

Annual Budget Report 2013/14

**Presented to the Board of Trustees
June 18, 2013**

2013/14 Annual Budget Assumptions

General Fund Revenue

➤ Revenue Limit Sources

1.565% COLA (\$101/ADA) Per Los Angeles County Office of Education (LACOE)

22.272% DEFICIT (-\$1,454/ADA, or -\$4.5 million)

➤ ADA: 3,098

➤ Mandated Costs – Block Grant @ \$28/ADA - per LACOE
(potential increase of \$19/ADA for an additional \$60,000)

➤ Lease income and property sale proceeds are budgeted in the Special Reserve For Capital Outlay Fund

2013/14 Adopted Budget Revenues

| | Estimated | Adopted | |
|-----------------------|----------------------|----------------------|---------------------|
| | Actuals 2012/13 | Budget 2013/14 | Change |
| Revenue Limit | \$ 15,624,639 | \$ 15,726,719 | \$ 102,080 |
| Federal Income | \$ 1,173,427 | \$ 1,017,605 | \$ (155,822) |
| Other State Income | \$ 4,502,500 | \$ 4,498,121 | \$ (4,379) |
| Other Local Income | \$ 177,942 | \$ 54,000 | \$ (123,942) |
| Sub Total | \$ 21,478,508 | \$ 21,296,445 | \$ (182,063) |
| Interfund Transfer In | \$ 85,000 | \$ 0 | \$ (85,000) |
| Total | \$ 21,563,508 | \$ 21,296,445 | \$ (267,063) |

2013/14 Adopted Budget Assumptions

General Fund Revenue – Major Changes from Estimated Actuals 2012/13

(amounts are rounded to nearest \$10,000)

➤ Revenue Limit

+\$243,000 1.565% COLA

- \$135,000 Reduced unemployment insurance reimbursement

➤ Federal

-\$125,000 Deferred revenue budgeted in 2012/13

- \$30,000 Sequestration (on non-special ed revenue)

➤ State

insignificant change

➤ Local

-\$124,000 School donations received in 2012/13

2013/14 Adopted Budget Assumptions

General Fund Expenditures

➤ Salary

Certificated

Increase salary for elimination of 7-9 furlough days

(+3.5%) (due to contract expiration)

Classified, Confidential, and Management

Increase salary for elimination of 7-9 furlough days

(+3.5%) (due to contract expiration)

➤ Step and Column

Certificated 1.4% increase

Classified 1.2% increase

Management, Supervisory, and Confidential 0.7% increase

2013/14 Adopted Budget Assumptions

General Fund Expenditures

➤ Health and Welfare

Maximum medical cap estimate \$17,235 per employee. Total of 12% increase due to historical increase (7%) and Affordable Care Act (5%).

Dental, Vision, and Life Maximum actual \$1,866 per employee (3%)

➤ School Site Allocations

\$54 per pupil at the elementary sites (unchanged from prior years)

\$88 per pupil at the intermediate site (unchanged from prior years)

➤ Consumer Price Index

Budgeted increases for operating expenses such as utilities, transportation, and repairs (2.2%)

2013/14 Adopted Budget Expenditures

| | Estimated | Adopted | |
|-------------------------|----------------------|----------------------|-------------------|
| | Actuals 2012/13 | Budget 2013/14 | Change |
| Certificated Salaries | \$ 10,753,531 | \$ 11,259,000 | \$ 505,469 |
| Classified Salaries | \$ 3,077,533 | \$ 3,245,076 | \$ 167,543 |
| Employee Benefits | \$ 4,804,596 | \$ 5,181,218 | \$ 376,622 |
| Books & Supplies | \$ 1,197,956 | \$ 712,907 | \$ (485,049) |
| Services/Operating Exp. | \$ 2,065,374 | \$ 1,860,178 | \$ (205,196) |
| Capital Outlay | \$ 0 | \$ 0 | \$ 0 |
| Other Outgoing | \$ 264,077 | \$ 320,995 | \$ 56,918 |
| Sub Total | \$ 22,163,067 | \$ 22,579,374 | \$ 416,307 |
| Interfund Transfer Out | \$ 85,000 | \$ 0 | \$ (85,000) |
| Total | \$ 22,248,067 | \$ 22,579,374 | \$ 331,307 |

2013/14 Adopted Budget Assumptions

General Fund Expenditure – Major Changes from Estimated Actuals 2012/13

(amounts are rounded to nearest \$10,000)

➤ Certificated Salaries

- + \$360,000 7-9 eliminated furlough days
- + \$135,000 Step and Column
- + \$65,000 Net increase of 1.0 FTE
- \$30,000 Savings from 2 teacher retirements

➤ Classified Salaries

- + \$108,000 7-9 eliminated furlough days
- + \$60,000 Step and longevity

➤ Benefits

- + \$345,000 Projected 7% premium increase, 5% ACA estimated increase
- + \$17,000 Two retirees premiums
- + \$100,000 Mandated benefits increase due to salary increase
- \$135,000 Unemployment insurance rate reduction

2013/14 Adopted Budget Assumptions

General Fund Expenditure – Major Changes from Estimated Actuals 2012/13

(amounts are rounded to nearest \$10,000)

➤ **Books and Supplies, Services**

- \$112,000 School donations received/budgeted in 2012/13
- \$415,000 Categorical carryover not in Adopted Budget
- + \$40,000 C.P.I. increase of 2.2%

➤ **Services**

- \$130,000 Two eighth grade non-public school students
- \$44,000 Mental health services reduced 2 days
- \$40,000 M&O Director consultant

2013/14 Adopted Budget Assumptions

General Fund Expenditure – Major Changes from Estimated Actuals 2012/13

(amounts are rounded to nearest \$10,000)

➤ Services (continued)

+\$15,000 Insurance

+\$12,000 Utilities (C.P.I. increase of 2.2%)

-\$30,000 Election costs removed (bi-annual)

➤ Other Outgoing

+\$47,000 One additional non-public agency student

2013/14 Adopted Budget Assumptions

General Fund Reserve

The Designation For Economic Uncertainties Reserve target remains at 3%.

Per the adopted Board Policy 3105, stable funding from the state exists when COLA is funded two years in a row. At that time, the Reserve target should increase to the previous target of 5%.

Multi-year Projections

Revenue Assumptions – Future Years

- Revenue Limit Sources
 - 1.8% COLA in 2014/15
 - 2.20% COLA in 2015/16
- ADA: “flat” in 2014/15 and 2015/16
- State Categorical Flexibility remains through 2015/16
- CSR Flexibility remains through 2015/16 (per LACOE)
- No COLA applied to state revenues through 2015/16 (per LACOE)
- Local Revenues remain constant

Multi-year Projections

Expenditure Assumptions - Future Years

➤ 2014/15 Salaries and Employee Benefits

Add 0.6 FTE for Transitional Kindergarten growth

1.4% Certificated step and column costs

1.2% Classified step and longevity costs

0.7% Management and Confidential step and longevity costs

0.0% Salary increases/decreases

7.0% Health and welfare premium increases

➤ 2014/15 Other District Expenses

Math textbook adoption \$300,000

Election costs of \$30,000 added

2.3% Consumer Price Index (CPI) Cost increase for supplies, utilities, contracted services, insurance services, transportation, non-public schools

Multi-year Projections

Expenditure Assumptions - Future Years

- 2015/16 Salaries and Employee Benefits
 - 1.4% Certificated step and column costs
 - 1.2% Classified step and longevity costs
 - 0.7% Management and Confidential step and longevity costs
 - 0% Salary increases/decreases
 - 7.0% Increase in employee health and welfare benefits

- 2015/16 Other District Expenses
 - 2.5% Consumer Price Index (CPI) Cost increase for supplies, utilities, contracted services, insurance services, transportation, non-public schools

Multi-year Combined General Fund Summary

| | 13/14 Adopted Budget | 14/15 Projected Budget | 15/16 Projected Budget |
|-----------------------------------|-------------------------|---------------------------|---------------------------|
| Total Revenue and Transfers In | \$ 21,296,445 | \$ 21,579,502 | \$ 21,932,725 |
| Total Expenditures & Outgoing | \$ 22,579,374 | \$ 23,416,374 | \$ 23,618,374 |
| Change in Fund Balance | \$ (1,282,929) | \$ (1,836,872) | \$ (1,685,649) |
| | | | |
| Beginning Balance | \$ 4,190,213 | \$ 2,907,284 | \$ 1,070,412 |
| Ending Balance | \$ 2,907,284 | \$ 1,070,412 | \$ (615,237) |
| | | | |
| Components of Fund Balance | | | |
| Reserved Amounts | \$ 10,000 | \$ 10,000 | \$ 10,000 |
| Legally Restricted | \$ 0 | \$ 0 | \$ 0 |
| Economic Uncertainties | \$ 668,000 | \$ 704,000 | \$ 710,000 |
| Designations | \$ 0 | \$ 0 | \$ 0 |
| Undesignated Amount | \$ 2,229,284 | \$ 356,412 | \$ (1,335,237) |

2013/14 Adopted Budget Report

- State budget assumes the current state law only-per LACOE (Revenue Limit plus funded COLA)
- Adopted stated budget will have more revenue – Will it be restricted, unrestricted, or a little of both?
- Cash flow concerns for school districts will decrease with the Governor's proposal due to decreased deferrals
- Less cash borrowing from Special Reserve Fund will result

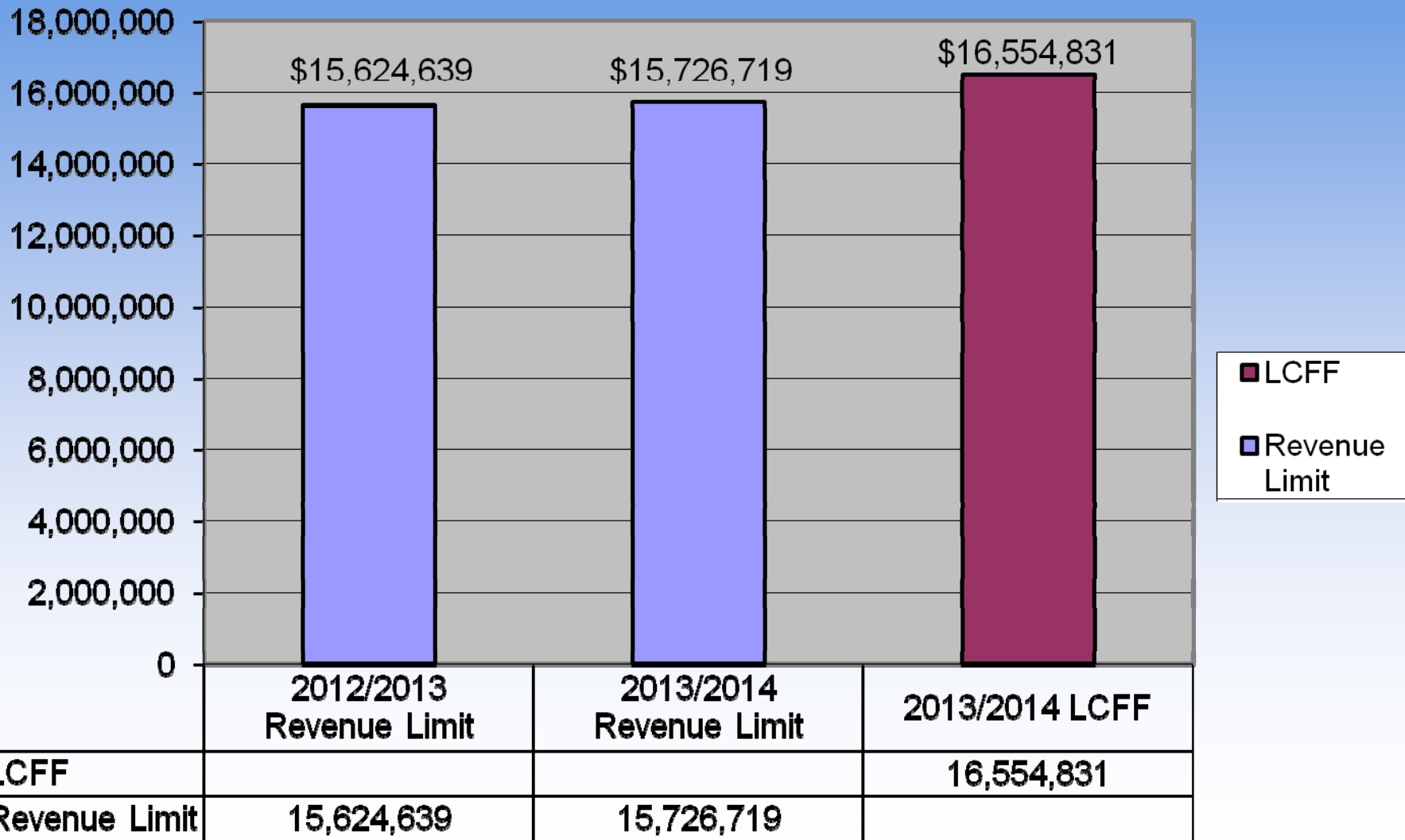
2013/14 Multi-Year Projection Budget Report

- The District General Fund is projected to end the year with available reserves of \$2.9 million, or 13%. The subsequent fiscal year is projected to end at 4.5%, and the third fiscal year ends -\$1.3 million short of meeting the state required 3% minimum fund balance.
- Per LACOE requirement, these reserve calculations include Revenue Limit COLA only beginning in 2013/14, due to the uncertainty of components of a state budget. These reserves will improve when a state budget is in place.
- The Board will receive an update when state budget details are made available.

2013/14 Multi-Year Projection Budget Report

- Adoption of the District's Proposed 2013/14 Budget is recommended.

Comparison LCFF vs. Revenue Limit 2013/2014



2013/14 Adopted Budget Report

Questions?