



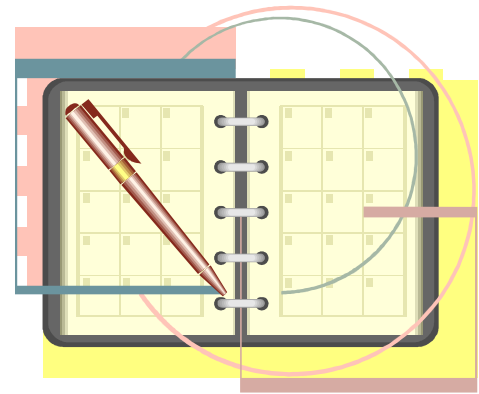
Second Interim Report March 11, 2014

Ryland | SCHOOL BUSINESS
CONSULTING

► Marysville Joint Unified School District

Agenda

- ▶ State Budget Process
- ▶ Key Assumptions
- ▶ Enrollment and ADA
- ▶ LCFF, Budget and MYP
- ▶ Fund Balance
- ▶ Next Steps



State Budget Process

- ▶ January
 - ▶ Governor's proposed budget for budget year
- ▶ February
 - ▶ Legislative Analyst review with comments
- ▶ April
 - ▶ Statutory COLA recalculated
- ▶ May
 - ▶ "May Revise" reflects tax adjustments
- ▶ June 15 (or later)
 - ▶ Final adopted State budget
 - ▶ COLAs, "gap" funding
 - ▶ Potential additional programs, or funding changes
- ▶ November
 - ▶ Legislative Analyst Report (LAO Report)
 - ▶ Projections for next year based on tax collections and economic predictors
- ▶ January
 - ▶ Governor's proposed budget for next budget year...



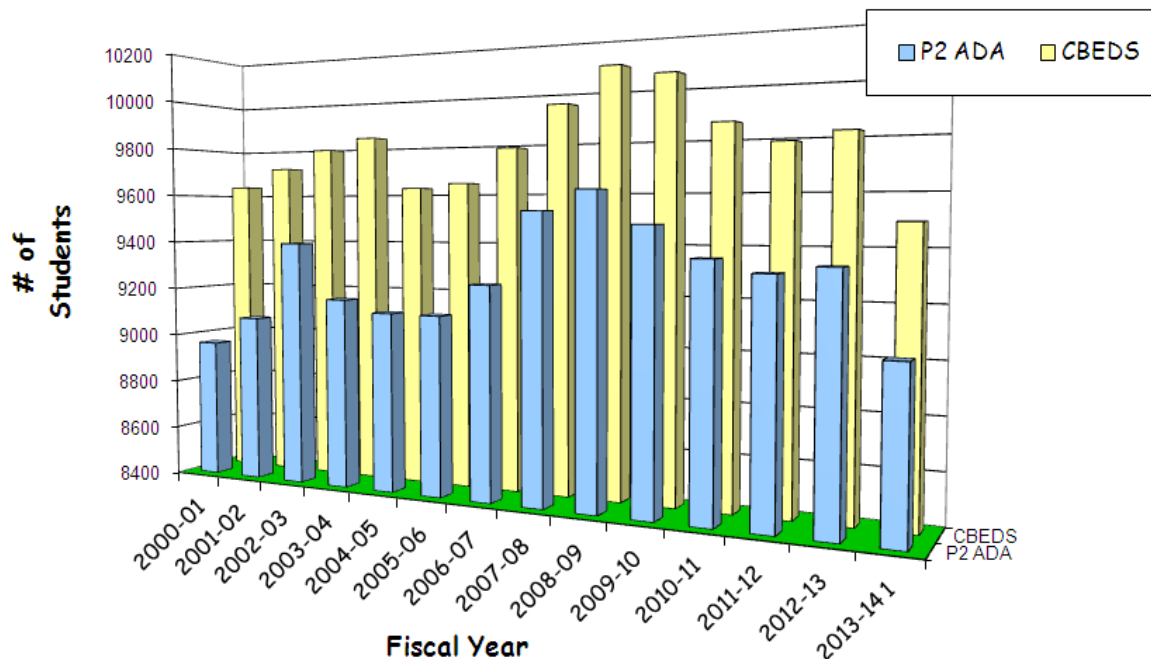
Key Budget Assumptions

- ▶ All step and column adjustments, vacancies and late hires reflected in budget
- ▶ Using prior year P-2 ADA due to declining ADA
- ▶ Using LCFF funding formula, including 2.2% COLA and 11.78% “gap” funding for current year
- ▶ Current level of allocated SELPA revenue included; reductions may still occur
- ▶ All prior categorical program revenues and costs that are now part of LCFF (transportation, EIA, Tier III) have been moved to Unrestricted General Fund

Enrollment and ADA

- ▶ Significant decrease in enrollment (89) and ADA (225) this year – revenue calculated on prior year ADA

MJUSD Enrollment and ADA History

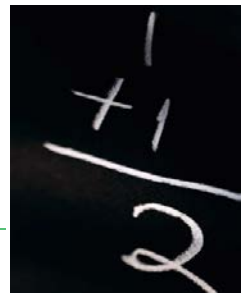


LCFF Components

- ▶ Grade span base grants
- ▶ Add-ons for K-3 CSR and CTE, called Grade Span Adjustments (GSA)
 - ▶ Every site must average no more than 24:1 by target date, and make progress toward that goal every year
 - ▶ Will need new MOU with COE for ROP
- ▶ Supplemental grants – 20% additional
- ▶ Concentration grants – 50% additional
- ▶ Our targeted percent ~~—77%~~ 83% for 2013-14



Calculate the LCFF Entitlement



- ▶ (Base for each grade span + GSA) x ADA for grade span = Base funding
- ▶ Supplemental = 20% x base x 83%
- ▶ Concentration = 50% x base x (83% - 55%) 28%
- ▶ Add it all together and compare to prior year LCFF funding
- ▶ Apply State-determined Gap Funding percent to determine new monies to district
- What changed?
 - ▶ COLA decreased to 0.86% which lowers base
 - ▶ But, Gap funding percent increased to 28%
 - ▶ While this is a nice increase it is NOT a 28% increase in funding!
 - ▶ DOF projects >30% gap funding next two years
 - ▶ SSC projects 7.8% and 8.4% - we are using the more conservative numbers

LCFF Assumptions

► Low COLAs, but healthy Gap funding

LCFF Calculator Universal Assumptions						
Marysville Joint Unified						3/9/14

Second Interim Budget

	Working Budget		
	2013-14		
	Unrestricted	Restricted	Combined
Revenue			
LCFF Funding	59,126,817	2,147,690	61,274,507
Federal Revenue	22,285	7,329,565	7,351,850
State Revenue	1,510,482	4,703,639	6,214,121
Local Revenue	1,210,879	3,600,709	4,811,588
Total Revenue	61,870,463	17,781,603	79,652,066
Expenditures			
Certificated Salaries	28,296,529	5,799,037	34,095,566
Classified Salaries	8,766,859	4,309,176	13,076,035
Benefits	12,095,773	3,383,030	15,478,803
Books and Supplies	3,772,563	4,829,624	8,602,187
Other Services & Oper. Expenses	5,215,923	3,512,260	8,728,183
Capital Outlay	276,116	444,936	721,052
Other Outgo 7xxx	213,004	1,843,231	2,056,235
Transfer of Indirect 73xx	(1,085,735)	294,054	(791,681)
Total Expenditures	57,551,032	24,415,348	81,966,380
Deficit/Surplus	4,319,431	(6,633,745)	(2,314,314)
Transfers in/(out)			0
Contributions to Restricted	(5,299,262)	5,299,262	0
Net increase (decrease) in Fund Balance	(979,831)	(1,334,483)	(2,314,314)
Beginning Balance	9,064,374	1,966,329	11,030,703
Ending Balance	8,084,543	631,846	8,716,389

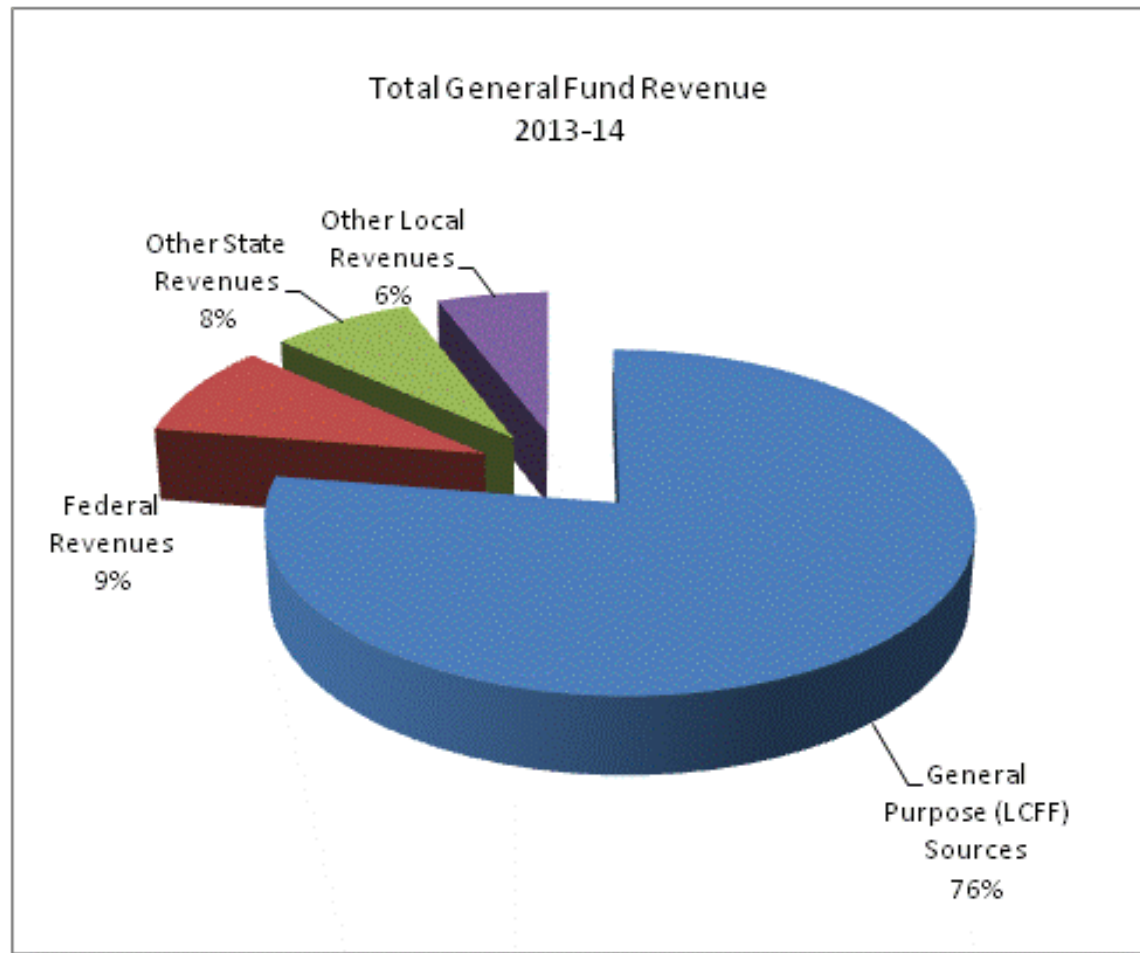
Changes Since First Interim

- ▶ Except for large swings in expenditures and contributions to restricted programs caused by moving all Transportation costs to Unrestricted, per LCFF, other changes are typical operating budget adjustments

		2013-14
Excess of Expenditures over Revenues at First Interim		(\$427,728)
Revenue Changes		
LCFF Funding - adjust for ADA, recalculations	(\$173,932)	
Local Funding - donations	\$62,690	
transportation costs)	\$4,355,783	
Contributions to Restricted - Special Ed, Transp and Title II	(\$252,728)	
Total Revenue Changes		\$3,991,813
Expenditure Changes		
Move Transportation to Unrestricted (offset Contribution)	\$4,355,783	
Other Classified staffing changes	(\$137,724)	
Increase to Books and Supplies, Services	(\$175,093)	
Additional Certificated CSR over Title II budget limit	\$173,878	
Capital Outlay Project	\$216,116	
Change in indirect costs	\$110,956	
Total Expenditure Changes		\$4,543,916
Revised Excess of Expenditures over Revenues 2013-14		<u>(\$979,831)</u>

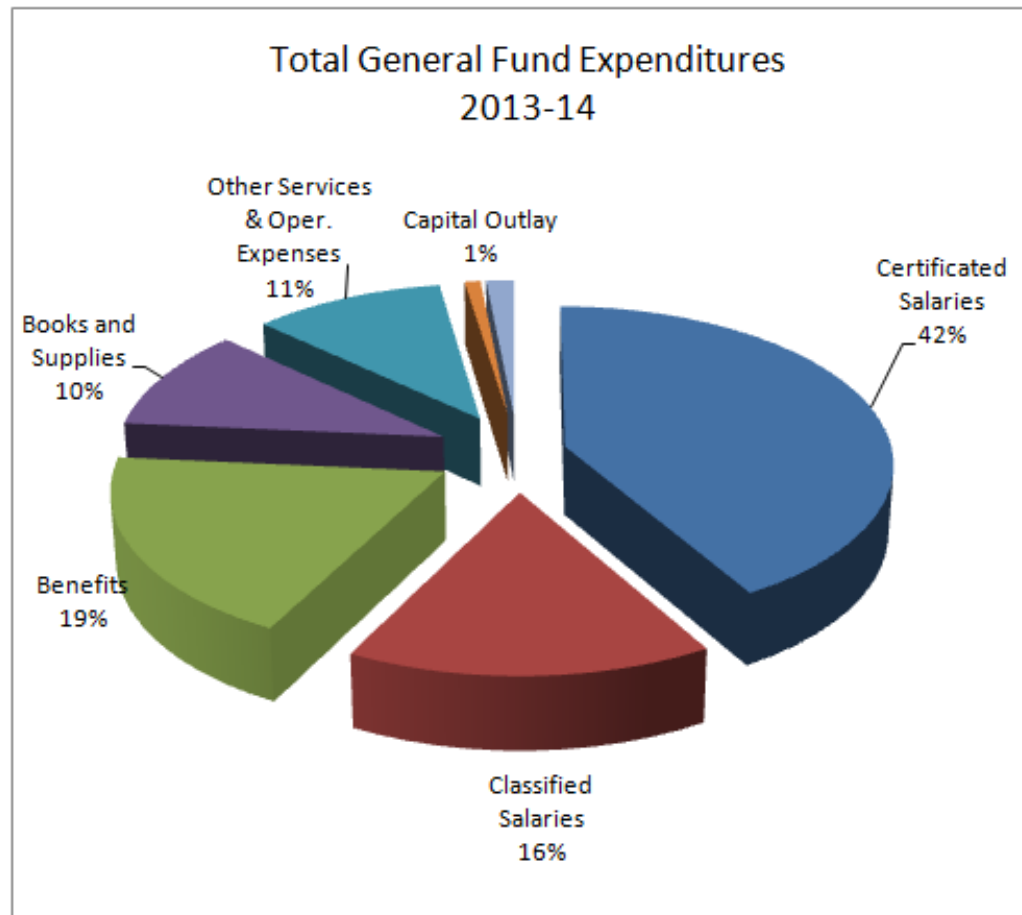


Total General Fund Revenues



Total General Fund Expenditures

- ▶ Salaries and Benefits Total 77% of Total Expenditures and
 - ▶ 86% of Unrestricted Expenditures Only



Multi-Year Assumptions



- ▶ LCFF – used SSC gap funding rather than DOF
- ▶ Flat ADA and enrollment assumed
- ▶ Step and Column, including encroachment increases
- ▶ 1% contribution to Deferred Maintenance, consistent with prior years' funding guidance
- ▶ Removed one-year costs
- ▶ 2% COLA for books, supplies, services
- ▶ Anticipated \$300K in retirements, \$100K in second half of mid-year hire costs
- ▶ Added 3.0 FTE of K-3 CSR teachers to bring all classes to 24:1

New LCFF Funding Each Year

- ▶ Using 28.05% and 7.8% Gap funding, total funding increase 2014-15 is \$8.0M and in 2015-16 \$1.7M

MJUSD - SUPPLEMENTAL & CONCENTRATION DISTRIBUTION				
Description	Total LCFF	Base	Supp/ Conc	Progress %
Total Target funding by 2021	89,792,139	69,094,707	20,697,432	
Less: LCFF Transition (2012-13 Adj. Base)	57,466,621	57,466,621	\$0	
Difference	32,325,518	11,628,086	\$20,697,432	
2013-14 Progress Toward Target	\$3,807,946	\$1,369,028	2,438,918	11.78%
<i>new money and proportionality (WestEd version)</i>	6.6%		4.1%	
Description	Total LCFF	Base	Supp/ Conc	
Total Target funding by 2021	88,940,388	68,443,458	20,496,930	
Less: LCFF Transition (2012-13 Adj. Base)	60,505,859	58,066,941	2,438,918	
Difference	28,434,529	10,376,517	18,058,012	
2014-15 Progress Toward Target	\$7,975,885	\$2,910,613	\$5,065,272	28.05%
<i>new money and proportionality (WestEd version)</i>	13.2%		12.3%	
Description	Total LCFF	Base	Supp/ Conc	
Total Target funding by 2021	90,796,911	69,864,944	20,931,967	
Less: LCFF Transition (2012-13 Adj. Base)	68,481,745	60,977,555	\$7,504,190	
Difference	22,315,166	8,887,389	\$13,427,777	
2015-16 Progress Toward Target	\$1,740,583	\$693,216	\$1,047,367	7.80%
<i>new money and proportionality (WestEd version)</i>	2.5%		13.9%	

LCFF Supplemental/Concentration Funds

- ▶ The MYP includes additional LCFF base funding in the LCFF Funding top revenue line
- ▶ New Supplemental/Concentration targeted funds to prioritize through LCAP process are presented in second revenue line – NET of any projected increases in related costs
- ▶ Projected increases in costs include:
 - ▶ ROP local funding, spread over next two years
 - ▶ Additional bus replacement match
 - ▶ 3.0 FTE for full 24:1 K-3 CSR implementation
 - ▶ Instructional materials budget for Language Arts textbook adoption – half set aside in each of next two years

MYP at Second Interim

	Working Budget				Projection				Projection			
	2013-14				2014-15				2015-16			
	Unrestricted	Restricted	Combined		Unrestricted	Restricted	Combined		Unrestricted	Restricted	Combined	
Revenue					gap 28%				gap 7.8%			
LCFF Funding	59,126,817	2,147,690	61,274,507		62,036,817	2,147,690	64,184,507	1	62,726,817	2,147,690	64,874,507	1
LCFF Suppl/Conc net of new costs			0		3,919,880	0	3,919,880	2	4,069,880	0	4,069,880	2
Federal Revenue	22,285	7,329,565	7,351,850		22,285	7,329,565	7,351,850		22,285	7,329,565	7,351,850	
State Revenue	1,510,482	4,703,639	6,214,121		1,510,482	2,853,639	4,364,121		1,510,482	2,853,639	4,364,121	
Local Revenue	1,210,879	3,600,709	4,811,588		1,210,879	3,600,709	4,811,588		1,210,879	3,600,709	4,811,588	
Total Revenue	61,870,463	17,781,603	79,652,066		68,700,343	15,931,603	84,631,946		69,540,343	15,931,603	85,471,946	
Expenditures												
Certificated Salaries	28,296,529	5,799,037	34,095,566		28,562,460	6,051,742	34,614,202	5,8	29,133,709	6,304,448	35,438,156	5
Classified Salaries	8,766,859	4,309,176	13,076,035		9,042,196	4,309,176	13,351,372	5,6	9,323,040	4,309,176	13,632,216	5,6
Benefits	12,095,773	3,383,030	15,478,803		12,196,519	3,383,030	15,579,549		12,622,280	3,383,030	16,005,310	
Books and Supplies	3,772,563	4,829,624	8,602,187		3,957,855	2,276,987	6,234,842	7,9	3,957,855	1,651,459	5,609,314	7,9
Other Services & Oper. Expenses	5,215,923	3,512,260	8,728,183		5,215,923	3,512,260	8,728,183		5,215,923	3,512,260	8,728,183	
Capital Outlay	276,116	444,936	721,052		211,116	444,936	656,052	4	211,116	444,936	656,052	
Other Outgo 7xxx	213,004	1,843,231	2,056,235		213,004	1,843,231	2,056,235		213,004	1,843,231	2,056,235	
Transfer of Indirect 73xx	(1,085,735)	294,054	(791,681)		(1,085,735)	294,054	(791,681)		(1,085,735)	294,054	(791,681)	
Total Expenditures	57,551,032	24,415,348	81,966,380		58,313,338	22,115,416	80,428,754		59,591,192	21,742,594	81,333,785	
Deficit/Surplus	4,319,431	(6,633,745)	(2,314,314)		10,387,005	(6,183,813)	4,203,192		9,949,151	(5,810,991)	4,138,161	
Transfers in/(out)			0		(819,664)	0	(819,664)	3	(819,664)	0	(819,664)	
Contributions to Restricted	(5,299,262)	5,299,262	0		(5,551,967)	5,551,967	0		(5,810,990)	5,810,990	0	
Net increase (decrease) in Fund Balance	(979,831)	(1,334,483)	(2,314,314)		4,015,374	(631,846)	3,383,528	10	3,318,497	(0)	3,318,497	10
Beginning Balance	9,064,374	1,966,329	11,030,703		8,084,543	631,846	8,716,389		12,099,917	0	12,099,917	
Ending Balance	8,084,543	631,846	8,716,389		12,099,917	0	12,099,917		15,418,414	(0)	15,418,414	



MYP with Fund Balances

- ▶ Deficit spending in the current year with increases in fund balances for the following two years due to LCFF funding.
 - ▶ After Non-Spendable balances, Reserve for Economic Uncertainty, Assignments for LCFF Reserve (up to 5%), and Restricted (categorical) designations, Unappropriated Fund Balance grows to over 7% in 2015-16

	Working Budget				Projection				Projection		
	2013-14				2014-15				2015-16		
	Unrestricted	Restricted	Combined		Unrestricted	Restricted	Combined		Unrestricted	Restricted	Combined
Net increase (decrease) in Fund Balance	(979,831)	(1,334,483)	(2,314,314)		4,015,374	(631,846)	3,383,528	10	3,318,497	(0)	3,318,497
Beginning Balance	9,064,374	1,966,329	11,030,703		8,084,543	631,846	8,716,389		12,099,917	0	12,099,917
Ending Balance	8,084,543	631,846	8,716,389		12,099,917	0	12,099,917		15,418,414	(0)	15,418,414
Revolving/Stores/Prepays	455,000		455,000		455,000		455,000		455,000		455,000
Designated for Econ Uncertainty (3%)	2,458,991		2,458,991		2,437,453		2,437,453		2,464,603		2,464,603
Assigned/Designated ¹¹	662,000		662,000		5,081,880		5,081,880		4,731,880		4,731,880
LCFF Reserve (4 to 5%)	2,438,000		2,438,000		4,021,438		4,021,438		1,740,000		1,740,000
Restricted Designations		631,846	631,846			0	0			(0)	(0)
Unappropriated Fund Balance	2,070,552	0	2,070,552		104,147	0	104,147		6,026,931	0	6,026,931
			2.5%				0.1%				7.4%


Fund Balance Breakout

- Recommendations are for a LCFF Reserve of one year's future "gap" funding. These projections make that assumption – with a 5% maximum LCFF Reserve

Components of Fund Balance			
	2013-14	2014-15	2015-16
Total Ending Fund Balance	\$8,716,389	\$12,099,917	\$15,418,414
Revolving Fund	\$30,000	\$30,000	\$30,000
Stores	\$425,000	\$425,000	\$425,000
<u>Assignments</u>			
Technology E-Rate	\$293,000	\$293,000	\$293,000
Second half of LA adoption	\$0	\$500,000	\$0
Security Camera Project	\$369,000	\$369,000	\$369,000
Unbudgeted Supplemental/Concentr	\$0	\$3,919,880	\$4,069,880
Total Assigned	\$662,000	\$5,081,880	\$4,731,880
Restricted Balances	\$631,846	\$0	\$0
Reserve for Economic Uncertainty 3%	\$2,458,991	\$2,437,453	\$2,464,603
LCFF Reserve (up to 5%) ¹	\$2,438,000	\$4,021,438	\$1,740,000
Unappropriated/Available	\$2,070,552	\$104,147	\$6,026,931
Percent Unappropriated	2.5%	0.1%	7.4%

Other Funds

- ▶ All funds are projected to end with a positive fund balance
- ▶ Note the exceptionally low balances in facilities funds

Marysville Joint USD					
Fund		Ending Fund Balance 6/30/13	2013-14 Budget	Ending Fund Balance 6/30/14	
Charter School Special Revenue	09	\$215,128	\$13,981	\$229,109	
Adult Education	11	\$173,122	(\$8,207)	\$164,915	
Child Development	12	\$122,526	\$975	\$123,501	
Cafeteria	13	\$1,539,882	(\$59,435)	\$1,480,447	
Deferred Maintenance	14	\$24,500	\$2,300	\$26,800	
Building	21	\$3,142,068	(\$3,046,385)	\$95,683	
Capital Facilities	25	\$5,400,013	(\$3,669,526)	\$1,730,487	
County School Facilities Fund	35	\$138,605	\$2,000	\$140,605	
Bond Interest Redemption Fund	51	\$2,177,135	\$200,650	\$2,377,785	
Debt Service for Blended Comp	52	\$1,435,067	\$60,190	\$1,495,257	

Uncertainties and Prudence



- ▶ Declining Enrollment and ADA
- ▶ Affordable Care Act (ACA)
- ▶ Deferred Maintenance
- ▶ Textbook adoptions with no “textbook” monies
- ▶ OPEB
- ▶ Eventual downturn in the economy (every 8-10 years whether we like it or not)
- ▶ “LCFF Reserve” for unpredictable annual gap funding
- ▶ Pressure from other State programs for a COLA and their piece of the pie
- ✓ **Deal with volatility through increased reserves and/or conservative revenue assumptions**

Second Interim Certification

- ▶ Per AB 1200
- ▶ *The Second Interim projection indicates that, as defined in AB 1200, “the district **will** be able to meet its financial obligations for the current fiscal year and subsequent two years.”*
- ✓ ***The District is self-certifying as “Positive”***



Next Steps

- ▶ LCAP process is in full swing
- ▶ Budget development in process
 - ▶ Calendar
 - ▶ Assumptions
 - ▶ Anticipated LCAP changes
- ▶ May Revise to update COLAs, gap funding, program changes
- ▶ May update to Board on budget
- ▶ June 17 – hearing on LCAP and district budget
- ▶ June 24 – Board adopts LCAP, then 2014-15 Budget



Questions

