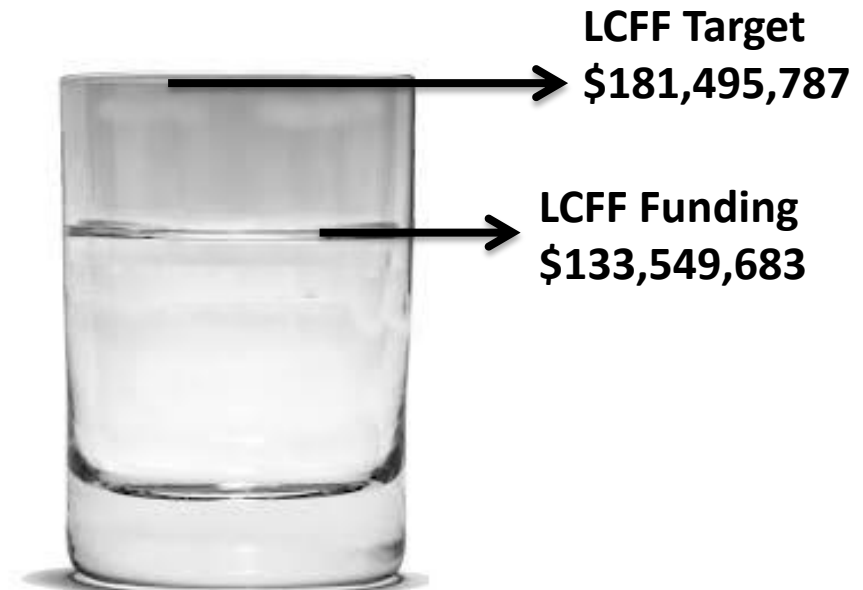


Adjusting the Projected Revenue Target

2014-2015
LCFF Estimate
1st Interim



2014-2015
LCFF Estimate
2nd Interim

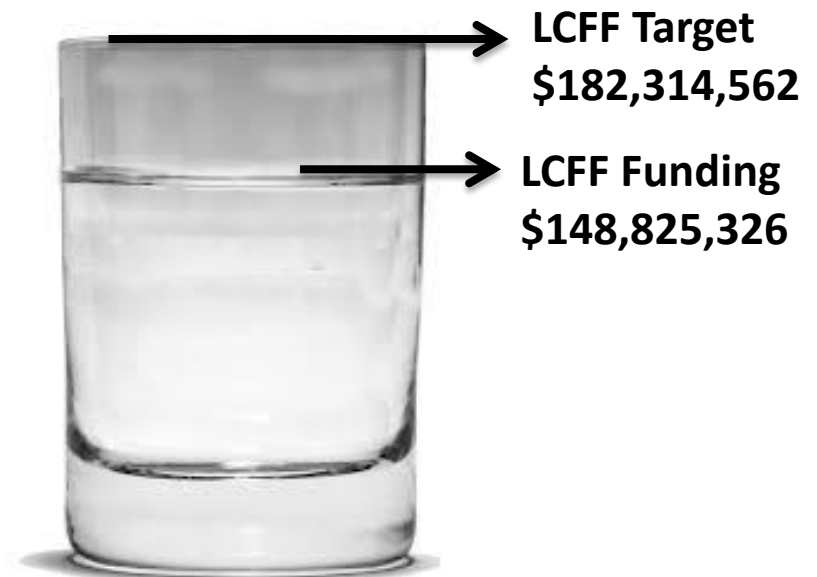


Revenue Projection Changes 2015 – 2016

2015-2016
LCFF Estimate
1st Interim



2015-2016
LCFF Estimate
2nd Interim



LCFF Gap – The New Math

33.95% < 28.05%



- 2014-2015 Projected LCFF Gap: \$66,638,087

28.05% = \$18,691,983

- 2015-2016 Projected LCFF Gap: \$50,702,856

33.95% = \$17,213,620



LCFF Projected Implementation

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Year 1	1/8 = 12.5%	1/8 = 12.5%	1/8 = 12.5%	1/8 = 12.5%	1/8 = 12.5%	1/8 = 12.5%	1/8 = 12.5%	1/8 = 12.5%
Year 2	1/7 = 14.28%	1/7 = 14.28%	1/7 = 14.28%	1/7 = 14.28%	1/7 = 14.28%	1/7 = 14.28%	1/7 = 14.28%	1/7 = 14.28%
Year 3	1/6 = 16.67%	1/6 = 16.67%	1/6 = 16.67%	1/6 = 16.67%	1/6 = 16.67%	1/6 = 16.67%	1/6 = 16.67%	1/6 = 16.67%
Year 4	1/5 = 20%	1/5 = 20%	1/5 = 20%	1/5 = 20%	1/5 = 20%	1/5 = 20%	1/5 = 20%	1/5 = 20%
Year 5	1/4 = 25%	1/4 = 25%	1/4 = 25%	1/4 = 25%	1/4 = 25%	1/4 = 25%	1/4 = 25%	1/4 = 25%
Year 6	1/3 = 33.3%	1/3 = 33.3%	1/3 = 33.3%	1/3 = 33.3%	1/3 = 33.3%	1/3 = 33.3%	1/3 = 33.3%	1/3 = 33.3%
Year 7	1/2 = 50%	1/2 = 50%	1/2 = 50%	1/2 = 50%	1/2 = 50%	1/2 = 50%	1/2 = 50%	1/2 = 50%
Year 8	1 = 100%	1 = 100%	1 = 100%	1 = 100%	1 = 100%	1 = 100%	1 = 100%	1 = 100%

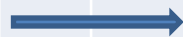
Prop 30
Sales Tax Ends

Prop 30
Income Tax Ends



Unrestricted Multi-Year Projections

	2013-2014 Projected Totals	2014-2015 Projection	2015-2016 Projection
REVENUES			
LCFF State Revenue	120,092,435	138,252,353	155,263,111
Federal Revenue	0	0	0
Other State Revenue	3,159,087	255,468	2,847,141
Other Local Revenue	6,529,830	1,626,401	1,634,401
Other Sources	2,600,000		
Contributions	(23,099,864)	(22,861,398)	(24,693,207)
TOTAL REVENUES	109,281,488	119,902,824	135,051,446
EXPENDITURES			
Certificated Salaries	52,720,844	53,377,419	53,943,298
Classified Salaries	11,552,459	12,805,235	13,051,213
Employee Benefits	26,742,255	28,270,099	29,099,118
Books and Supplies	2,027,075	2,131,475	2,183,192
Services, Other Operating Expenses	9,843,665	10,613,048	10,874,959
Capital Outlay	18,003	18,003	18,003
Other Outgo	4,975,041	5,835,255	7,560,376
Indirect Costs	(1,266,939)	(1,054,151)	(1,054,151)
TOTAL EXPENDITURES	106,612,403	113,996,383	117,586,008
Increase/(Decrease) to Reserve	2,669,085	5,906,441	17,465,438

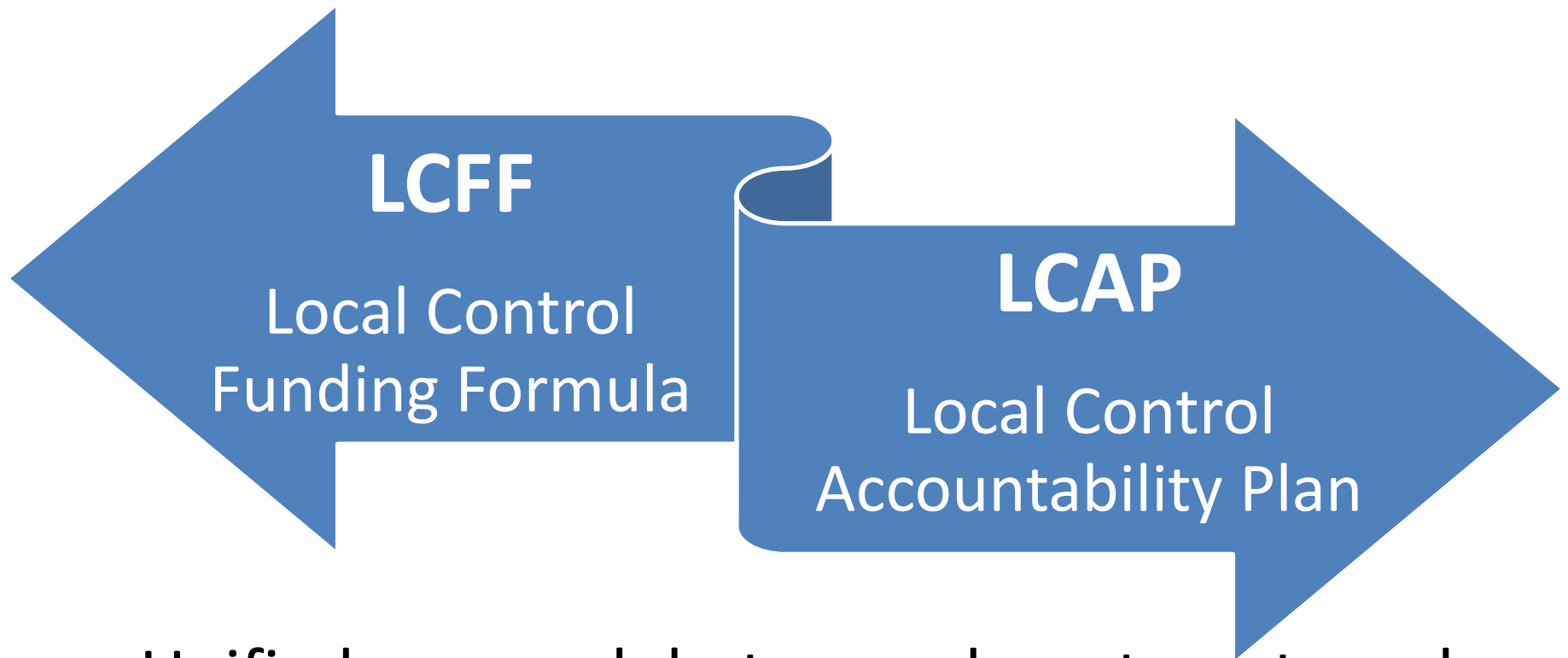


LCFF – Proportionality Percentage

A-1	2014-15 Total LCFF Funding				\$	133,549,683
A-2	2014-15 Transportation and TIIG Funding				\$	1,368,231
B-1	2014-15 Supplemental & Concentration Grants at Target				\$	45,063,967
B-2	Prior Year LCFF Funds Spent on Unduplicated Pupils in Addition to What was Expended on All Pupils (minimum EIA Amount plus amount provided by district on Data Collection Sheet)				\$	4,204,510
B-3	Difference (B-1 - B-2, if = 0, go to B-8b)				\$	40,859,457
B-4	Funded Portion of the Increase in Supplemental & Concentration Grants (B-3 x Gap Funding 28.05%)				\$	11,461,078
B-5	Total Funding for Unduplicated Pupils (B-2 + B-4)				\$	15,665,588
B-6	Current Year LCFF Funding Available to Serve all Students (A-1 - A-2 - B-5)				\$	116,515,865
B-7	Proportionality Percentage for Unduplicated Pupils (B-5/B-6)					13.45%

Unrestricted Multi-Year Projections: Fund Balance

	2013-2014 Projected Totals	2014-2015 Projection	2015-2016 Projection
TOTAL REVENUES	109,281,488	119,902,824	135,051,446
TOTAL EXPENDITURES	106,612,403	113,996,383	117,586,008
Increase/(Decrease) to Reserve	2,669,085	5,906,441	17,465,438
FUND BALANCE			
Beginning Fund Balance	18,684,833	21,363,918	27,270,359
Ending Fund Balance	21,363,918	27,270,359	<u>44,735,797</u>
<u>Components of Fund Balance:</u>			
Revolving Cash	50,000	50,000	50,000
Stores	50,000	50,000	50,000
Designated for Restricted Programs			
Board Designated - 1%	1,652,506	1,638,588	1,698,113
Assigned - Restoration			
Assigned – LCFF Gap Funding	→		17,213,620
Economic Uncertainties – 3%	4,957,518	4,915,765	5,094,341
Unappropriated Amount	14,753,894	20,716,006	20,729,723
Total :	21,363,918	27,270,359	<u>44,735,797</u>



- Unified approach between departments and within the community.
- Aligning budgets to State and District goals.
- Ensuring that services are there for those students who need them the most.

Looking Forward

- Change is happening now
- Steps to target continue to be uncertain
- More information will be known at the May revise of the governor's budget

