



KEPPEL UNION SCHOOL DISTRICT

**2016-17
Proposed Budget**

June 16, 2016

Table of Contents

Introduction.....	1
Budget Guidelines.....	2
Assumptions.....	4
Revenues.....	6
Expenditures.....	7

Introduction

The Keppel Union Elementary School District 2016-17 Budget presented for Board consideration and adoption, is based on reaching the goals established for the schools in our district. We realize that the district staff plays a vital role in our ability to reach our goal. District personnel, both certificated and classified, whether they are in the classroom or providing program support, provide the educational opportunities our students deserve. The Keppel Union School District's budget is a planning document that links educational policies and goals to financial decisions. It contains the District's priorities and the strategies for meeting them. The following page contains the Board's Goals and the Board adopted budget guidelines for the district.

Our District's Proposed Budget describes the expected revenues and the plans for using these revenues during the fiscal year that begins July1, 2016 and ends June 30, 2017.

Budgets are never simple and they are rarely easy to understand. School District budgets are regulated by a body of laws, court orders and government regulations. There is a great deal of variation in the size, the location and the diversity of populations in the districts throughout California, however all districts share the following common requirements:

1. Meeting budget deadlines, as mandated under the provisions of AB1200.
2. Estimating income and expenditures before the State budget is adopted.
3. Making sure their budgets are in balanced and that no fund has a negative fund balance.
4. Reporting their Average Daily Attendance (ADA) in the winter and spring.
5. The use of State mandated accounting classifications in reporting forms.
6. Arranging for a formal annual audit reported to the State in December.
7. Inviting public comment before settling on the final budget for the year.
8. Public Hearing to be held at the same time as the Local Control Accountability Plan Public Hearing.
9. Board adoption of the Budget in conjunction with the adoption of the district Local Control Accountability Plan.
10. Public Hearings for the Budget and the Local Control Accountability Plan must be held a meeting separate from the date of the adoption.

The Keppel Union School District uses a system like the rest of the California school districts called "Fund Accounting". This means that all revenues are placed in the General Fund or in one of the separate funds, which are either required or permitted by law. Most of our District's fiscal transactions flow through the General Fund. In addition to the General Fund, the Keppel Union School District is also required to have a Capital Facilities Fund (Fund 25). The Keppel Union School District also has a Cafeteria Fund (Fund 13), Deferred Maintenance Fund (Fund14), Special Reserve Fund (Fund 17) , Retiree Benefit Fund (Fund 20) and a Mello-Roos Fund (Fund 52).

The Adopted expenditure budgets associated with these funds are as follows:

General Fund (Fund 01)	\$269,628,910
Cafeteria (Fund 13)	\$1,658,316
Deferred Maintenance (Fund 14)	\$59,544
Special Reserve (Fund 17)	\$450,000
Special Reserve (Fund 20)	\$0
Capital Facilities (Fund 25)	\$104,442
Mello-Roos (Fund 52)	\$405,000

Keppel Union School District Budget Guidelines

1. The prime consideration in developing the budget shall be to provide a basic educational program, which meets district and state standards at all, grade levels and which supports district goals and objectives.
2. When the Board authorizes a new goal, project or program, it shall identify the major competing demands for funding and specify the allocation or reallocation of resources required for funding.
3. New one-time income shall be identified and shall be appropriated only to support expenditures that are of a non-recurring nature.
4. The Tentative Budget document shall show revenues and expenditures for each category in the prior year, estimated revenues and expenditures for the current year, and proposed revenues and expenditures for the budget year. The Final Budget document shall show actual revenues and expenditures in the prior two years
5. Budget documents shall show summaries by fund, resource, object, and function to allow for ready comparison among these areas and with previous years. Detailed budget information shall be available so that the Board and the public can examine the components of specified programs.
6. Budget documents shall include the associated salary, fringe benefit costs and Full Time Equivalent (FTE) position allocations for each site, department and program area.
7. Budget documents shall include all other funds, such as the Building, Cafeteria, and Developer Fee Funds.
8. Budget documents shall report any material change in prior year staffing or revenues and expenditure levels with explanatory comments.
9. Funds shall be made available in the budget to support current and anticipated collective bargaining commitments.

10. Staffing ratios shall be maintained or developed to carry out Board policy and/or collective bargaining agreements.
11. Supply and equipment ratios in effect for the current year shall be increased by the Consumer Price Index, but no more than the estimated percentage change in district revenue Cost of Living Allowance (COLA).
12. Allowance shall be made for increases and/or decreases in the cost of services and supplies such as: gasoline, natural gas, electricity, insurance, water, postage, trash collection, telephone service, lease agreements, debt repayment, employee retirement contributions or other benefits mandated by law.
13. Unless there is formal Board action to the contrary, all categorical programs shall be self-supporting and, where allowable, shall include allocations for indirect costs and any costs related to facilities acquired for the specific use of this program.
14. A separate accounting shall be maintained to portray the receipt and expenditure of Lottery funds. Current year lottery expenditures shall not exceed prior year carryover funds. Current year Lottery revenue shall be reserved for expenditures in the following year.
15. Categorical programs shall be managed with the intent to expend program grants and entitlements within twelve months of funding notice or receipt, unless there is a future year expenditure plan for carryover in excess of 15% of the grant or entitlement.
16. Unless there is formal Board action to the contrary, the budget shall include a General Fund Reserve for Economic Uncertainty of at least 6% of the total General Fund appropriations in classes 1000 through 7000. The Multi-Year Projection the budget includes reserve between 3.17% and 4.42%.
17. Provisions shall be made for an orderly program to preserve the use and the value of existing facilities and equipment through capital improvements and preventive maintenance. The district is required to deposit 3% of its total General Fund expenditures into an account, commonly known as Routine Restricted Maintenance Account (RRMA) for the sole purpose of maintaining school facilities in good repair.
18. The implementation of LCFF eliminated Deferred Maintenance as a revenue source and eliminated the districts requirement to transfer matching funds into Fund 14.0. The district continues to maintain fund 14.0 but is not currently transferring any additional funds during 2016-17.
19. Budget revisions shall be presented for Cabinet consideration and for Board adoption at least once per quarter.
20. Unless there is formal Board action to the contrary, the budget shall include a general fund transfer in the amount recommended in the current actuarial valuation based on

the projected 20 year level contribution method. The current actuarial valuation is \$467,857.

Adopted by the Keppel Union School District Board of Trustees

BUDGET ASSUMPTIONS 2016-17

The Keppel Union School District’s budget is built upon numerous assumptions developed by the Governing Board. Recommendations have also come from School Services of California and the Los Angeles County Office of Education. The major assumptions we are using for the 2016-17 budget are shown below:

REVENUE

Enrollment is anticipated to slowly decline. We have used procedures followed for several years to predict the enrollment for the 2016-17 school year.

PROJECTED 2016-17 ENROLLMENT

	KA	ALP	ANT	GIB	LLA	PBL	TOTAL
TK-K		60	40	91	40	36	267
1		58	45	61	38	38	240
2		59	39	64	66	43	271
3		55	42	60	63	36	256
4		72	55	91	54	46	318
5	57	40	45	71	54	29	296
6	79	29	43	64	58	28	301
7	92	36	31	54	54	28	295
8	118	30	31	62	53	33	327
TOTAL	346	439	371	618	480	317	2,571
SDC/CDS	8	24	0	0	0	10	42
TOTAL	354	463	371	618	480	317	2,613

- ADA - Based upon the projected enrollment we are estimating our average daily attendance (ADA) to be 96% of enrollment (2495 Projected P-2 ADA). This number will fluctuate during the year depending upon enrollment and actual class attendance. At both First Interim and Second Interim ADA will be recalculated to reflect actual numbers, which impact the district revenue limit.
- Federal Revenues – Level Funding is anticipated
- Other State Revenues –Level Funding is anticipated with the addition of one-time discretionary funds during the 2016-17 school year in the amount of \$237/ADA.
- Lottery Projections - \$ 140 per ADA plus \$40 per ADA for Prop 20 restricted lottery.
- Participation in the Mandated Block Grant Program

- Special Education Funds –Federal Special Education allocations are anticipated to have level funding. State Special Education allocations are projected to receive a 0% COLA

EXPENDITURES

- Certificated Staffing – Student Teacher ratio at 31:1 for grades 4-8 and 24:1 for grades K-3. (Does not include Special Day Class teachers)
- Certificated Salaries – A 4.5% raise starting July 1, 2016 and increases in Step and Column movement have been built into the 2016-17 budget, even though negotiations for 2015-16 remain unsettled.
- The 2015-16 budget includes an increase of Certificated Salaries, as outlined in the LCAP; including the continued elimination of Combination Classes.

	Keppel Academy	Alpine	Antelope	Gibson	Lake Los Angeles	Pearblossom
General Education Staff	12	19	16	25	20	14
Special Education Staff	1	5	2	3	4	3

- Classified Staffing – The 2015-16 budget includes an increase of Classified Salaries, as outlined in the LCAP, including the addition of 3 bilingual clerks.
- Classified Salaries –The 4.5% raise starting July 1, 2016 and increases in Column and Longevity have been built into the 2016-17 budget.
- Health Benefits – Rates for Blue Cross, Kaiser South, Delta Dental and Vision Service have just been by announced by Central Valley Trust. Health Benefits are based on the negotiated settlement and are currently capped at the negotiated rates for all employees.
- Statutory Benefit Rates - PERS 13.888% and STRS 12.58%.

TRANSFERS IN

Prior to the 2008-09 school year, a transfer from Fund 20 in the amount of \$123,000 to cover costs of Retiree Benefit costs would occur. The Board suspended making a

contribution to fund 20 between the years of 2008-09 and 2015-16; consequently, a transfer back to the general fund is not included in the 2016-17 budget.

TRANSFERS OUT

Special Reserve Fund for Other Than Capital Outlay Projects- Fund 17.0-The budget for 2015-16 included a transfer of \$450,000 to use for the Language Arts textbook adoption. The adoption of the textbooks is anticipated to occur in the Spring of 2017.

Special Reserve Fund for Postemployment Benefits-Fund 20.0- The district suspended contributions to fund 20 for 8 years, starting in 2008-09. The budget for 2016-17 includes a transfer of \$450,000 to Fund 20.0, which is close to the recommended contribution based on the most recent actuarial study.

Revenues

The District receives revenue from four sources. Shown in the table below are the sources, the estimates from the Prior Year and the Adopted Budget, and the differences between the two budgets. These sources are discussed in further detail on the following pages.

REVENUE SOURCES	Estimated Actuals 2015-16	Proposed Budget 2016-17	Percent Difference
Local Control Funding Formula Revenues	22,588,705	24,766,281	9.6%
Federal Revenues	1,515,726	1,515,726	0.0%
Other State Revenues	2,699,107	1,764,993	-34.6%
Other Local Revenues	1,598,822	1,586,500	-0.8%
Total	28,402,360	29,633,241	4.3%

Local Control Funding Formula

The 2013-14 state budget replaced the previous K-12 finance system with a new Local Control Funding Formula (LCFF). LCFF created base, supplemental, and concentration grants in place of revenue limits and most state categorical programs. In the old funding model the district received about 70% of its revenue from the Revenue Limit. Under LCFF the district will receive 79% of its revenue based on Average Daily Attendance (ADA) and Unduplicated Student Counts. LCFF revenues are projected to increase incrementally over the 8 year phase in. The LCFF revenue is divided into two categories. In 2016-17 Keppel is expecting to receive \$19,052,120 in Base Funding this is available to serve all students. The Supplemental & Concentration Grant amount is projected to be \$5,354,344 for 2016-17. The Supplemental & Concentration revenue must be used to improve and increase services to low income students, English learner students, and foster youth. The district’s Local Control Accountability Plan outlines how the district will use the Base Funding and the Supplemental & Concentration Grant.

Federal Revenues

A typical district, including Keppel will receive an average of about 5% of the annual revenue from Federal sources. Programs funded by Federal sources include Title I (Basic Grant); Title II (Teacher Quality); Title III (Limited English Proficient); and IDEA Special Education. The majority of Federal revenue received by the district is considered restricted and must be expended according to guidelines for specific programs.

Other State Revenues

Other State Revenue is a combination of restricted and unrestricted programs which makes up about 9% of the districts total revenue. The unrestricted programs include Mandated Costs Reimbursement Block Grant, and Unrestricted Lottery. The restricted programs included Restricted Lottery to be used for textbooks, and the After School Education and Safety (ASES) Grant. All of these programs are projected to be funded at levels similar to 2015-16. The district is projected to receive one-time discretionary funds during the 2016-17 school year in the amount of \$237/ADA.

Other Local Revenues

For most districts, the funding received from Local Revenues is relatively small. We receive about 4% from this source. This includes interest income and state special education dollars that are allocated through out local Special Education Local Planning Area (SELPA).

Expenditures

Expenditures in the Keppel Union School District occur in seven major categories. Shown in the table below are the categories, the amounts from the Prior Year and the Adopted Budget, and the differences between the two budgets.

EXPENDITURE CATEGORIES	Estimated Actuals 2015-16	Proposed Budget 2016-17	Percent Difference
Certificated Salaries	11,614,312	12,602,893	8.5%
Classified Salaries	3,814,069	4,118,315	8.0%
Employee Benefits	4,688,522	5,055,358	7.8%
Books, Supplies	2,306,267	2,194,554	-4.8%
Services/Other Operations	4,486,184	4,399,434	-1.9%
Capital Outlay	747,141	747,141	0.0%
Other Outgo	511,212	511,212	0.0%
Total	28,167,708	29,628,910	5.2%

Certificated Salaries

Expenditures occur in this category to pay teachers and others required to have a valid certificate such as administrators, school nurse, and school psychologists. These funds provide for the following staff:

Teachers
Psychologists
Instructional Coaches
Principals
School Nurse
District Administrators

Our adopted budget is based upon a 4.5% raise starting July 1, 2016, step and column increases, and an increase of certificated teaching staff for special education services. This figure will be finalized once staffing is completed in the fall.

Classified Salaries

These are salaries for non-certificated personnel. These expenditures reflect the following personnel:

Secretaries/clerks
Health Aides
Maintenance Workers
Custodians
Groundskeepers
Aides
Library Clerks
District Administrators

Our adopted budget is based upon the 4.5% raise starting July 1, 2016, step increases, and the addition of 3 new classified positions. These figures will be finalized once staffing is completed in the fall.

Employee Benefits

Expenditures occur in this category to pay for health and welfare programs, payroll taxes, Workers' Compensation, retirement, and unemployment associated with all the employees of the District. These figures will be finalized once staffing is completed in the fall.

Books and Supplies

Expenditures occur in this category to pay not only for books and classroom supplies, but also for the maintenance and operations supplies of the District.

Services and Other Operating Expenses

Expenditures occur in this category for insurance, utilities, data processing, transportation and other services.

Capital Outlay

Expenditures occur here for site improvements, new equipment and equipment replacement, and building projects.

Other Outgo

Expenditures occur in this category for Special Education excess cost reimbursements, transportation, and Non Public School placements.

We have taken into consideration the advice from both School Services of California and the Los Angeles County Office of Education. We realize that this preliminary budget is just that, and recognize that changes will have to be brought to the Board as additional information becomes available. As in the past, this budget is a living document and will go through several revisions before we reach the end of the school year