

2016/17 First Interim

December 5, 2016

Presenter – Julie A. Betschart



12/5/2016

Modesto City Schools

COMMUNICATE • COLLABORATE • CELEBRATE

Tonight's Overview

- Local Control Funding Formula (LCFF)
- Assumptions for Revenue and Expenditures
- Fund Balance
- Criteria and Standards

LCFF – Elementary

Grades	ADA	Base	Grade Span	Supp.	Conc.	TARGET
Unduplicated % of Enroll.				87.65%	87.65%	
K-3	6,570.19	\$7,083	\$737	\$1,371	\$1,277	\$68,773,208
4-6	5,050.96	\$7,189		\$1,260	\$1,174	\$48,604,559
7-8	3,074.02	\$7,403		\$1,298	\$1,209	\$30,461,342
TOTAL						\$147,839,109
TIIG Add-On						\$1,084,014
Transportation Add-On						\$474,814
16/17 LCFF TARGET						\$149,397,937

LCFF – Elementary

LCFF Floor and Phase-In Entitlement Calculation	
Prior Year Funded ADA	14,695.17
2012-13 Revenue Limit Rate	\$5,063.10
TOTAL	\$74,403,115
Prior Year State Categoricals (<i>Tier III, CSR, EIA and Transportation</i>)	\$17,400,660
Prior Year LCFF Funding	<u>\$40,677,406</u>
16/17 LCFF Floor	\$132,481,181
16/17 LCFF Target	\$149,397,937
16/17 Gap (difference)	\$16,916,756
16/17 Gap Funded @ 54.18% before SCOE Transfer	\$9,165,498
16/17 LCFF Entitlement before SCOE Transfer	\$141,646,679

LCFF – High School

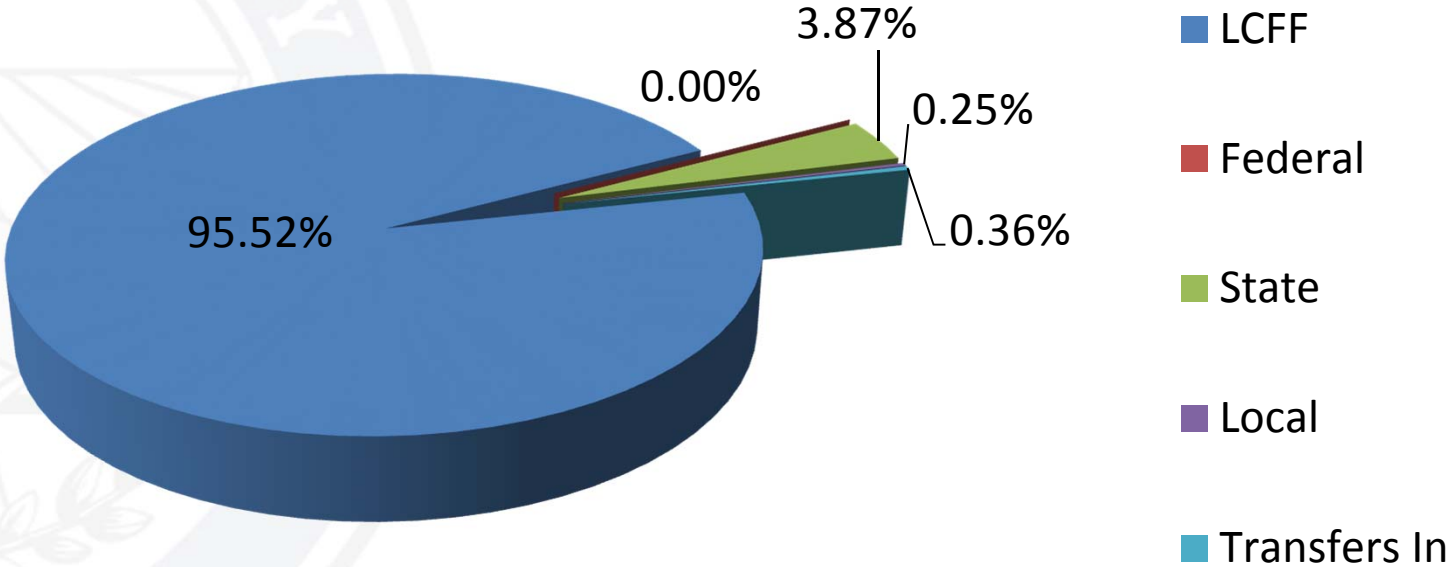
Grades	ADA	Base	Grade Span	Supp.	Conc.	TARGET
Unduplicated % of Enroll.				64.04%	64.04%	
9-12	14,578.28	\$8,578	\$223	\$1,127	\$398	\$150,535,863
TOTAL						\$150,535,863
TIIG Add-On						\$717,582
Transportation Add-On						\$458,416
16/17 LCFF TARGET						\$151,711,861

LCFF – High School

LCFF Floor and Phase-In Entitlement Calculation	
Prior Year Funded ADA	14,578.28
2012-13 Revenue Limit Rate	\$6,087.90
TOTAL	\$88,751,111
Prior Year State Categoricals (<i>Tier III, EIA and Transportation</i>)	\$10,812,150
Prior Year LCFF Funding	<u>\$36,347,442</u>
16/17 LCFF Floor	\$135,910,703
16/17 LCFF Target	\$151,711,861
16/17 Gap (difference)	\$15,801,158
16/17 Gap Funded @ 54.18% before SCOE Transfer	\$8,561,067
16/17 LCFF Entitlement before SCOE Transfer	\$144,471,770

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Unrestricted Revenue - General Fund



Revenue Assumptions

- LCFF

YEAR	COLA	Gap
2016/17	0.00%	54.18%
2017/18	1.11%	72.99%
2018/19	2.42%	40.36%

- LCFF Supplemental and Concentration

- Parents will continue to complete the Free and Reduced Meal Applications which drives the percentage (%) rate of eligibility for the Supplemental and Concentration dollars.

Revenue Assumptions

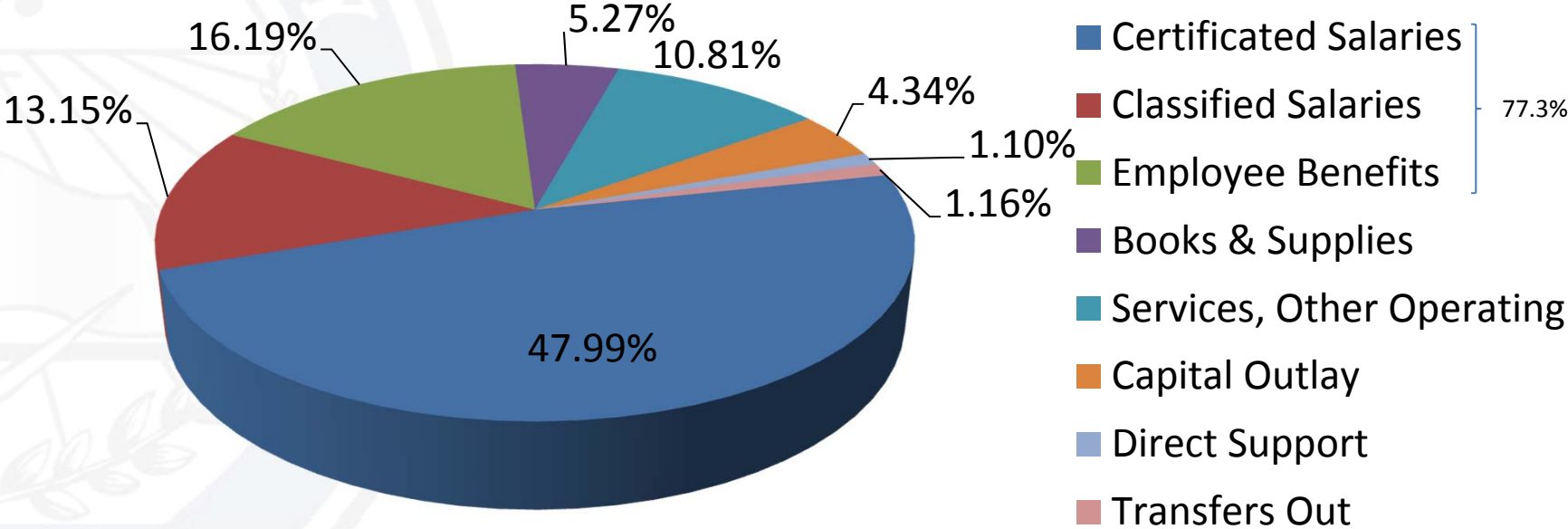
- One-Time Mandate Funding decreased in 2016/17
 - No Additional One-Time Mandate Funding assumed in future years
- Expiration of Proposition 30 reflected
- Passage of Proposition 55 on November 8, 2016 not reflected
 - Specifics regarding funding have not been identified

Revenue Assumptions

- Posting of deferred revenue in 2016/17
- Posting of carryover for Career Technical Education Incentive Grant
- Establish Grants – CA Partnership; Agricultural Incentive
- Establish insurance claims – Johansen High School: Building B Fire; Modesto High School: Room 91
- Shifting of Career Technical Education Adult Programs to Fund 11 – Adult Education from Fund 01 – General Fund

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Unrestricted Expenditures - General Fund



Expenditure Assumptions

- Included in financial reflection of multi-year projection:
 - First month enrollment adjustments – staffing and site allocation
 - Posting of carryover and deferred revenue in 2016/17
 - One-Time approved expenditures in 2016/17
 - Budgeted amounts will be fully expended – all sources

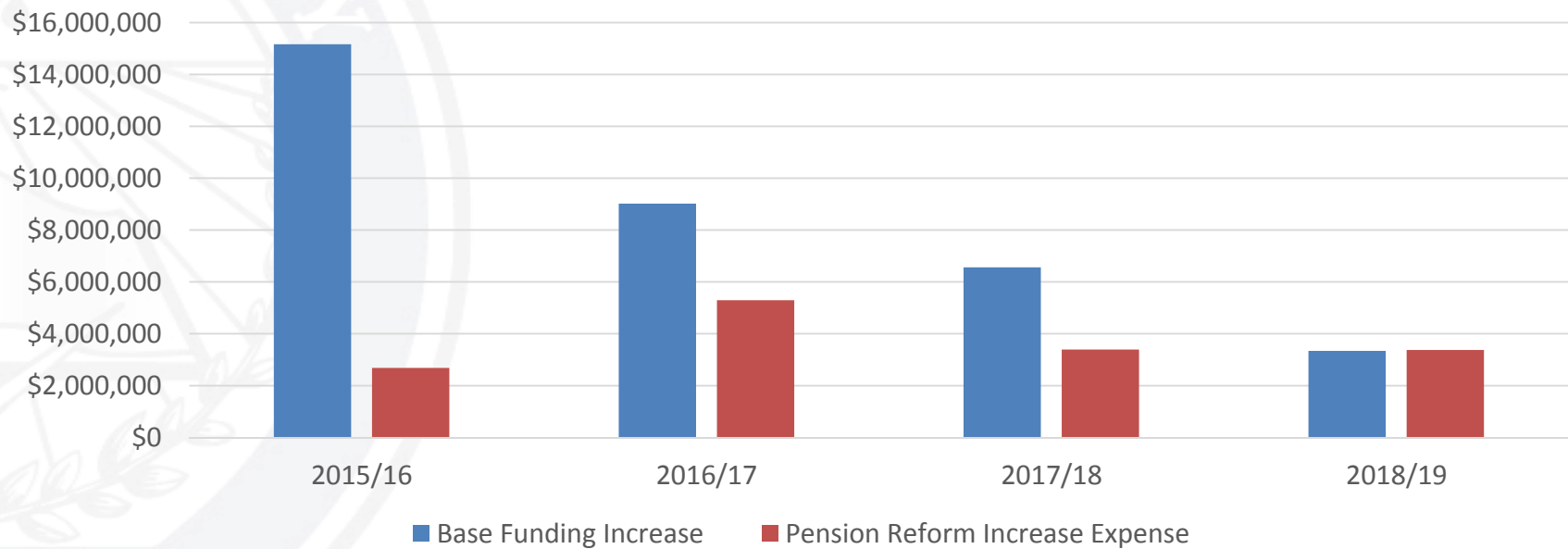
Expenditure Assumptions

- Included in financial reflection of multi-year projection:
 - Pension Reform increases

	2016/17	2017/18	2018/19
STRS	12.58%	14.43%	16.28%
PERS	13.888%	15.50%	17.10%

Expenditure Assumptions

Pension Reform Expenses vs New “Base” Funding



Expenditure Assumptions

- NOT Included in financial reflection of multi-year projection:
 - Collective Bargaining negotiations are taking place – no financial reflection is included in current or future years
 - Reclassification agenda item #B.10
 - Facility Improvements per Facility Needs Assessment Report
 - Facility Growth per First Month Enrollment Report
 - Approved Lease/Purchase Agreement payments for 1:1 devices at the remaining 9-12 sites beginning in 2017/18
 - Approved Computer Technician II positions (6) for 1:1 device implementation at 9-12 sites beginning in 2017/18

Fund Balance – Unrestricted

	2015/16	2016/17	2017/18	2018/19
Fund Balance	\$61,313,680	\$41,316,303	\$33,420,714	\$26,490,390
Nonspendable – Stores, Revolving Cash, Prepaid Expenses	\$1,208,270	\$825,000	\$825,000	\$825,000
Assigned				
Economic Uncertainties	\$10,292,753	\$11,468,227	\$10,614,753	\$10,737,103
County Case FMV Adjustments	\$268,048	\$452,379	\$452,379	\$452,379
LCAP Supplemental & Concentration	\$-0-	\$-0-	\$6,799,514	\$8,448,833
Carryover Obligation – Deferred Maintenance	\$686,200	\$-0-	\$-0-	\$-0-
Carryover Obligation – Misc.	\$7,499,537	\$435	\$435	\$435
One Time Expenditures	\$-0-	\$-0-	\$250,000	\$250,000
Unassigned Balance	\$41,358,872	\$28,570,262	\$14,478,632	\$5,776,639

Criteria and Standards

- 5 items are shown as “not met”
 - Criterion 3 – ADA to Enrollment
 - The District continues to focus on increasing its attendance ratio as it strives towards its target of 98%.
 - Criterion 5 – Salary and Benefits
 - LCFF calculation changes now require the transfer of apportionment to the County Office of Education in lieu of the State paying directly via the Revenue Limit calculation. This change in calculations has skewed the historical average vs. current required practice.

Criteria and Standards

- 5 items are shown as “not met”
 - Criterion 6 – Revenue and Expenditures
 - Three factors contributed to the “not met” status – Recording of the Career Technical Education Incentive Grant (CTEIG), recording of revenue from the Johansen fire insurance claim and the District not reflecting deferrals or carryover at adoption.
 - Criterion 8 – Deficit Spending
 - The District budgets full expenditures at budget adoption and reflects savings at each of the reporting periods throughout the year. The projected deficit will be offset by unspent base and supplemental/concentration dollars that are currently budgeted.

Criteria and Standards

- 5 items are shown as “unmet” (continued)
 - Criterion S5A – Contributions, Transfers and Capital Projects
 - The change in transfers out for 2016/17 are a result of the CalWORKS Adult CTE carryover funds transferring to the Adult Education Fund for correct reporting. The increase in transfers out for the second subsequent year 2018/19 is a result of the CalWORKS Adult CTE one-time carryover funds being fully expended; the program will require a transfer from the General Fund to maintain program offerings.

Summary

- Based on the factors and assumptions included and noted in the First Interim Budget document, the District is able to propose a Positive Certification.