

Dunsmuir Joint Union High School District 2015/2016 2nd Interim Budget Report

March 2016

15/16 2nd Interim
DJUHSD



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Recommendation

- It is recommended that the Board of Trustees approve the Positive Certification of the 2015/2016 Second Interim Financial Report and authorize its filing with the County Superintendent of Schools

Consideration

- The Governing Board is required to certify in one of three ways:
 - 1. Positive Certification indicates that the District will be able to meet its financial obligations for the remainder of the fiscal year and two subsequent fiscal years.
 - 2. Qualified Certification indicates the District may be able to meet its financial obligations for the current year and two subsequent fiscal years.
 - 3. Negative Certification indicates the District will not be able to meet its financial obligations for the current year and two subsequent years.
- The Positive Certification recommendation of the Second Interim Report for 2015-2016 indicates that the District will be able to meet its financial obligations for the remainder of the Fiscal Year and two subsequent years.
- The supporting documentation for this certification includes the Income and Expenditure Summary for the General Fund (Form 01I) and all other funds, Attendance Detail (Form AI), Revenue Limit Summary (Form RL), Criteria and Standards (Form 01CSI).

Background Information

- In accordance with Education Code Sections 42130 and 42131, school districts are required to prepare and submit two interim financial reports to the Governing Board. The purpose of these reports is to notify appropriate State and County Office of Education officials as to whether or not the District will be able to meet its financial obligations for the remainder of the current year and for two subsequent years. The Board of Trustees is required to certify each interim report to indicate that it has been informed of the financial stability of the District. The Statutes of 1988 also requires the Superintendent to certify that an Interim Report review has been conducted using the State adopted Criteria and Standards. As mandated by A.B. 1200, the District's First Interim reporting period is based upon activities from July 1 through October 31. The Second Interim reporting period is July 1 through January 31. The Board of Trustees is required to certify each interim report within 45 days after the end of the reporting period. After approval of the financial statements they are forwarded to the Superintendent of Public Instruction.

Second Interim

- The Second Interim Budget is far more accurate in projecting revenues and expenditures than the June 2015 adopted budget and the First Interim Budget as it reflects final state revenues, current district staffing costs, and expected expenditures in supplies, services, and operating costs. The Siskiyou County Office of Education has provided the district with the projected 2015-2016 revenue figures.

Criteria and Standards

- The Standards and Criteria portion of the budget documents, summarizes and compares district data to state established standards for fiscal analysis purposes.
- Those not meeting the standard have a required explanation.
- This report assists in making accurate assessments of the fiscal condition of the District.

Multi Year Projections

- An important part of the Second Interim Report is the two-year projection of the general fund. Included in this two-year projection are expected revenues and expenditures and yearly ending balances. There are a number of assumptions that form the basis of this multiyear projection.
- The two subsequent years budgets are each based on the first prior year with careful adjustments to both revenue and expenditures.

Expectations to improve outcomes for students

- Key factors
 - Maintain adequate reserves
 - Maintain Fiscal Flexibility by limiting commitments
 - Establish contingencies to allow for change

Reserve CAP

- Any proposed changes remain silent
- Advised to keep higher than minimum reserves
 - 3% required
 - DJUHSD GASB 64 is at 10%

Governor's 16/17 Budget Proposal Highlights

- Prop 98 funding \$71.6 billion for 16/17
 - Increase of \$2.4 billion over current level
 - 13.8 billion total since 12/13
 - Increase LCFF 2.8 billion with 2.0 billion to Rainy Day Fund
- No requirement to increase LCFF—depends on Legislature and Governor
 - Practice best fiscal practices
 - Still uncertainty in State revenue

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Governor’s 16/17 Budget Proposal Highlights

- Child Nutrition Reimbursement Rates
 - Increases \$0.1699 to \$0.2282
- API
 - Suspended 15-16 year
- Mathematics Readiness Challenge
 - 11 awards of \$34,000 each to specified geographic regions
 - 3 \$900,000 grants to three to develop

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Local Control Funding Formula LCFF

COLA affects only the calculation of the LCFF Target, and does not describe the net increase in funding

	14/15	15/16	16/17	17/18
LCFF COLA	.85%	1.02%	.05%	2.13%
Students Qualifying				
Count	36	52	52	52
Percentage	62.04%	66.41%	66.41%	66.41%
Gap Funding Rate	30.16%	51.97%	49.08%	45.34%
Total LCFF Entitlement	\$1,497,401	\$1,495,697	\$1,497,788	\$1,497,788

Maintenance of Effort (MOE)

- Regional Occupational Program
 - Expired 6/30/15
 - Will track and expend for matching
- Perkins
 - Needs to meet all requirements for funding
- Special Education
 - Federal Funding remains static
 - State Funding proposed reduction
 - \$12,050 14/15
 - \$7,372 15/16

Maintenance of Effort (MOE)

- Home to School Transportation
 - Does not expire
 - LCFE add-on
 - Fixed at 12-13 rates for all future years
- Adult Education – Fund 11
 - Implementation of program
 - Consortium with COS
 - Should expect same amount per year as 15/16

Education Protection Account (EPA)

- Proposition 30 provided for these temporary tax increase to fund education
 - Is not new money
 - Loss of taxes would be offset by state aid, but will limit growth
 - Current initiative to extend for 12 years for November ballot
- Spending Plan
 - Teacher salaries

CALPADS

- Supplemental and concentrations grant portions of the LCFF
- Ensure data is up-to-date and accurate
- Audited

LCAP

- Monitor progress
- Make necessary adjustments and/or amendments
- Recognize in future years legislature will assess student data outcome
- State Priorities
 - Student Achievement
 - Student Engagement
 - School Climate
 - Parental Involvement
 - Basic Services
 - Implementation of Common Core State Standards
 - Course Access
 - Other Student Outcomes

Educator Effective Program

- Restricted funds
- Targeted at support , mentoring and professional development
- Plan adopted by Board of Trustees

CalSTRS and CalPERS

- Employer rates will continue to increase until 2020-21 and are not expected to bring the unfunded retirement system to full funding for 30 years.

	15/16	16/17	17/18	18/19	19/20	20/21
STRS	10.73%	12.58%	14.43%	16.28%	18.13%	19.10%
PERS	11.84%	13.05%	16.60%	18.20%	19.90%	20.40%

PROP 39 CA Clean Energy Jobs Act

- On hold until we can submit new plan
 - Hot water heater project

Mandates

- Continues to track all outstanding claims
- LAO proposal to create a plan to address LEAs huge backlog of unpaid claims

Deferred Maintenance and RRMA

- D.M. funding no longer exists as a separate program
 - Rolled into LCFE
- Still required to maintain facilities-Williams Act
 - Continue to Fund and account for in Fund 14
 - Transfer in \$20,000/year
 - Track RRMA expenditures

Lottery

- \$140 per ADA unrestricted
- \$41 per ADA restricted

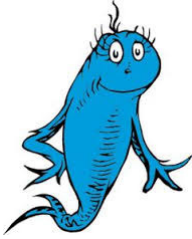
Local Control Funding Formula LCFF

- Governor's proposal further implements the LCFF
- Still will take 8 years – until 2020-2021
- Increases will be as the state appropriates funding
 - Expirations of some taxes
 - Uncertainty regarding continued recovery

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November Election 2016



You'll miss the best things if you keep your eyes shut. Sometimes the questions are complicated and the answers are simple.

– Dr. Seuss

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LCFF Summary Supplemental & Concentration Grant and MPP

(LCFF pages)

	2014-15	2015-16	2016-17	2017-18
Current Year Est. supp. And Concen. Grant funding in the LCAP year	\$51,806	\$64,696	\$97,598	\$114,389
Current year Min. Proportionality % (MPP)	3.67%	4.63%	7.15%	8.48%

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Other Factors

- Forest Reserve
 - \$13,081 15/16
 - \$11,773 16/17
 - \$ 0 17/18
- ROP Closeout
 - \$10,762
- MAA (transfers to Special Reserve)
 - 12/13 \$9,267
 - 13/14 \$4,167

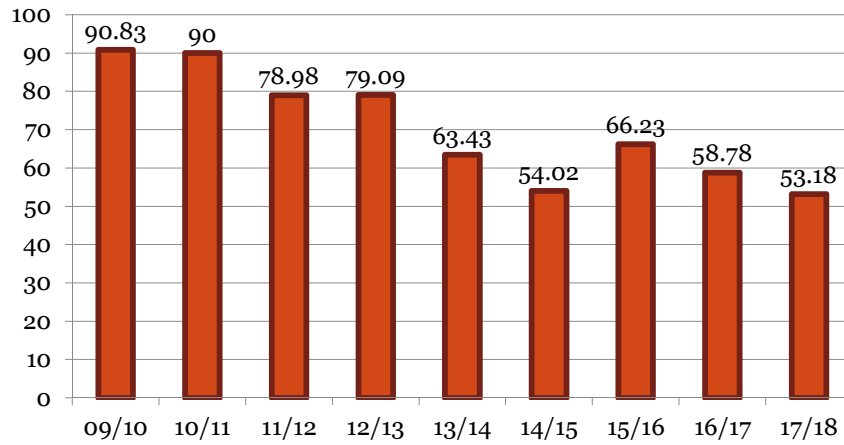
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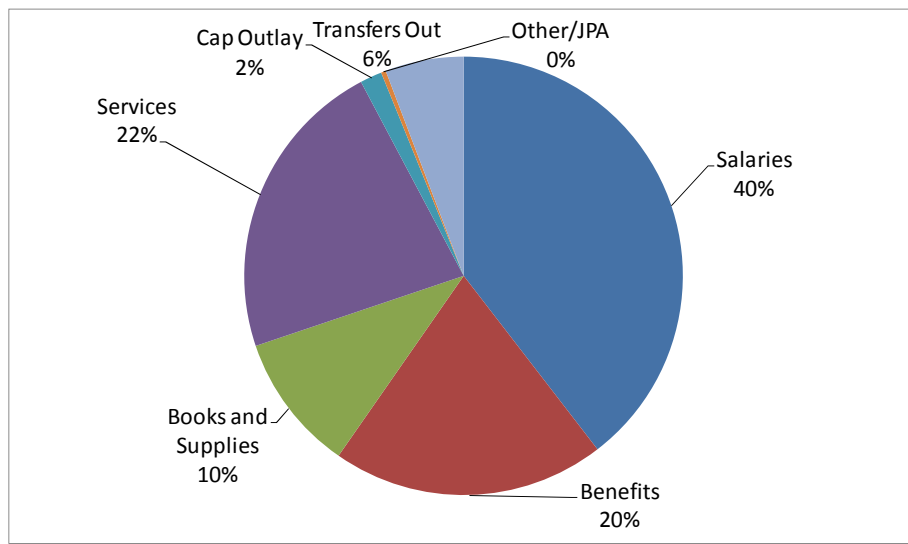
Assumptions (funded ADA)

ADA Projections	2011/2012	2012/13	2013/14	2014/15	2015/16	2016/17	2016/17
Regular K-12	77.07	77.07	62.16	53.10	53.10	65.31	58.78
Community Day School	.59	.59	.43	.92	.92	0	0
Special Day Class	1.32	0	.84	0	0	0	0
Total Funded ADA	78.98	77.66	63.43	54.02	54.02	65.31	58.78

Average Daily Attendance Trend



Expenditures



Transfers out


From	To	2015/16	2016/17	2017/18
Fund 01	Fund 17	\$20,000	\$20,000	\$20,000
Fund 01 *	Fund 13 *	\$21,623	\$19,656	\$21,199
Fund 17	Fund 01	\$10,270	0	0
Fund 01	Fund 40	\$45,001	\$35,000	\$35,000
Fund 01	Fund 14	\$20,000	\$20,000	\$20,000

Net Increase/Decrease in Fund Balance

	15/16	16/17	17/18
Total Revenue	\$1,781,735.26	\$1,683,245.00	\$1,670,486
Total Expenditures	\$1,843,557.59	\$1,725,363.90	\$1,724,361.48
Net +/- other transfers	<\$61,822.33>	<\$42,118.90>	<\$53,893.48>
Ending Fund Balance	\$507,557.21	\$465,438.31	\$411,544.83
Ending Fund Balance Components	Econ. Uncertainties Other Commitments (ADA Band drop) Restricted funds		

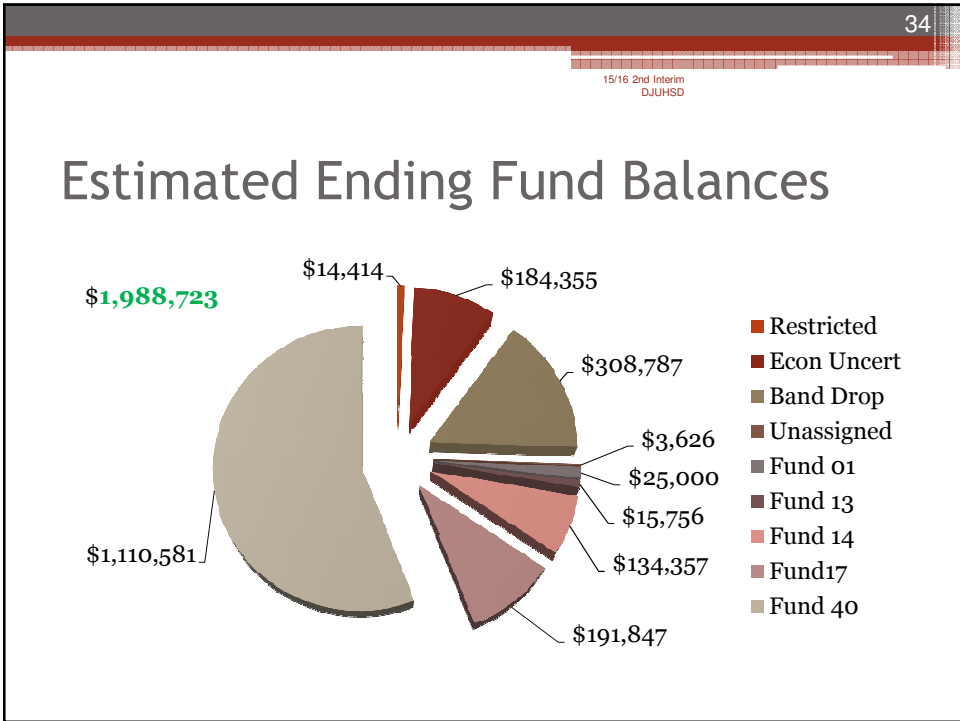
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Reserves

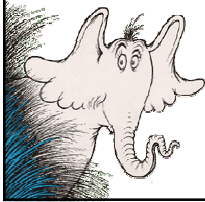
	2014-15	2015-16	2016-17	2017-18
Café. Fund 13	\$11,946	\$15,756	\$16,175	\$16,628
Def. Maint. 14	\$190,582	\$134,357	\$87,760	\$39,047
Other Fund 17	\$181,117	\$191,847	\$212,806	\$233,870
Dev. Fees 25	\$11,851	\$100	\$101	\$101
Facilities 35	\$50	\$51	\$51	\$51
Cap. Outlay 40	\$1,144,754	\$1,110,581	\$1,117,653	\$1,156,242



Standards and

Criteria Pages 1-3 Criterion and responses - Pages 111-136

- **Met and Not Mets**
 - “Not Met” and “Yes” may indicate areas of potential concern, and should be reviewed.
 - Criteria and Standards are a window/norm
 - Good vs bad
 - ie. “Not Met” may indicate an increase of revenue that was not budgeted for



Average Daily Attendance/Enrollment/ ADA to Enrollment

- The projected changes since the first interim for funded ADA has changed because the enrollment projections, which drive the ADA for the out years, are higher than originally projected.
- CBEDS enrollment is a snap shot of one day in October each year, where budget is typically based on end of year, fluctuations between points in time distort the ratio projections

Deficit Spending

- The unrestricted deficit spending has exceeded the standard percentage level because of the loss of MAA revenue, forest reserve revenue and ROP revenue
- Transfers out

Supplemental Information Additional Fiscal Indicators

- Compensated Absences (\$55,387)
- Negotiations: All groups are settled
- Budget projections include an estimated 1.5 % step and column only
- Pool Plan (cost sharing agreement) in effect for benefits
- No District paid retiree benefits
- Staffing levels remain constant 14.9 FTE total

Challenges

- ADA and enrollment
 - Continue to attract new students
 - Keep student here
- New Programs
 - Forest Management
 - Adult Ed
 - COS/Online/AP
 - CTE

Don't cry because it's over. Smile because it happened. - Dr. Seuss

