



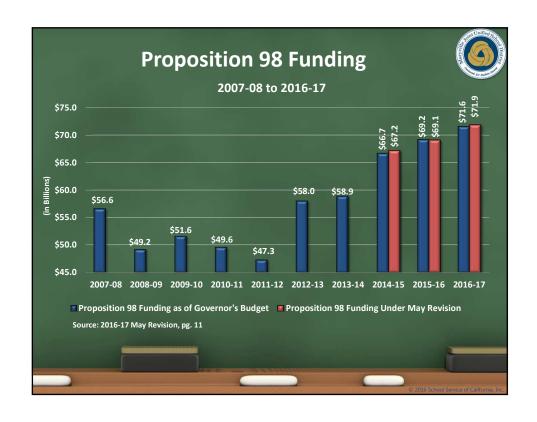




# May Revision Summary Proposition 98 still rising, but at a much lower rate - boost from the maintenance factor nearly gone Recent years have started with low revenue forecasts that got better This year the Governor's January forecast is higher than the May Revision revenues However, both one-time and ongoing revenues to education grow slightly above the January forecast for 2016-17 The May Revision projects that the Local Control Funding Formula (LCFF) will be 95.7% implemented in 2016-17 At full implementation the supercharged increases are over, all local educational agencies (LEAs) just get a Cost-Of-Living Adjustment (COLA) – but COLA is 0% for 2016-17 NOTE: COLA at 0% impacts Categorical programs Key assumption: Proposition 30 will expire Now is the time to start preparing for slower growth

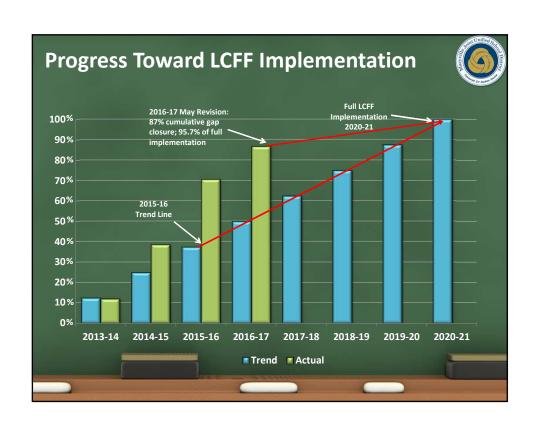


## May Revision Summary The May Revision acknowledges a mixed bag for the prior, current, and Budget year Proposition 98 funding, a combined total increase of \$626 million 2014-15: increase of \$463 million to \$67.2 billion 2015-16: decrease of \$125 million to \$69.1 billion 2016-17: increase of \$288 million to \$71.9 billion Compared to the 2011-12 Proposition 98 guarantee, funding in 2016-17 will have increased \$24.6 billion to \$71.9 billion under the May Revision These gains are largely attributed to the repayment of the Proposition 98 Maintenance Factor, an amount equivalent to the loss of funds imposed on K-14 education during the recession A restoration, not a repayment According to the May Revision, \$908 million in Maintenance Factor payments will remain at the end of 2016-17 \$155 million outstanding with another \$746 million newly created

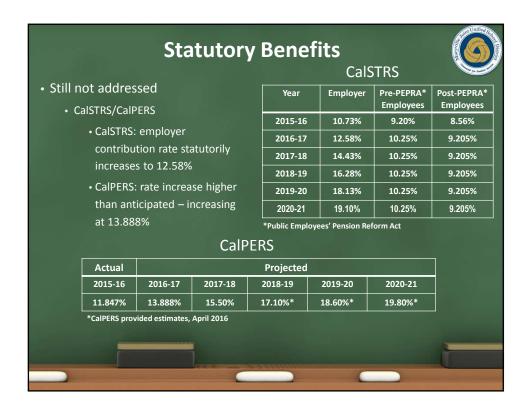


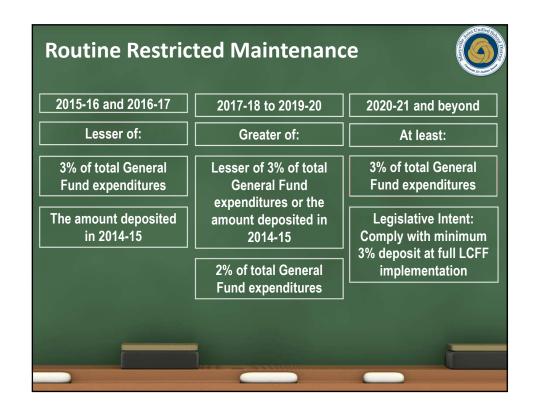


ltem	January Budget	May Revision
LCFF Gap Funding	49.08% or \$2.8 billion	54.84% or \$2.9 billion
Proposition 98 Minimum Funding Guarantee		- 171
2014-15	\$66.7 billion	\$67.2 billion
2015-16	\$69.2 billion	\$69.1 billion
2016-17	\$71.6 billion	\$71.9 billion
2016-17 COLA	0.47%	0.00%
One-time iscretionary Funds	\$1.2 billion \$214 per ADA	\$1.4 billion \$237 per ADA











### May Revision Conclusion Another good year in 2016-17 but not at 2014-15 and 2015-16 levels Proposition 98 funding will slow considerably once the Maintenance Factor has been fully paid Growth will likely be in the range of 2% to 4% annually If a recession occurs and Proposition 30 is not extended, state revenues could drop below prioryear levels, and cuts to education could be on the table again Prop 30 Extension - Likely Voter Support: 58%\* \*Per Public Policy Institute of California Statewide Survey, May 2016

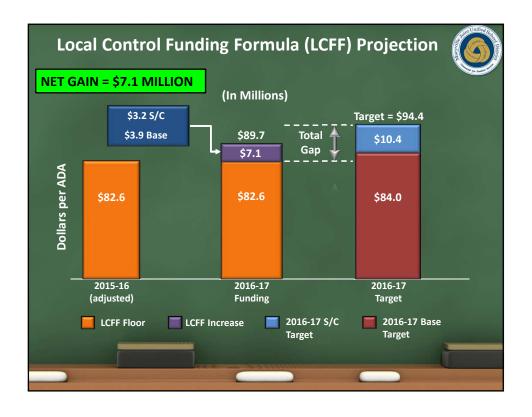


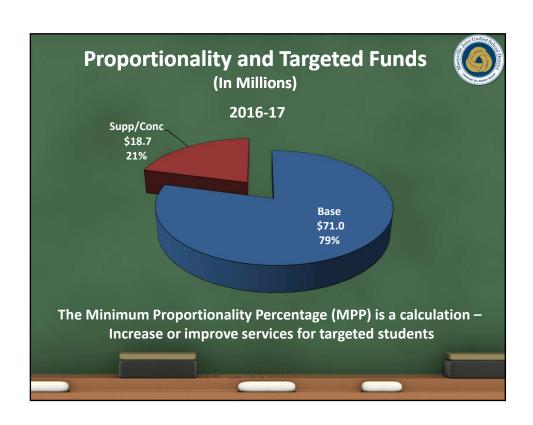


LCFF Planning Factors	2016-17	2017-18	2018-19
Average Daily Attendance (ADA)	9,127	9,127	9,127
Statutory COLA	0.00%	1.11%	2.42%
Step and Column	2.00% (Cert.)/ 1.50% (Class.)	2.00% (Cert.)/ 1.50% (Class.)	2.00% (Cert.)/ 1.50% (Class.)
Gap Funding (DOF)	54.84%	73.96%	41.22%
CalSTRS Employer Rate (Statutory)	12.58%	14.43%	16.28%
CalPERS Employer Rate (Projected)	13.888%	15.50%	17.10%
Special Education and Categorical Programs COLA	0.00%	1.11%	2.42%
Lottery Revenue – Unrestricted	\$140.00/ADA	\$140.00/ADA	\$140.00/ADA
Lottery Revenue – Restricted	\$41.00/ADA	\$41.00/ADA	\$41.00/ADA
California Consumer Price Index (CPI)	2.15%	2.26%	2.49%
One-Time Discretionary Funds	\$237/ADA	\$-	\$-













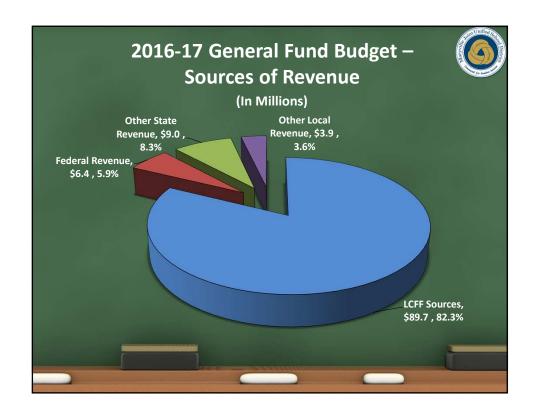
In Millions)		Unrestricted	Restricted	Total
Beginning Fund Balance (Est.)	@ 7/1/16	\$14.2	\$1.4	\$15.6
Projected Revenue		\$93.9	\$15.1	\$109.0
Contributions to Rest. (SPED, RRMA, etc.)		\$(11.3)	\$11.3	\$-
Projected Expenses:				
Certificated Salaries		\$34.7	\$6.5	\$41.2
Classified Salaries		\$11.2	\$4.6	\$15.8
Benefits		\$15.4	\$6.8	\$22.1
Books & Supplies		\$4.8	\$1.8	\$6.6
Services		\$7.9	\$2.8	\$10.7
Capital Outlay		\$2.3	\$0.3	\$2.6
Other Outgo/Trans. of Indirect		\$0.6	\$2.8	\$3.4
Transfers Out (Deferred Maint.)		\$-	\$0.8	\$0.8
Total Expenses		\$76.9	\$26.4	\$103.2
Net Increase/Decrease to Ending Balance		\$5.8	\$0.0	\$5.8
Projected Ending Fund Balance	@ 6/30/17	\$20.0	\$1.4	\$21.4

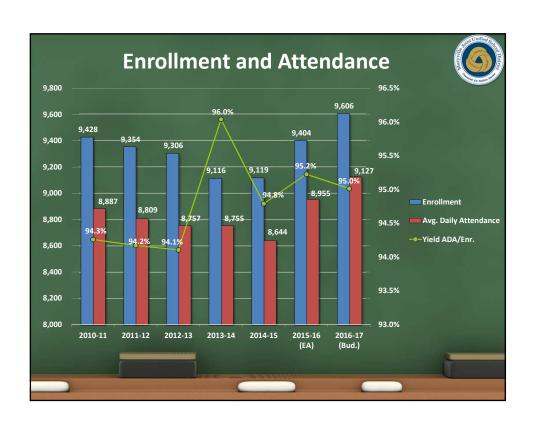




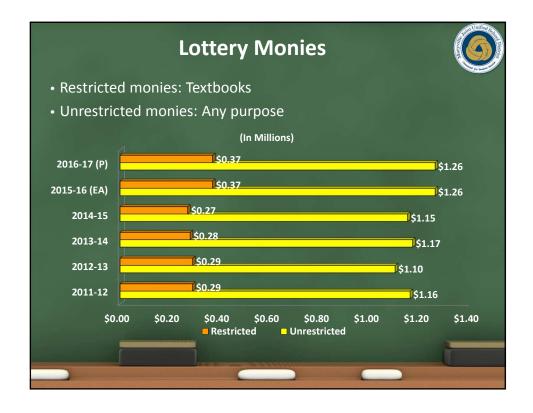
	Increase/ <mark>(Decrease)</mark> (In Millions)
ocal Control Funding Formula (LCFF)	
Estimated Funding 15-16 & Prior Year Adjustment	\$82.6
Estimated Funding 16-17	\$89.7
INCREASE	\$7.1
ther State Revenue One-Time Discretionary Funds (\$2.1M) less than last year's one-time funding (\$4.6M)	\$(2.5)
ther Local Revenue	
Less local income and interest income	\$(0.5)
TOTAL	\$4.1







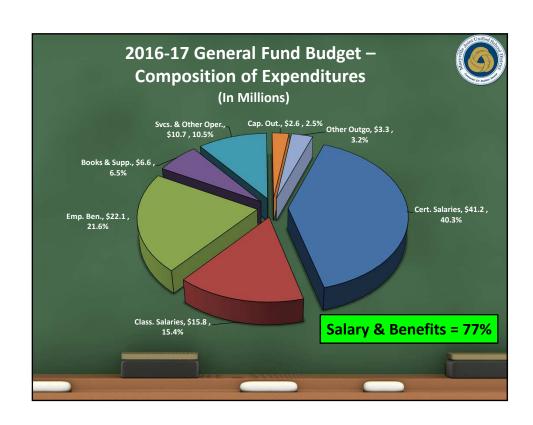




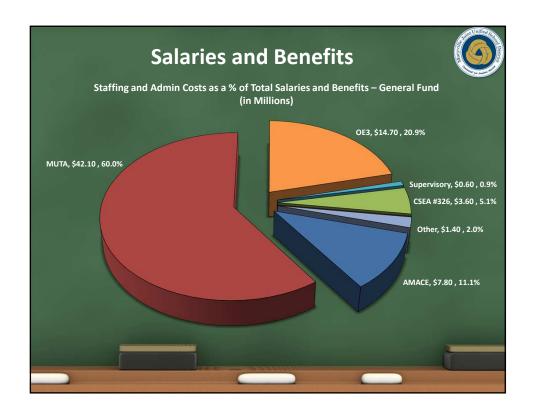


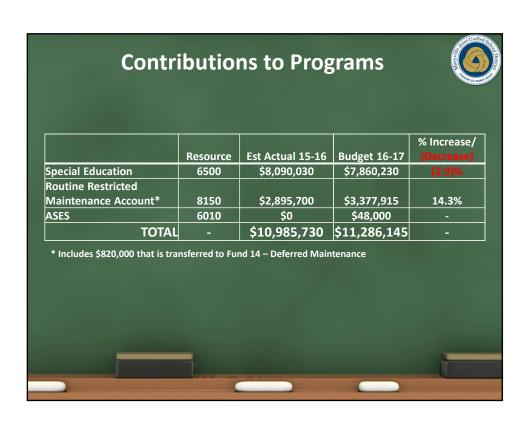


	Increase/(Decrease) (In Millions)
Certificated Salaries	
LCAP staffing additions, step & column, retirements and other adjustments	\$1.6
Classified Salaries	
LCAP staffing additions, step & column, retirements and other adjustments	\$0.2
Employee Benefits	
Add'l STRS, PERS, Workers' Comp benefits plus benefits for LCAP staffing additions	\$0.6
Materials and Supplies	
Site discretionary money spent and/or removed	\$(1.0)
Services	
Add'l LCAP items	\$0.7
Capital Outlay	
One-time discretionary decrease	\$(2.9)
Other Outgo	
COPs payment (\$0.5M), less transfer of indirect costs	\$0.7
TOTAL	\$(0.1)

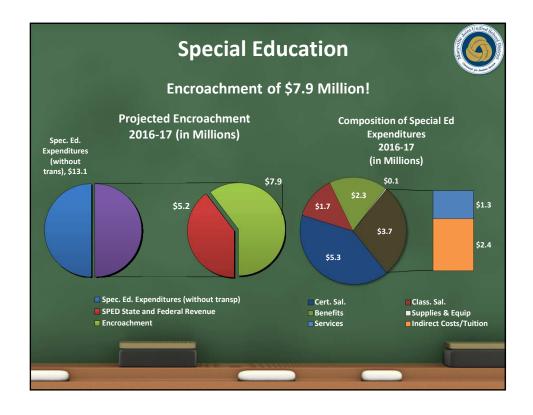








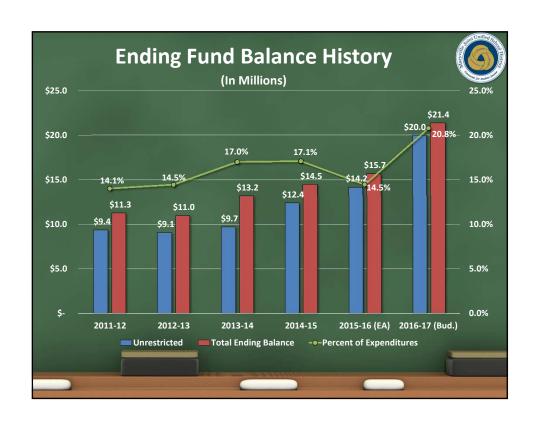








Description	Unrestricted	Restricted	Total
Ending Fund Balance	\$20,009,525	\$1,422,135	\$21,431,659
Revolving Cash	\$30,000	\$-	\$30,000
stimated Ending Inventory	\$106,750	\$-	\$106,750
Restricted Purpose	\$-	\$1,422,135	\$1,422,135
Assigned	\$3,329,240	\$-	\$3,329,240
Reserve for Economic Uncertainty	\$3,238,000	\$-	\$3,238,000
Jnassigned/Unappropriated	\$13,305,535	\$-	\$13,305,535
Percent Unappropriated	66.5%	0%	62.1%
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und #	Fried Name			(In Millions)					
	Fund Name	2015-16	Est. Net Change	2016-17					
<b>01</b> Ge	neral (Unrest. & Rest.)	\$15.6	\$5.8	\$21.4					
09	Charter	\$0.3	\$0.2	\$0.4					
11	Adult Education	\$-	\$-	\$-					
12	Child Development	\$0.2	<b>\$</b> -	\$0.2					
13	Cafeteria	\$1.5	\$0.1	\$1.5					
14 D	eferred Maintenance	\$0.3	\$0.8	\$1.1					
21	Building Fund	\$-	\$-	\$-					
25	Capital Facilities	\$1.0	\$0.6	\$1.6					
35 Co	ounty School Facilities	\$0.1	<b>\$</b> -	\$0.1					
51 Bond	I Interest & Redemption	\$4.3	<b>\$</b> -	\$4.3					
52	Debt Service	\$2.1	\$0.2	\$2.2					
Four	ndation-Private Purpose Trust Fund	\$0.3	\$-	\$0.3					
	TOTAL	\$25.7	\$7.7	\$33.1					

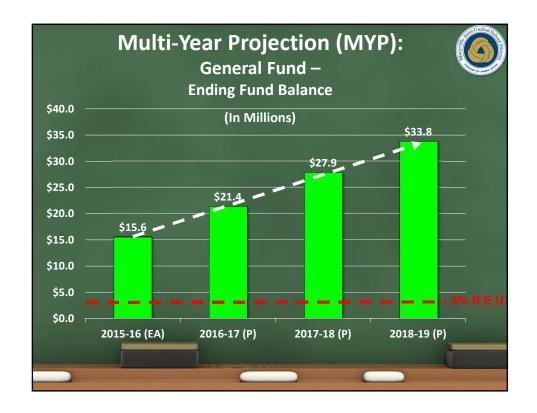




LCSS Blooming Footons	2016 17	2017.10	2010 10
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	2015-16 (EA)	2016-17 (P)	2017-18 (P)	2018-19 (P)
Revenues	\$108.6	\$109.0	\$110.9	\$112.4
Expenditures	\$106.8	\$102.3	\$103.6	\$105.7
Other Financing Uses/Sources	\$0.8	\$0.8	\$0.8	\$0.8
Beginning Balance	\$14.5	\$15.6	\$21.4	\$27.9
Increase/(Decrease)	\$1.1	\$5.8	\$6.5	\$5.8
Ending Balance	\$15.6	\$21.4	\$27.9	\$33.8









### **Key Takeaways** • Budget Surplus in 16-17 and onward • 54.84% gap closure = \$5.7 Million • Plus ADA increase equating to an add'l \$1.4 Million • Total of \$7.1 Million gain for on-going funding • May look better come November if Prop 30 is extended • An Additional \$2.1 M in One-Time Discretionary Revenue in 2016-17 (\$4.6 M in 2015-16) Increase in funding is slowing – expect more moderate growth (2-4%) in 17-18 and onward • No additional net growth in 2017-18 and beyond projected Almost at full implementation • State maintenance factor almost paid off • Recession is inevitable • 0% COLA this year, 1.11% in 2017-18 and 2.42% in 2018-19 • Statutory benefit costs continue to rise into next decade

