

2014/15 First Interim

December 8, 2014

Presenter – Julie A. Betschart



12/5/2014

Modesto City Schools

COMMUNICATE • COLLABORATE • CELEBRATE

Tonight's Overview

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

LCFF - Elementary

Grades	ADA	Base	Grade Span	Supp.	Conc.	TARGET
Unduplicated % of Enroll.				87.97%	87.97%	
K-3	7,010.81	\$7,012	\$729	\$1,362	\$1,276	\$72,764,560
4-6	4,807.47	\$7,116		\$1,252	\$1,173	\$45,867,721
7-8	2,963.02	\$7,328		\$1,289	\$1,208	\$29,112,177
TOTAL						\$147,744,458
TIIG Add-On						\$1,084,014
Transportation Add-On						\$474,814
14/15 LCFF TARGET						\$149,303,286

LCFF - Elementary

LCFF Floor and Phase-In Entitlement Calculation	
Prior Year Funded ADA	\$14,781.30
Prior Year Revenue Limit Rate	\$5,063.10
TOTAL	\$74,839,200
Prior Year State Categoricals (<i>Tier III, CSR, EIA and Transportation</i>)	\$17,400,660
Prior Year LCFF Funding	<u>\$6,619,630</u>
14/15 LCFF Floor	\$98,859,490
14/15 LCFF Target	\$149,303,286
14/15 GAP (difference)	\$50,443,796
14/15 GAP Funded @ 29.56% before SCOE Transfer	\$14,911,186
14/15 LCFF Entitlement before SCOE Transfer	\$113,770,676

LCFF – High School

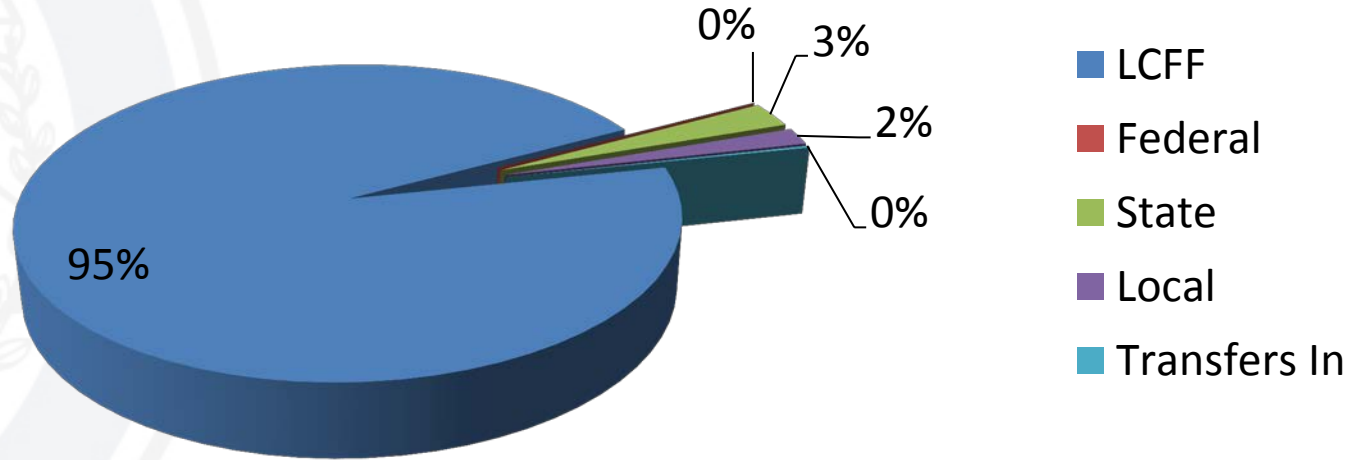
Grades	ADA	Base	Grade Span	Supp.	Conc.	TARGET
Unduplicated % of Enroll.				63.49%	63.49%	
9-12	14,542.49	\$8,491	\$221	\$1,106	\$370	\$148,163,957
TOTAL						\$148,163,957
TIIG Add-On						\$717,582
Transportation Add-On						\$458,416
14/15 LCFF TARGET						\$149,339,955

LCFF – High School

LCFF Floor and Phase-In Entitlement Calculation	
Prior Year Funded ADA	\$14,542.49
Prior Year Revenue Limit Rate	\$6,087.90
TOTAL	\$88,533,225
Prior Year State Categoricals (<i>Tier III, EIA and Transportation</i>)	\$10,812,150
Prior Year LCFF Funding	<u>\$5,580,849</u>
14/15 LCFF Floor	\$104,926,224
14/15 LCFF Target	\$149,339,955
14/15 GAP (difference)	\$44,413,731
14/15 GAP Funded @ 29.56% before SCOE Transfer	\$13,128,699
14/15 LCFF Entitlement before SCOE Transfer	\$118,054,923

2014/15 Working Budget Revenue

Unrestricted General Fund



Revenue Assumptions

- 14/15
 - Projected COLA .85% and GAP Funding 29.56%
 - Elementary \$14.9 million and High School \$13.1 million over prior year
- 15/16
 - Projected COLA 2.19% and GAP Funding 20.68%
 - Elementary \$7.9 million and High School \$7.1 million over prior year
- 16/17
 - Projected COLA 2.14% and GAP Funding 25.48%
 - Elementary \$8.5 million and High School \$7.7 million over prior year

Revenue Assumptions

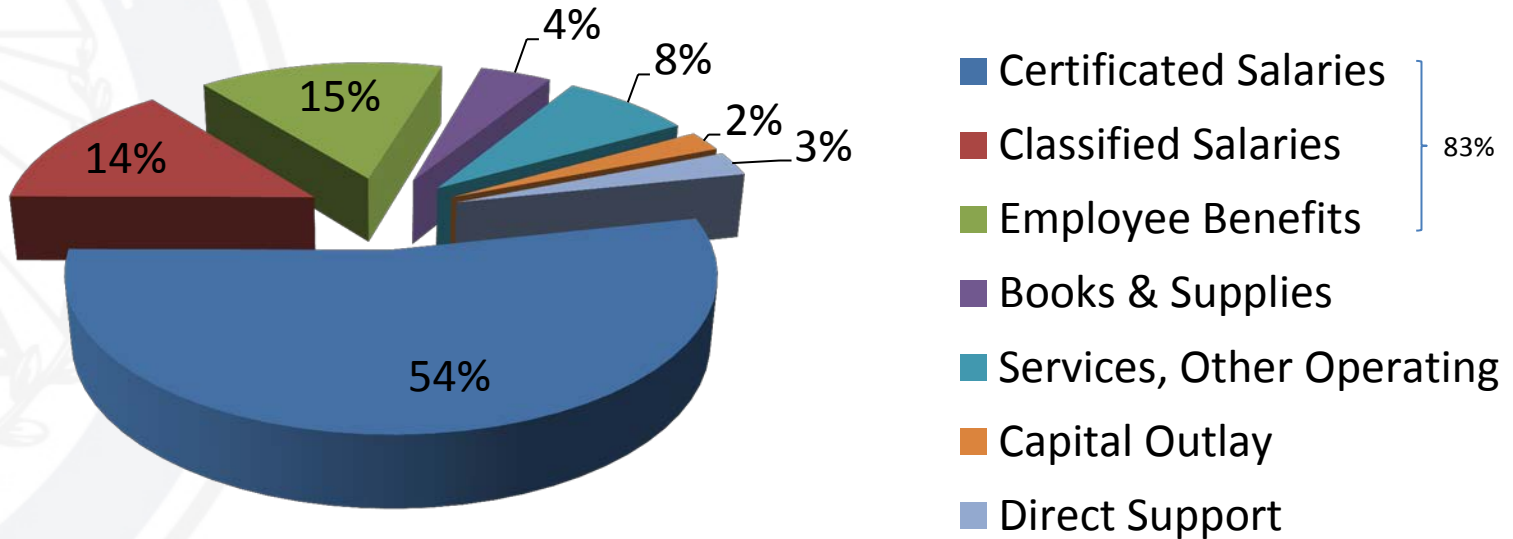
- Local Control Funding Formula Supplemental and Concentration
 - Parents will continue to complete the Free and Reduced Meal Applications which drives the percentage (%) rate of eligibility for the above noted dollars.

Revenue Assumptions

- Increase in Title I Entitlement of \$0.4M
- Onetime Mandate Claim Reimbursement of \$1.7M
- Microsoft Voucher Reimbursement of \$1.0M
- CalRecycle Grant \$0.2M
- School Improvement Grant (SIG) funding ends effective 2015/16
- Elimination of Stanislaus County Office of Education (SCOE)
Regional Occupational Program (ROP) funding effective 2015/16

2014/15 Expenditures

Unrestricted General Fund



Expenditure Assumptions

- Implementation of the Local Control Accountability Plan
- Implementation of Facility and Deferred Maintenance Allocations
- Onetime increase to Technology \$2.7M
- 2013/14 carryover or deferred revenue reflected

Expenditure Assumptions

- Pension Reform Impact \$13.3M over three years or 4% of the budget by 2016/17
 - 2014/15
 - STRS additional \$939,488
 - PERS additional \$156,417
 - 2015/16
 - STRS additional \$2,713,383
 - PERS additional \$387,531
 - 2016/17
 - STRS additional \$2,713,383
 - PERS additional \$1,121,926

Fund Balance - Unrestricted

FUND BALANCE	
	Prior Year Beginning Balance
+	Current Year Revenue & Transfers In
-	Current Year Expenditures & Transfers Out
-	Contributions
=	Fund Balance

UNASSIGNED BALANCE	
=	Fund Balance
-	Nonspendable – Stores, Revolving Cash & Prepaid Exp.
-	State Mandated Reserve for Economic Uncertainties
-	Board Designated Assigned Reserve Lines
=	Unassigned Balance

Fund Balance - Unrestricted

	2013-14	2014-15	2015-16	2016-17
Fund Balance	\$58,455,794	\$41,478,186	\$29,347,349	\$29,560,326
Nonspendable – Stores, Revolving Cash, Prepaid Expenses	\$593,356	\$525,000	\$525,000	\$525,000
Assigned				
Economic Uncertainties	\$7,874,484	\$9,660,167	\$9,285,667	\$9,340,314
LCFF Base Funding	\$-0-	\$-0-	\$14,301,621	\$16,374,571
LCFF Supplemental/Concentration Funding	\$2,176,337	\$9,793,970	\$18,104,559	\$18,242,809
Miscellaneous	\$9,775,259	\$8,159,209	\$18,400,620	\$19,675,604
Unassigned Balance	\$38,036,358	\$13,339,840	<\$31,270,118>	<\$34,597,972>

Fund Balance – Unrestricted

- Newly established assigned reserve lines
 - Burbank Cafeteria/Classroom Project \$5.0M
 - Martone Cafeteria/Classroom Project \$5.0M
 - Additional Asphalt Projects \$2.0M per year in Year 2 & 3
 - Common Core Textbook Adoption \$3.0M in Year 2 & \$4.5M in Year 3

Principal Apportionment Schedule 2014-15

Month	Prior to SBX4 16	<u>AFTER</u> SBX4 16	2012-13 Scheduled
July	6.00%	5.00%	5.00%
August	12.00%	5.00%	5.00%
September	8.00%	9.00%	9.00% + EPA*
October	8.00%	9.00%	9.00%
November	8.00%	9.00%	9.00%
December	8.00%	9.00%	9.00% + EPA*
January	8.00%	9.00%	9.00%
February	14.00%	9.00%	9.00%
March	7.00%	9.00%	9.00% + EPA*
April	7.00%	9.00%	9.00%
May	7.00%	9.00%	9.00%
June	7.00%	9.00%	6.08% + EPA*
July – following year			2.92%
TOTAL	100.00%	100.00%	100.00%

*Education Protection Account (EPA) funds provided from Proposition 30

Principal Apportionment – Payment of \$1.00

Money owed = \$1.00

Deferral = 2.92% or
\$.0292 on the dollar

Money received in
fiscal year in
which due = \$.97

Criteria and Standards

- 5 items are shown as “unmet”
 - Criterion 3 – ADA to Enrollment
 - Due to continued historical growth, the District strives towards its growth 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.
 - Criterion 6 – Other Revenue and Expenditures
 - The District does not reflect deferrals or carryover at adoption.

Criteria and Standards

- 5 items are shown as “unmet” (continued)
 - Criterion 8 – Deficit Spending
 - Deficit spending is a result of salary settlements and the spending down of onetime carryover funds.
 - Criterion 10 – Reserves
 - Due to the uncertainty of State LCFF implementation, as recommended by School Services of California, the District has placed the LCFF projected growth for the out years on an assigned reserve line. Should the projected LCFF GAP funding percentages materialize into revenue received, the District will have sufficient funds to meet its reserve for economic uncertainties and all other assigned reserve lines.

Summary

- Local Control and Accountability Plan (LCAP) have been established
- Continued LCFF Gap Funding is based on State economic growth
 - Funding Gap increases are included in 2015/16 and 2016/17 revenue
 - There are no statutory predetermined planning factors for the LCFF GAP funding scale. Due to the uncertainty, it is highly recommended that districts plan conservatively.
- Based on the factors and assumptions included and noted in the First Interim document, the District is able to propose a Positive Certification