

**SAN MARINO UNIFIED SCHOOL DISTRICT
BUSINESS SERVICES**

To: Dr. Alex Cherniss, Superintendent

Submitted by: Julie Boucher, Assistant Superintendent, Business Services

Prepared by: Vangie Lingat, Director of Accounting

Date: December 9, 2014

**Subject: 2014-15 FIRST INTERIM FINANCIAL REPORT AND LONG RANGE
FINANCIAL PROJECTIONS FOR 2015-16 AND 2016-17 FISCAL YEARS**

It is recommended that the Board of Education the 2014-15 First Interim Financial Report and Long-Range Financial Projections for the 2015-16 and 2016-17 fiscal years.

The 2014-15 First Interim Financial Report and Long-Range Financial Projections were developed based on the Los Angeles County Office of Education's Projections for fiscal years 2014-15 through 2016-17 (Attachment 1).

Revenue Assumptions

Student Enrollment/Average Daily Attendance

Total student enrollment is projected at 3,142 for 2014-15, and in future years. Average Daily Attendance (ADA) for LCFF funding purposes is projected at 3,071.17 in 2014-15.

Statutory COLA's

The term "COLA" or Cost-of-Living Allowance, no longer holds the significance that it did under the old funding system of revenue limits and categorical programs. The projected statutory COLAs are now added to the Target Base Grants. Districts are only receiving a portion of their "target" funding, which is referred to as "Gap Funding." In other words, Gap Funding is the amount of new funding received over the prior year. The LCFF COLA for 2014-15 was adjusted downward from 1.65% to .85% after the State Budget was adopted. COLA's for years 2015-16 and 2016-17 are included in the LCFF calculations.

Hold Harmless Provisions – LCFF Funding

The District's Local Control Funding is based on its "Hold Harmless" revenue calculation of prior year funding and average daily attendance.

Gap Funding

Similar to the adjustment in the 2014-15 COLA, the Gap funding percentage for 2015-16 was reduced to 20.68%. The District's projections have been updated to reflect the revised Gap Funding percentage amount.

Augmentation Grants/Grade Span Adjustments

The District receives Grade Span Adjustment funding to support school site lower class sizes (24:1) in grades TK through 3 as well as funding for grades 9 – 12 to support secondary supplemental services. The average class size is below 24:1 at each elementary school and is expected to remain at this level.

Supplemental Grant and Proportionality

Under the new LCFF Funding formula, the District is receiving a pro-rata share of its entitled Supplemental Grant allocation. Supplemental Grant revenue is based on the District's "Unduplicated Count" students. The Unduplicated Count represents the number of students who qualify for free and reduced priced meals, English learners, and foster youth. The District is projecting 350 students or 11.14% Unduplicated Count.

Under the LCFF funding laws, the District must demonstrate quantitatively and qualitatively that has improved services for Unduplicated Count students. The District has budgeted \$232,388 (\$110,654 of former Economic Impact Aid funding and an additional \$121,734 of its Gap Funding) to help serve and support these students. This funding is referred to as "Proportionality Funding."

Other State Funding

It is projected that the District will continue to receive the Targeted Instructional Improvement Grant (TIIG) funding and Home-to-School Transportation, used for Special Education transportation services based on 2012-13 funding levels. Other state revenues include restricted and unrestricted lottery revenues, mandated block grant funds and special education mental health funding. The District received an additional \$204,951 in one-time mandated cost revenues in 2014-15. These funds are being used to support the District's implementation of the Common Core State Standards.

Federal Funding

The District receives federal funding for Title I, Title II (Teacher Quality Improvement), and funding for immigrant education and limited English proficiency programs (Title III). The District receives \$508,154 in federal funding for special education.

San Marino Schools Foundation Contributions

The District is extremely fortunate to receive donations from its local community. The San Marino Schools Foundation is a significant part of the District's local funding. The funding helps to employee teaching positions to maintain lower class sizes across all grade levels. In 2014-15, the District received \$2,507,289, to help fund 32 teaching positions.

Parcel Tax Revenues

The District has two parcel taxes, Measure R and Measure E. Measure R, currently at \$335.94 per parcel, was renewed in 2013 for a six-year term. Measure E, currently at \$865.68 per parcel, is planned for renewal for a six year term in 2015. In total, the parcel taxes provide the District with \$5.5 million annually. Proceeds received from the parcel tax revenues are used to preserve core academic and instructional programs and services. The District publishes an annual accountability report of parcel tax expenditures.

ROP/CTE Funding

As part of the LCFF funding model, in 2013, the state called on counties and school districts to comply with a two-year “Maintenance of Effort” for ROP/CTE funding. Despite legislative efforts to seek an extension of the MOE provisions beyond June 30, 2015, the Governor rejected all proposals. The District is working on an evaluation of its ROP/CTE program in planning for 2015-16.

Other Local Donations and Reimbursements

Additionally, the District receives donations and reimbursements from parents, PTA’s and PTSA, school-connected organizations, parents and community members as well as revenues for use of its facilities from local community athletic groups, the Chinese Club of San Marino and the City of San Marino. Donations are budgeted upon receipt of the funds throughout the year.

Expenditure Assumptions

Certificated and Classified Salaries

Certificated and classified salaries have been adjusted based on actual staffing and salary placements for all employees.

Health Benefits

In 2014-15, health benefit premium increases are being funded by a transfer of \$522,290 from the Health Benefits Fund, and increased employee co-pays for major medical insurance. After accounting for the contribution from the Health Benefits Fund, the District funds 90% of employee-only costs and 70% of two-party and family costs. In future years, employee co-pays will be adjusted based on negotiated agreements. The District also provides two options for dental insurance, vision, life insurance for benefit-eligible employees and an employee assistance program for all employees.

Statutory Benefits

CalSTRS employer rates are projected to increase over the next seven years, beginning July 1, 2014. CalPERS employer rates will also increase over the same time period. The District’s CalSTRS costs increased by \$100,000 in 2014-15. In 2015-16, CalSTRS and CalPERS employer rates are projected to increase by an additional \$360,633.

Table 1: CalSTRS and CalPERS Employer Rate Projections:

	CalSTRS	CalPERS
2014-15*	8.88%	11.77%
2015-16	10.73%	12.60%
2016-17	12.58%	15.00%
2017-18	14.43%	16.60%
2018-19	16.28%	18.20%
2019-20	18.13%	19.90%
2020-21	19.10%	20.40%

*Actual Rates

In 2014-15, employees' CalSTRS rates increased from 8.00% to 8.15%. Employee contribution rates will be adjusted over a period of time depending on each employee's CalSTRS eligibility date. The changes are based on "Public Employees' Pension Reform Act" (PEPRA).

The other statutory benefits, including Medicare, OASDI, State Unemployment Insurance, and Workers Compensation have been included in the salary and benefit projections.

Books and Supplies, Services and Equipment Costs

Instructional and non-instructional supplies, textbooks, operating services and equipment accounts are reflective of allocated amounts. School sites receive funding for general school site allocations, state adopted instructional materials, funding to support their Single Plans for Student Achievement (SPSA), and Targeted Instructional Improvement Grant (TIIG) funding. Throughout the year, schools also receive donations from PTA's/PTSA, parents, and the community to support their instructional programs and educational support. These donations are and associated expenditures are budgeted when the donation amounts are received.

Other Financing Sources/Uses

Revenues received for use of the Titan Stadium and Field are transferred to the Capital Projects Fund on an annual basis.

Indirect Support

The District collects indirect costs from state and federal categorical programs to offset General Fund operational costs. The current approved rate for the 2014-15 year is 10.95%. This results in an offset of \$41,634 to Unrestricted General Fund expenditures.

Ending Balance Assumptions

Reserve for Economic Uncertainties

The District maintains a 5% minimum reserve in accordance with its Board Policy. The Proposed Budget reflects a 5% reserve for economic uncertainties.

Assigned Funds

In accordance with LACOE recommendations, projected Gap Funding of \$990,574 for 2015-16, and \$1,108,621 for 2016-17 have been assigned for future year considerations.

Cash Flow

The District has an established Cash Flow Fund (Fund 17.2), which provides adequate funding to meet payroll and operational expenditures on a monthly basis throughout the fiscal year. The Cash Flow fund provides sufficient funding to meet payroll and expenditure obligations for two to three months during the fiscal year.

Future Year Projections

Proposition 30, passed by voters on November 6, 2012, increased sales tax rates through 2016 and personal income tax rates through 2018. The funding offsets further reductions to K-12 Education funding. It is also providing funding for the continued implementation of LCFF, amendments to the Rainy Day Fund, and additional funding for other state programs (i.e. Medi-Cal).

Despite the Governor's commitment to K-12 Education and the new LCFF Funding formula, state funding for K-12 Education is still well below the national average. The District is fortunate for the generous contributions received from the San Marino Schools Foundation and the parcel taxes to support its top-quality educational programs and services.

Other Funds

As part of the First Interim Financial Report, information and projections for each of the District's "Other Funds" is provided.

Food Services Fund 13.0

The District's food services program is self-supporting. The Food Services Fund covers all costs associated with the program including food services salaries and benefits, food and supplies, repairs, equipment replacement. The projected ending balance in the fund as of June 30, 2015 is \$27,039.

Deferred Maintenance Fund 14.0

The Deferred Maintenance Fund supports major maintenance and repairs throughout the District. The projected ending balance in the fund as of June 30, 2015 is \$2,093,579.

Health Benefits Fund 17.0

The Budget includes a transfer of \$522,290 from the Health Benefits Fund to the General Fund to offset premium increases in 2014-15. The projected ending balance in the fund as of June 30, 2015 is \$171,862.

Cash Flow Fund 17.2

The Cash Flow Fund was established in 2009 as a result of the state's deferral of K-12 Education revenues and the District's need to meet its monthly payroll and expenditure obligations. In 2014-15, the Governor instituted a plan to eliminate the K-12 deferrals by the end of July 2015. That being said, the District continues to have a need for cash flow during certain months of the year. The Cash Flow Fund serves this purpose. The projected ending balance in the fund as of June 30, 2015 is \$7,323,500.

Building Fund 21.0

All funds have been expended.

Capital Facilities Fund 25.0

The Capital Facilities Fund accounts for income and expenditures associated with the collection of developer fees. Developer Fee revenues, projected at \$51,571 this year, are restricted for capital needs associated with enrollment growth and program expansion. The projected ending balance in the fund as of June 30, 2015 is \$497,172.

Capital Projects and Improvement Fund 40.0

The Capital Projects and Improvement Fund represents restricted donations for capital improvements, such as the alumni tiles and improvements to Titan field and track. The projected ending balance in the fund as of June 30, 2015 is \$91,875.

Bond Interest and Redemption Fund 51.0

The Bond Interest and Redemption Fund accounts for the proceeds from tax revenues and payment of principal and interest to bondholders associated with the District’s issuance of General Obligation Bonds “GO Bonds” in 1996, 1998, and 2000, and the 2001 refunding of the 1996 issuance. The fund is managed by the Los Angeles County Treasurer’s Office. The projected ending balance in the fund as of June 30, 2015 is \$3,793,507. These funds are restricted and committed to bondholders.

Next Steps – State Budget

On or before January 15, 2015, the Governor will present his Proposed State Budget for the 2015-16 fiscal year. We will continue to monitor the state’s budget development process. As more information is received, updates will be provided to the Board of Education.

**2014-15 UPDATED BUDGET ASSUMPTION GUIDELINES
PROJECTIONS FOR FISCAL YEARS 2014 - 15 THROUGH 2016-17**

Assumptions must be submitted to support data for the 2014-15 and two subsequent years. The guidelines indicated below are provided to assist you with projections for fiscal years 2014-15, 2015-16, and 2016-17.

REVENUE LIMITS	2014-15	2015-16	2016-17
Statutory COLA / Net Funded COLA	0.85%	2.19%	2.14%
Gap Funding ¹	29.56%	20.68%	25.48%
SPECIAL EDUCATION AND CATEGORICAL PROGRAMS	2014-15	2015-16	2016-17
Special Ed COLA (on state and local share only)	0.85%	2.19%	2.14%
Categorical COLA – Tier I Programs	-0-	-0-	-0-
Categorical COLA – Tier II and III Programs	-0-	-0-	-0-
LOTTERY REVENUE²	2014-15	2015-16	2016-17
Unrestricted	\$128.00/ADA	\$128.00/ADA	\$128.00/ADA
Restricted for Instructional Materials	<u>34.00/ADA</u>	<u>34.00/ADA</u>	<u>34.00/ADA</u>
Total Lottery Revenue	\$162.00/ADA	\$162.00/ADA	\$162.00/ADA
OTHER FACTORS	2014-15	2015-16	2016-17
CalSTRS Employer Rates	8.88%	10.73%	12.58%
CalPERS Employer Rates	11.771%	12.60%	15.00%
Interest Rate for 10-year Treasuries	3.10%	3.50%	3.60%
California Consumer Price Index (CPI)	2.10%	2.30%	2.50%
Other Expenses (4000s – 6000s)	2013-14+CPI	2014-15+CPI	2015-16+CPI

¹ There is no statutory requirement to provide Gap funding in any year; when projecting LCFE increases in the “out years” it is recommended that districts assign, reserve or otherwise set-aside any projected increase in LCFE revenues as a result of Gap funding or at least have a contingency plan in place if anticipated revenues do not materialize

² Lottery funding is based on actual ADA (e.g., excluding excused absences), multiplied by a statewide excused absence rate of 1.04446. For 2009-10 through 2014-15, 2007-08 ADA is used for Adult Education and ROC/PS.

LOS ANGELES COUNTY OFFICE OF EDUCATION
Division of Business Advisory Services

**COUNTY OFFICE 2014-15 FIRST INTERIM
ASSUMPTIONS AND RECOMMENDATIONS**

Local Control Funding Formula (LCFF)

The LCFF establishes a base with supplemental and concentration add-ons for English Learners (EL), free and reduced-price meal eligible students and foster youth students, and provides additional funding for K-3 CSR, Grades 9-12, Home-to-School Transportation and the Targeted Instructional Improvement Grant (TIIG).

The Base Grant rates for 2014-15 are as follows:

<u>Grade Level</u>	<u>Base Grant Amount per ADA</u>	<u>COLA 0.85%</u>	<u>Augmentation</u>	<u>Base Grant</u>
K-3	\$ 6,952	\$ 59	\$ 729	\$ 7,740
4-6	\$ 7,056	\$ 60	\$ -0-	\$ 7,116
7-8	\$ 7,266	\$ 62	\$ -0-	\$ 7,328
9-12	\$ 8,419	\$ 72	\$ 221	\$ 8,712

COLAs and Gap Funding Amounts

The Base Grant rates are increased annually by the statutory COLA. The statutory COLA for 2014-15 is 0.85 percent. The estimated COLA for 2015-16 is 2.19 percent, and 2.14 percent for 2016-17. It is important to note that the *COLA affects only the calculation of the LCFF Target, and does not describe the net increase in funding for each district.*

The \$4.75 billion provided in 2014-15 to continue to implement the LCFF is sufficient to fund each district's Gap by 29.56 percent. The Department of Finance projects that enough additional funds will be provided to fund the Gap by 20.68 percent in 2015-16 and by 25.48 percent in 2016-17. This does not mean that each district will receive increases equal to these amounts, but rather that each district's Gap (the difference between their Hold Harmless and their Target amounts) will be funded by those percentages.

Based on our calculations of Los Angeles County school districts' LCFF revenues, the increases from 2013-14 to 2014-15 range from just below 6 percent to just above 17 percent per ADA. This wide range is a clear indication that each district must understand the unique impact of the LCFF funding on their district.

The Administration anticipates the transition to fully fund LCFF will take eight years, with full funding occurring in 2020-21. Until then, increases in funding will be as the State budget appropriates funding for that purpose. There is no statutorily guaranteed increase in any given year until full implementation is reached. Furthermore, expiration of the temporary tax increases in 2016 and 2018, as well as uncertainty regarding the continued recovery of the State's economy, results in uncertainty regarding future years' increases in LCFF funding.

Changing priorities can also affect the unrestricted funding made available. Therefore, *we recommend that districts carefully consider any actions related to any projected increases in expenditures related to projected LCFF revenue, and consider assigning any of these increases in revenue, as a result of Gap Funding in 2015-16 and subsequent years.*

Maintenance of Effort (MOE)

ROC/P was absorbed into the LCFF base for districts and county offices. While the grade 9-12 augmentation is not specifically identified as a CTE grant, it does represent the funding allocated to these programs in prior years. Beginning in 2014-15, a CTE component will be required in the LCAP.

The two-year MOE provision requires that LEAs spend at least the same amount on ROC/Ps in 2013-14 and 2014-15 as was spent in 2012-13. In addition, districts that are members of an ROC/P JPA must continue to forward the same amount to the JPA as they did in 2012-13 unless otherwise agreed upon by both parties.

Federal CTE funds, including Perkins funding, are not part of LCFF and continue to be subject to all existing compliance and reporting requirements.

Home-to-School Transportation

For 2013-14 and 2014-15, districts must continue to expend no less than the amount of funds that the district expended for home-to-school transportation up to the amount provided in 2012-13.

Adult Education and ROC/P's

For 2013-14 and 2014-15, of the funds a district receives for the purposes of ROC/P and Adult Education, the district shall expend no less than the district expended in 2012-13. It should be noted that MOE compliance will be audited in 2014-15.

Adult Education Consortium

On or before March 1, 2015, the Chancellor of the California Community Colleges and the State Department of Education are required to submit a joint report to the Legislature and the Governor. This report shall include, but is not limited to, all of the following:

- The plans developed by the regional consortia across the state
- Recommendations for additional improvements in the delivery system serving adult learners.

By 2016-17, consortiums would need to develop full articulation agreements between Adult Education coursework and Career Technical Education coursework or college coursework. The intent is to coordinate curriculum to affect a seamless entry and exit for students from K-12 to community college and to prevent students from needing to repeat any coursework.

Additional information on the Adult Education Consortium can be found at:

<http://ab86.cccco.edu/Home.aspx>

LCFF Revenue Projections

The County Office LCFF revenue runs are used to validate district budget revenue projections. *It is strongly recommended that districts utilize these updated County Office LCFF revenue runs to project estimated revenues for 2014-15 First Interim Reports and multi-year projections. Our review will compare the districts' projections against that data.*

Education Protection Account (EPA)

Proposition 30 provided for the following temporary tax increases to fund education.

- Temporary increase in the State sales tax of 0.25 percent through December 31, 2016
- Temporary increase in the income tax rate for the State's wealthiest taxpayers of up to 3.0 percent through December 31, 2018

It is projected that these tax increases will generate up to \$7.6 billion per year through 2018 and is currently estimated at \$7.4 billion for 2014-15. The EPA was established as the vehicle to collect and disburse funds generated by the temporary tax increases. School districts, charter schools, county offices of education and community colleges will receive revenues from the EPA on a quarterly basis.

EPA funds should be accounted for in Resource Code 1400 - Education Protection Account, and Object Code 8012 - Education Protection Account Entitlement. Districts may not use EPA funds for administrative costs. A complete list of function codes that are prohibited for EPA expenditures can be found on the CDE's website at:

www.cde.ca.gov/fg/ac/ac/sacsfaq.asp

Similar to local property taxes, districts' State Aid is reduced by one dollar for each dollar received from the EPA. The EPA becomes, in essence, a third revenue component in addition to local property tax revenue and State Aid.

While each quarterly payment will be adjusted for actual receipts, it is recommended at this time that districts anticipate EPA revenues in 2014-15 in equal quarterly payments. The CDE has released specific 2014-15 EPA estimates with the Advance Apportionment posted at:

www.cde.ca.gov/fg/aa/pa/pa1415.asp

Reporting Requirements

Proposition 30 required that each agency use the new revenues for any purpose excluding administration. The Governing Board shall make the spending determination of these funds in an open session of a public meeting. Furthermore, each agency must annually publish on its website an accounting of how much money was received from the EPA and how that money was spent. The State Controller's Office (SCO) released a letter dated October 11, 2013, requesting the name and contact information of the district's CFO as well as the link to the district's website that listed the EPA expenditures. Refer to Urgent Bulletin No. 3699 dated October 29, 2013.

CALPADS

The Fall 1 certification deadline is December 17, 2014. The Fall 1 amendments window closes on February 13, 2015. Additional functionality has been added to CALPADS, including identification of foster youth enrolled in LEAs based on a state-wide match as well as certification report of County Offices of Education (COEs) for students who will be funded through the COE. CALPADS data have become critical to funding, accountability and assessment functions. The unduplicated count of disadvantaged students reported in *CALPADS feeds the supplemental and concentration grant portions of the LCFF. Therefore it is extremely important that Districts ensure that this data is up-to-date and accurate.*

K-3 Grade Span Adjustment (GSA)

The former K-3 CSR program became a 10.4 percent K-3 GSA to the LCFF base grant to support lowering class sizes in grades kindergarten through 3. Unless there is a collectively bargained alternative ratio in place, districts must ensure all school site average class enrollment ratios meet the target ratio of 24:1 (rounded to the nearest half or whole integer), or that they are making progress to close the K-3 class size gap in proportion to progress toward closing the LCFF entitlement gap, as a condition of apportionment. Districts that fail to meet the above requirements at each school site will lose 100 percent of this additional funding in that fiscal year. The K-3 GSA will be included in the 2014-15 Audit Guide.

Local Control Accountability Plan (LCAP) Changes

In September 2014 the State Board of Education (SBE) approved changes to the LCAP template and the regulations governing use of Supplemental and Concentration funds. We will communicate additional governing information and provide the final approved template and regulations once available. In the interim, some of the key changes are as follows:

- The LCAP and Annual Update Template was revised to incorporate the previous Sections 2 and 3 into one section that addresses, goals, annual outcomes, actions, services and expenditures for all students and subgroups, and the additional actions, services and expenditures for unduplicated pupils only.

- The Annual Update section was revised to include: anticipated outcomes and actual outcomes; planned actions/services and expenditures and actual actions/services and expenditures; changes in actions services and expenditures for the upcoming LCAP years based on a review of progress.

We recommend that districts continue monitoring progress towards meeting the goals as well as expenditure plans against their submitted LCAP, as well as make necessary adjustments and/or amendments as required. The CCSESA LCAP Approval Manual will be revised to reflect the changes adopted by the SBE in the coming months. In the meantime, you can find the proposed permanent regulations and LCAP template on the SBE website at:

<http://www.cde.ca.gov/be/>

CASH FLOW PROJECTIONS

Inter-Year Principal Apportionment Deferrals

In the May Revision, the Governor proposed to eliminate all cross-year deferrals in 2014-15. However, the Enacted Budget increased the LCFE implementation funding, lowered revenue projections as well as reprioritized other funds, and thus leaving an estimated \$1 billion in outstanding deferrals. There is, however, a trigger provision tied to the General Fund that would direct revenue collected in excess of the current forecasted level be used to buy back the remaining deferrals. Remember, deferral buy downs constitute one-time cash and not additional revenues. We currently recommend districts continue to project 2014-15 inter-year deferrals as indicated in the table below.

2014-15 Inter-year Deferral			
Timeframe	Exemption Available?	Amount	Principal Apportionment Payment Impact
June 2015 to July 2015	Yes	\$897 million	32.39%

Attached is a Principal Apportionment Payment Schedule that reflects the adjustments to the “5-5-9” schedule resulting from the above deferral (Attachment No. 3).

Cash Management Planning

Districts should not include revenue sources in their First Interim Report projection that are of a contingent or speculative nature. Examples of speculative revenue would be pre-election bond or parcel tax proceeds and non-contractual donations from foundations or cities. Districts are also cautioned against including cost savings pending negotiations in their financial projections, including furlough days, salary and/or benefit rollbacks, freeze on step and column. Districts that elect to include these contingent cost savings/revenues should adopt an alternate plan to address the budget shortfalls that may occur if these actions don’t take place. Districts are reminded to keep as many options open as possible when preparing for the remainder of 2014-15, 2015-16 and 2016-17.

Districts should ensure they have appropriate Board resolutions to authorize interfund and County Treasurer borrowing, and that the caps are appropriately set (i.e., are high enough to meet identified cash needs). For additional information regarding cash borrowing, please refer to Informational Bulletin No. 3835, dated May 29, 2014, issued by the Division of School Financial Services, which is available on our website.

RESERVE REQUIREMENTS

Cash management challenges make it even more imperative that districts consider reserve levels greater than the minimums required within the State's Criteria and Standards. Reserves are especially critical in order to have sufficient cash to meet payroll and other obligations.

Senate Bill (SB) 858 (Chapter 32/Statutes 2014) establishes new transparency requirements and contains a provision that would place a hard cap on the combined assigned and unassigned unrestricted ending fund balance. The hard cap requirements were dependent upon the passage of Proposition 2, the Rainy Day Fund, in November 2014. Additional details of the new reserve requirements are listed below.

Public Hearing Requirements for Reserves in Excess of Minimum Reserves

Beginning with budgets adopted by a school district for 2015-16, a district's public hearing for budget adoption includes the following for review and discussion:

- The minimum recommended Reserve for Economic Uncertainties (REU) for each fiscal year identified in the budget;
- The combined assigned and unassigned ending fund balances of the General Fund (Fund 01) and Special Reserve Fund (Fund 17), that are in excess of the minimum recommended REU for each fiscal year; and
- A statement of reasons that substantiates the need for an assigned and unassigned ending fund balance in excess of the minimum recommended REU for each fiscal year.

The Governing Board of a school district shall include this information each time it files an adopted budget with the County Office. The County Office shall determine whether a school district's adopted budget complied with these requirements.

Rainy Day Reserve Deposit Triggers Cap on District Reserves

Voters approve Proposition 2 in November 2014, to create a Public School System Stabilization Account (Proposition 98 Rainy Day Reserve). However, contributions to the reserve are unlikely to happen for several years and are likely to be infrequent. For a contribution to the reserve to occur, all of the following must be true:

1. All Proposition 98 owed maintenance factor amounts outstanding as of 2013-14 (\$6.6 billion) must have been paid to schools;
2. Capital gains taxes must be greater than 8% of state general fund revenue (capital gains taxes have exceeded 8% seven times in the past 16 years);
3. Proposition 98 must be calculated using Test 1 (Since the passage of Proposition 98 in 1988, Test 1 has only been used in 1988-89, 2011-12, and 2012-13); and
4. Proposition 98 must not be suspended (has been suspended twice: 2004-05 and 2010-11).

If all the above conditions are met, and a transfer is made to the Public School System Stabilization Account, then the reserve cap provisions come into effect. In the fiscal year immediately after a transfer is made, a school district's adopted or revised budget is prohibited from containing a combined assigned or unassigned ending fund balance in excess of either two times (for schools with 400,000 ADA or less) or three times (for schools with 400,001 ADA or more) the minimum required REU.

County Office May Exempt Districts from Reserve Cap

The County Office may waive the prohibition, pursuant to specified conditions, for up to two consecutive fiscal years within a three-year period if the school district provides documentation indicating that extraordinary fiscal circumstances substantiate the need for the additional reserves. Documentation indicating extraordinary fiscal circumstances may include, but is not limited to, multi-year infrastructure or technology projects. As a condition of receiving a waiver, a school district shall do all of the following:

- Provide a statement that substantiates the need for an assigned and unassigned ending fund balance in excess of the minimum recommended REU;
- Identify the revenue or expense funding amounts in the budget adopted by the school district that are associated with the extraordinary fiscal circumstances; and
- Provide documentation that no other fiscal resources are available to fund the extraordinary fiscal circumstances.

The cap on reserves will become operative on December 15, 2014, only if Proposition 2 is approved by the voters at the November 4, 2014, statewide general election. If Proposition 2 is not approved by the voters, the cap on reserves will not become operative and will be repealed on January 1, 2015.

Retirement - CalSTRS Rates

AB 1469 increases the contribution rates that employers, employees and the state pay to support the State Teachers Retirement System. The rate for employers is **8.88 percent** for 2014-15.

Employer rates will continue to increase until 2020-21 and are expected to bring the underfunded retirement system (currently estimated at \$74.4 billion) to full funding in 31 years.

CalSTRS Rates

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Employer	8.88%	10.73%	12.58%	14.43%	16.28%	18.13%	19.10%

Retirement - CalPERS Rates

The CalPERS adjustment to district revenue limits was eliminated with the implementation of the LCFF. Therefore, any increases in the CalPERS contribution rate have a direct impact on the local agency budget. The rate for employers is **11.77 percent** for 2014-15.

Districts are advised to use the rates below when revising their 2014-15 budgets and multi-year projections. The LAO estimates the increased contribution state-wide will be 175 million in 2014-15 rising to 3.75 billion in 2020-21.

CalPERS Rates

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Employer	11.77%	12.60%	15.00%	16.60%	18.20%	19.90%	20.40%

Common Core Implementation

Funding for Common Core implementation was estimated to be \$200 per ADA for all school districts, county offices and charter schools. These funds were apportioned in August 2013 (50 percent) and October 2013 (50 percent) and districts were allowed to encumber funds any time during the 2013-14 and 2014-15. Funds can be used for professional development, instructional materials and investments in technology to support Common Core implementation.

The adoption of a two-year spending plan was required prior to the expenditure of the Common Core funding. Per AB 86, LEAs are required to “Develop and adopt a plan delineating how funds ... shall be spent. The plan shall be explained in a public meeting of the governing board ... before its adoption in a subsequent public meeting.” In addition, LEAs will be required to submit detailed expenditure reports on the use of the funds to the California Department of Education (CDE) on or before July 1, 2015. For information concerning the implementation of CCSS please contact:

Yolanda Benitez
 Assistant Superintendent Education Services
 Benitez_Yolanda@lacoed.edu

562-922-6129

Mandated Block Grant (MBG)

The 2014-15 State Budget provided \$218.2 million for the MBG, a \$1.6 million increase to align with revised ADA estimates. The rates continue to be separated into grade span-specific rates, with grades 9-12 receiving higher amounts based on the inclusion of the Graduation Requirement mandate. See the table below for the per-ADA rates.

Grade Span	School District Rates	Charter School Rates	COE Rates
K-8	\$28	\$14	\$29
9-12	\$56	\$42	\$57

We recommended that school districts continue to adhere to all mandate requirements, and districts that opt out of the MBG should continue to budget revenue on a cash basis. LEAs that opted in to the MBG can budget this revenue. Funds are typically received in November. Districts that do not opt to receive funding through the MBG would continue to collect data and submit for reimbursement.

A complete list of programs covered under the block grant can be found on the Mandate Block Grant Request for Application web page at:

<http://www.cde.ca.gov/fg/fo/r14/mandatebg12rfa.asp>.

Mandated Costs

The 2014-15 State Budget also included \$400 million in one-time funds to pay down a portion of the debt owed to LEAs for mandated cost reimbursement. The intent is that the LEA prioritizes these funds for CCSS implementation, but this is not a requirement, and the funds may be used for any purpose as determined by the district's Governing Board. The distribution of the mandate reimbursement is on a per-ADA basis, currently estimated at \$67 per ADA, and will be apportioned **regardless of whether or not the LEA had any prior year claims**.

Proposition 39: California Clean Energy Jobs Act

For 2014-15, the program provides \$279 million for K-12 schools. In addition, \$28 million will be available to borrow through the Energy Conservation Assistance Act (ECAA) loan program.

For eligible LEAs, the deadline for submitting Expenditure Plans for 2013-14 ended on August 31, 2014. Plans for 2014-15 will be considered starting September 1, 2014. Additional information can be found on the California Energy Commission (CEC) website:

www.energy.ca.gov

Basic Aid School District

Basic aid districts are defined as districts having property taxes in excess of their revenue limit entitlement. The LCFF language states the determination of a basic aid district is made exclusive of funds received through EPA and further excludes revenues received through the LCFF hold harmless calculation. Under the LCFF, a basic aid district is defined as a district that does not receive state aid to fund the base entitlement for transition to the LCFF or any portion of the LCFF at full implementation.

Under LCFF, basic aid districts will receive minimum state funding of no less than the amount received in 2012-13. The hold harmless amount will be calculated based on the categorical allocation net of a 8.92 percent fair share reduction. However, the fair share reduction is limited by the district's property taxes in excess of the 2012-13 revenue limits and by the total of all categoricals enumerated by the LCFF.

Several districts became basic aid in 2012-13 by virtue of one-time RDA revenue. However, no allowance is made for the one-time nature of this distribution and basic aid districts are still subject to the fair share reduction.

Basic Aid Districts Reserves

It is important for basic aid districts to carry higher-than-minimum reserves. Dependency on property taxes means dependency on assessed property values. Greater-than-minimum reserves provide a buffer in the event that assessed values fall short of projections. Due to the continuing economic uncertainties and their impact on assessed values, reserves are more critical than ever before. Moreover, basic aid districts whose student population is growing do not receive additional funding. For these reasons and the growing loss from "fair share" reductions, higher-than-minimum reserves are important.

Proposition 30 Impact on Basic Aid Districts

Proposition 30 guarantees a minimum of \$200 per ADA in revenue from the newly-established Education Protection Account (EPA). The EPA is the vehicle for collecting and distributing revenues from the temporary tax increases authorized by Proposition 30. This means that basic aid districts will receive at least \$200 per ADA in revenue from the EPA. However, some districts may become basic aid and receive no State Aid as a result of the implementation of the EPA. In these cases, the \$200 per ADA minimum may simply replace State Aid and not represent additional funding.

Charter Schools

Similar to districts, charters will receive a base rate for each of the four grade spans as well as augmentation funding for the K-3 GSA for class size reductions and 9-12 GSA for FTE. However, charter schools are not subject to the 24:1 class size requirement as a condition of apportionment. In addition, supplemental and concentration grant percentages will be limited to the percentage associated with the school district where the charter school physically resides.

Lastly charter schools are required to develop an LCAP focusing on the eight key State priorities that are applicable for the grade levels served at the charter, or the nature of the program operated. The charter school must also consult with its community in developing and annually revising its LCAP. The LCAP must be reviewed and revised annually by the charter's governing body and submitted to its authorizer.

School-Based Medi-Cal Administrative Activities (SMAA)

In September 2014, the California Department of Health Care Services (DHCS) announced that the Federal Centers for Medicare and Medicaid (CMS) agreed to end the current DHCS Reasonableness Test Criteria (RTC) comprehensive review process, effective immediately. CMS has also agreed to an interim process by which schools will receive a percentage of their claims, with a recasting (reconciliation) to occur one the Random Moment Time Study (RMTS) process if implemented and there are a sufficient number of quarters with which to back cast. This methodology will be implemented for all deferred periods, paid and unpaid.

The DHCS also held a conference call to let local educational agencies (LEAs) know what percentages schools might receive based on the deferred claims and what a sufficient number of RMTS quarters would be used for the recasting (reconciliation). As of this writing, DHCS has not published this information formally.

A draft of the RMTS implementation timeline is available at:

<http://www.dhcs.ca.gov/provgovpart/Pages/RMTSimplementationtimeline.aspx>

Please contact Octavio Castelo at Castelo_Octavio@lacoed.edu or (562) 922-6144, your Regional MAA Coordinator, for further information regarding the new survey methodology scheduled to start January 1, 2015.

CATEGORICAL PROGRAMS

Most categorical programs have been incorporated into the LCFF.

Categorical Flexibility

- The Routine Restricted Maintenance Account (RRMA) contribution, per Education Code (EC) Section 17070.75, continues under the LCFF. Districts receiving general obligation bond funding must continue to set aside three percent of general fund expenditures in a RRMA. This requirement continues for 20 years from receipt of School Facility Program funds. The flexible reduction of required contributions into the RRMA from three percent to one percent of a district's General Fund expenditures is continued through 2014-15. **However, the required contribution rate will revert back to three percent beginning 2015-16.**

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	A	L	P	T
		Projected 2014-15	Projected 2015-16	Projected 2016-17
1				
6	Total Projected ADA	3,060.65	3,060.65	3,060.65
13	Total CBEDS Enrollment Projection	3,142	3,142	3,142
15	Unduplicated Count	350	350	350
16	Percent over CBEDS	11.14%	11.14%	11.14%
18	Projected Funded Average Daily Attendance (ADA)			
19	Grades TK - 3	700.40	700.07	700.07
20	Grades 4 - 6	694.61	694.46	694.46
21	Grades 7 - 8	529.29	530.89	530.89
22	Grades 9 - 12	1,146.87	1,135.23	1,135.23
23	Total Funded ADA Projection	3,071.17	3,060.65	3,060.65
25	Projected COLA	0.850%	2.190%	2.140%
27	Projected Base Grant			
28	Grades TK - 3	7,011.09	7,164.63	7,317.95
29	Grades 4 - 6	7,116.00	7,271.84	7,427.46
30	Grades 7 - 8	7,328.00	7,488.48	7,648.73
31	Grades 9 - 12	8,490.56	8,676.50	8,862.18
38	TARGET - Base Grant	23,469,618	23,891,127	24,402,398
43	TARGET - Augmentation Grants	763,876	777,732	794,376
48	TARGET - Supplemental Grant	522,474	537,781	561,384
53	TARGET - Transportation/TIIG Grants	189,651	189,651	189,651
54	TARGET - LCFF FUNDING	24,945,619	25,396,291	25,947,809
71	LCFF Funding			
72	Hold Harmless - PY Funded RL/ADA x CY ADA	17,079,183	18,808,398	19,798,972
73	Hold Harmless - 12/13 Categorical Programs	1,797,885	1,797,885	1,797,885
74	GAP Funding (Target LCFF less Hold Harmless x %)	1,793,864	990,574	1,108,621
75	TOTAL LCFF FUNDING	20,670,932	21,596,857	22,705,478
76				
77	Informational Only			
78	Property Taxes	11,027,110	11,027,110	11,027,110
79	EPA (Educational Protection Act)	3,592,274	3,997,631	4,137,199
80	State Aid	6,051,548	6,572,116	7,541,169
81	Total Funded Revenue Limit/LCFF	20,670,932	21,596,857	22,705,478
82				
83	LCAP Proportionality			
89	Funded portion of Increase in Supplemental Grant	121,734	63,155	67,736
90	Total Funding for Unduplicated Count	232,388	295,543	363,279
92	Proportionality Percentage for Unduplicated Count	1.15%	1.40%	1.64%
93				
94	Projected Federal Income			

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	A	L	P	T
1		Projected 2014-15	Projected 2015-16	Projected 2016-17
95	Title I	158,220	158,220	158,220
96	Title I - PY Carryover	74,906	-	-
98	Special Ed - Local Assistance	460,709	460,709	460,709
99	Special Ed - Federal Preschool	5,090	5,090	5,090
100	Special Ed - Preschool Local Entitlement	9,532	9,532	9,532
101	Special Ed - Mental Health Funding	32,768	32,768	32,768
102	Special Ed - Preschool Staff Development	55	55	55
103	Title II - Teacher Quality	61,410	61,410	61,410
104	Title III - Immigrant Education Program	24,076	24,076	24,076
105	Title III - Limited English Proficiency Program	21,359	21,359	21,359
106	TOTAL PROJECTED FEDERAL REVENUE	848,125	773,219	773,219
107				
108	Projected Other State Revenue			
109	Lottery Revenue	536,778	481,955	481,955
110	Mandate Block Grant	323,134	118,183	118,183
111	Misc. State Income	2,068		
114	Special Ed - Mental Health Funding	172,693	172,693	172,693
116	TOTAL PROJECTED OTHER STATE REVENUE	1,034,673	772,831	772,831
117				
118	Projected Other Local Revenue			
122	Subtotal - Special Education Funds	2,066,008	2,066,008	2,066,008
128	ROP Funds	387,139	-	-
132	Parcel Tax Funds	5,472,604	5,514,710	5,625,000
136	SMSF Funds	2,507,289	2,250,000	2,250,000
156	Other Local Income	1,877,702	1,043,244	1,043,244
157	TOTAL PROJECTED OTHER LOCAL REVENUE	12,310,742	10,873,962	10,984,252
158	TOTAL PROJECTED REVENUE	34,864,472	34,016,869	35,235,780
160	Projected Expenditures			
161	Certificated Salaries	16,158,536	16,026,331	16,241,331
162	Certificated Step/Column	-	215,000	215,000
163	Classified Salaries	7,666,773	7,521,380	7,641,380
164	Classified Step/Column	-	120,000	120,000
165	Employee Benefits	6,422,043	6,356,637	5,771,904
166	Employee Benefits related to Step/Column	-	55,000	55,000
167	Increase in STRS/PERS Rates	-	360,267	481,302
168	Book and Supplies	3,337,145	1,532,291	656,961
169	Operating Services	3,701,549	2,774,445	1,774,445
170	Equipment	686,295	84,004	84,004
171	Other Outgo	75,000	75,000	75,000
172	Indirect Support	-	-	-
173	TOTAL EXPENDITURES	38,047,341	35,120,355	33,116,327

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	A	L	P	T
1		Projected 2014-15	Projected 2015-16	Projected 2016-17
175	Excess/(Deficiency) of Revenue over Expenditures	(3,182,869)	(1,103,486)	2,119,453
177	Other Financing Sources/Uses			
178	Transfer in from Health & Welfare Fund	522,290	-	-
179	Transfer to Health & Welfare Fund	(168,823)	-	-
180	Transfer to Capital Projects Fund	(15,125)	(15,500)	(15,500)
182	Contribution to Special Education	-	-	-
183	Contribution to Routine Restricted Maintenance	-	-	-
184	TOTAL OTHER SOURCES/(USES)	338,342	(15,500)	(15,500)
186	Net Increase/(Decrease) in Fund Balance	(2,844,527)	(1,118,986)	2,103,953
188	Projected Beginning Balance July 1	7,982,059	5,137,532	4,018,546
191	Projected Ending Balance June 30	5,137,532	4,018,546	6,122,499
193	Components of Ending Fund Balance			
194	Designated for Economic Uncertainties Percentage	5.00%	5.00%	5.00%
195	Designated for Economic Uncertainties - 5%	2,059,610	1,806,322	1,811,080
196	Assigned for Carryover	1,104,621	1,104,621	1,104,621
197	Assigned for Carryover - Future Year	1,856,272	-	-
200	Assigned Balance - GAP Funding 15/16	-	990,574	1,981,148
201	Assigned Balance - GAP Funding 16/17	-	-	1,108,621
202	Revolving Fund	100,000	100,000	100,000
203	Talent Bank Revolving Fund	15,000	15,000	15,000
204	Warehouse Stores	2,029	2,029	2,029
205				
206	Unappropriated Amount	-	-	-

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	A	I	J	K	L	M	N	O	P	Q	R	S	T
	Unrestricted	Special Education	Restricted	Projected 2014-15	Unrestricted	Special Education	Restricted	Projected 2015-16	Unrestricted	Special Education	Restricted	Projected 2016-17	
1													
2	2,965.14	88.07		3,053.21	2,965.14	88.07		3,053.21	2,965.14	88.07		3,053.21	
3		7.44		7.44		7.44		7.44		7.44		7.44	
4													
5													
6	2,965.14	95.51		3,060.65	2,965.14	95.51		3,060.65	2,965.14	95.51		3,060.65	
7													
8	SMUSD	NPS											
9	726	1		727	727			727	727			727	
10	692	1		693	693			693	693			693	
11	527	1		528	528			528	528			528	
12	1,189	5		1,194	1,194			1,194	1,194			1,194	
13	3,134	8		3,142	3,142			3,142	3,142			3,142	
14													
15	350			350	350			350	350			350	
16	11.14%			11.14%	11.14%			11.14%	11.14%			11.14%	
17													
18	Projected Funded Average Daily Attendance (ADA)												
19	680.07	18.75	1.58	700.40	680.03	20.04		700.07	680.03	20.04		700.07	
20	670.07	23.48	1.06	694.61	669.88	24.58		694.46	669.88	24.58		694.46	
21	512.86	15.94	0.49	529.29	512.89	18.00		530.89	512.89	18.00		530.89	
22	1,102.34	29.97	14.56	1,146.87	1,102.34	32.89		1,135.23	1,102.34	32.89		1,135.23	
23	2,965.34	88.14	17.89	3,071.17	2,965.14	95.51		3,060.65	2,965.14	95.51		3,060.65	
24													
25	0.850%			0.850%	2.190%			2.190%	2.140%			2.140%	
26													
27	Projected Base Grant												
28	7,011.09			7,011.09	7,164.63			7,164.63	7,317.95			7,317.95	
29	7,116.00			7,116.00	7,271.84			7,271.84	7,427.46			7,427.46	
30	7,328.00			7,328.00	7,488.48			7,488.48	7,648.73			7,648.73	
31	8,490.56			8,490.56	8,676.50			8,676.50	8,862.18			8,862.18	
32													
33	TARGET BASE GRANT												
34	4,910.567			4,910.567	5,015.743			5,015.743	5,123.077			5,123.077	
35	4,942.845			4,942.845	5,050.002			5,050.002	5,158.074			5,158.074	
36	3,878.637			3,878.637	3,975.559			3,975.559	4,060.634			4,060.634	
37	9,737,569			9,737,569	9,849,823			9,849,823	10,060,613			10,060,613	
38	23,469,618			23,469,618	23,891,127			23,891,127	24,402,398			24,402,398	
39													
40	TARGET AUGMENTATION GRANTS												
41	510,699			510,699	521,637			521,637	532,800			532,800	
42	253,177			253,177	256,095			256,095	261,576			261,576	
43	763,876			763,876	777,732			777,732	794,376			794,376	
44													
45	TARGET SUPPLEMENTAL GRANT												
46	4,846,699			4,846,699	4,933,772			4,933,772	5,039,355			5,039,355	
47	10,789			10,789	10,909			10,909	11,149			11,149	
48	522,474			522,474	537,781			537,781	561,384			561,384	
49													
50	TARGET TRANSPORTATION & TIIG GRANTS												

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	A	I	J	K	L	M	N	O	P	Q	R	S	T
	Unrestricted	Special Education	Restricted	Projected 2014-15	Unrestricted	Special Education	Restricted	Projected 2015-16	Unrestricted	Special Education	Restricted	Projected 2016-17	
1													
2													
51	Transportation Grant	27,727			27,727			27,727	27,727				27,727
52	TIG Grant	161,924			161,924			161,924	161,924				161,924
53	TARGET - Transportation/TIG Grants	189,651			189,651			189,651	189,651				189,651
54	TARGET - LCFF FUNDING	24,945,619			24,945,619			25,396,291	25,947,809				25,947,809
55													
56	HOLD HARMLESS CALCULATION												
57	Prior Year Revenue Limit/LCFF Funding	17,167,143			17,167,143			18,873,047	19,798,972				19,798,972
58	Prior Year Funded ADA	3,086.99			3,086.99			3,071.17	3,060.65				3,060.65
59	Hold Harmless Revenue Limit per ADA	5,561.13			5,561.13			6,145.23	6,488.88				6,488.88
60	Current Year Funded ADA	3,071.17			3,071.17			3,060.65	3,060.65				3,060.65
61	Hold Harmless Revenue Limit/LCFF Funding	17,079,183			17,079,183			18,808,398	19,798,978				19,798,978
62													
63	GAP FUNDING												
64	TARGET - LCFF FUNDING	24,945,619			24,945,619			25,396,291	25,947,809				25,947,809
65	Hold Harmless - Revenue Limit/LCFF Funding	(17,079,183)			(17,079,183)			(18,808,398)	(19,798,978)				(19,798,978)
66	Hold Harmless - Categorical Funding	(1,797,885)			(1,797,885)			(1,797,885)	(1,797,885)				(1,797,885)
67	Difference	6,068,551			6,068,551			4,790,008	4,350,946				4,350,946
68	GAP Funding Percentage	29.56%			29.56%			20.68%	25.48%				25.48%
69	GAP FUNDING	1,793,864			1,793,864			990,574	1,108,621				1,108,621
70													
71	LCFF Funding												
72	Hold Harmless - PY Funded RI/ADA x CY ADA	17,079,183			17,079,183			18,808,398	19,798,972				19,798,972
73	Hold Harmless - 12/13 Categorical Programs	1,797,885			1,797,885			1,797,885	1,797,885				1,797,885
74	GAP Funding (Target LCFF less Hold Harmless x %)	1,793,864			1,793,864			990,574	1,108,621				1,108,621
75	TOTAL LCFF FUNDING	20,670,932			20,670,932			21,596,857	22,705,478				22,705,478
76													
77	Informational Only												
78	Property Taxes	11,027,110			11,027,110			11,027,110	11,027,110				11,027,110
79	EPA (Educational Protection Act)	3,592,274			3,592,274			3,997,631	4,137,199				4,137,199
80	State Aid	6,051,548			6,051,548			6,572,116	7,541,169				7,541,169
81	Total Funded Revenue Limit/LCFF	20,670,932			20,670,932			21,596,857	22,705,478				22,705,478
82													
83	LCAP Proportionality												
84	Current Year LCFF Funding	20,670,932			20,670,932			21,596,857	22,705,478				22,705,478
85	Transportation and TIG Funding	189,651			189,651			189,651	189,651				189,651
86	Supplemental Concentration Grant at Target	522,474			522,474			537,781	561,384				561,384
87	Prior Year Funds spent - Unduplicated Count	110,654			110,654			232,388	295,543				295,543
88	Difference	411,820			411,820			305,393	265,841				265,841
89	Funded portion of increase in Supplemental Grant	121,734			121,734			63,155	67,736				67,736
90	Total Funding for Unduplicated Count	232,388			232,388			295,543	363,279				363,279
91	Current Year Funding Available for all Students	20,248,893			20,248,893			21,111,663	22,152,548				22,152,548
92	Proportionality Percentage for Unduplicated Count	1.15%			1.15%			1.40%	1.64%				1.64%
93													
94	Projected Federal Income												
95	Title I	158,220			158,220			158,220	158,220				158,220
96	Title I - PY Carryover	74,906			74,906			-	-				-
98	Special Ed - Local Assistance	460,709			460,709			460,709	460,709				460,709
99	Special Ed - Federal Preschool	5,090			5,090			5,090	5,090				5,090

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	A	I	J	K	L	M	N	O	P	Q	R	S	T
	Unrestricted	Special Education	Restricted	Projected 2014-15	Unrestricted	Special Education	Restricted	Projected 2015-16	Unrestricted	Special Education	Restricted	Projected 2016-17	
1													
2													
100	Special Ed - Preschool Local Entitlement			9,532				9,532					9,532
101	Special Ed - Mental Health Funding			32,768				32,768					32,768
102	Special Ed - Preschool Staff Development			55				55					55
103	Title II - Teacher Quality			61,410				61,410					61,410
104	Title III - Immigrant Education Program			24,076				24,076					24,076
105	Title III - Limited English Proficiency Program			21,359				21,359					21,359
106	TOTAL PROJECTED FEDERAL REVENUE			848,125				773,219					773,219
107													
108	Projected Other State Revenue												
109	Lottery Revenue	418,400		536,778	363,577			481,955	363,577				481,955
110	Mandate Block Grant	323,134		323,134	118,183			118,183	118,183				118,183
111	Misc. State Income	2,068		2,068									
112	Prop 39 - Clean Energy Act												
113	Special Ed - State Preschool Grant												
114	Special Ed - Mental Health Funding			172,693				172,693					172,693
115	Common Core Implementation Funding (one-time)												
116	TOTAL PROJECTED OTHER STATE REVENUE	743,602		1,034,673	481,760			772,831	481,760				772,831
117													
118	Projected Other Local Revenue												
119	Special Education - Master Plan			1,566,008				1,566,008					1,566,008
120	SELPA Reimbursement (Regional Programs)			500,000				500,000					500,000
122	Subtotal - Special Education Funds			2,066,008				2,066,008					2,066,008
123													
124	ROP Classroom Allocation	251,250		251,250									
125	ROP Counselor Allocation	51,762		51,762									
126	ROP Lottery Allocation	15,629		15,629									
127	ROP Support Allocation	68,498		68,498									
128	Subtotal - ROP Funds	387,139		387,139									
129													
130	Parcel Tax Revenue - Measure E	3,939,710		3,939,710	3,939,710			3,939,710	4,000,000				4,000,000
131	Parcel Tax Revenue - Measure R	1,532,894		1,532,894	1,575,000			1,575,000	1,625,000				1,625,000
132	Subtotal - Parcel Tax Funds	5,472,604		5,472,604	5,514,710			5,514,710	5,625,000				5,625,000
133													
134	SMSF Annual Campaign	1,000,000		1,000,000	1,000,000			1,000,000	1,000,000				1,000,000
135	SMSF Excess Funds	1,507,289		1,507,289	1,250,000			1,250,000	1,250,000				1,250,000
136	Subtotal - SMSF Funds	2,507,289		2,507,289	2,250,000			2,250,000	2,250,000				2,250,000
137													
138	Use of Facilities Rental Income	300,000		300,000	300,000			300,000	300,000				300,000
139	Interest Earnings	80,000		80,000	80,000			80,000	80,000				80,000
140	Misc. Local Income - Donations	110,419		387,090									
141	Misc. Local Income - PT Affiliates												
142	Misc. Local Income - ASB Transfers			270,197	270,197								
143	Reimbursements - Curriculum Lab			15,000	15,000			15,000	15,000				15,000
145	Reimbursements - Talent Bank			84,097	84,097			84,097	84,097				84,097
146	Reimbursements - PTA Council (Curr Lab)			17,996	17,996			17,996	17,996				17,996
147	Reimbursements - Foundation Salary/Benefits			177,171	177,171								
148	Reimbursements - Carver PTA			231,972	231,972			231,972	231,972				231,972
149	Reimbursements - Carver Enrichment			8,047	8,047			8,047	8,047				8,047

**SAN MARINO UNIFIED SCHOOL DISTRICT
2014-15 LINE ITEM BUDGET SUMMARY and LONG RANGE FINANCIAL PROJECTION
FIRST INTERIM REPORT**

	A	I	J	K	L	M	N	O	P	Q	R	S	T
	Unrestricted	Special Education	Restricted	Projected 2014-15	Unrestricted	Special Education	Restricted	Projected 2015-16	Unrestricted	Special Education	Restricted	Projected 2016-17	
1													
2													
150	Reimbursements - Valentine PTA			233,772	233,772			233,772	233,772			233,772	233,772
151	Reimbursements - Huntington PTA												
152	Reimbursements - Huntington ASB												
153	Reimbursements - SMHS PTA			67,667	67,667			67,667	67,667			67,667	67,667
154	Reimbursements - SMHS ASB			4,693	4,693			4,693	4,693			4,693	4,693
155	Reimbursements - SMSF Major Gifts												
156	Subtotal - Other Local Income	490,419		1,387,283	1,877,702	380,000		1,043,244	1,043,244	380,000		663,244	1,043,244
157	TOTAL PROJECTED OTHER LOCAL REVENUE	8,857,451	2,066,008	1,387,283	12,310,742	8,144,710	2,066,008	663,244	10,873,962	8,255,000	2,066,008	663,244	10,984,252
158	TOTAL PROJECTED REVENUE	30,271,985	2,746,855	1,845,632	34,864,472	30,223,327	2,746,855	1,046,687	34,016,869	31,442,238	2,746,855	1,046,687	35,235,780
159													
160	Projected Expenditures												
161	Certificated Salaries	13,550,982	2,313,272	294,282	16,158,536	13,550,982	2,313,272	162,077	16,026,331	13,750,982	2,328,272	162,077	16,241,331
162	Certificated Step/Column					200,000	15,000		215,000	200,000	15,000		215,000
163	Classified Salaries	4,679,429	1,780,669	1,206,675	7,686,773	4,679,429	1,780,669	1,061,282	7,521,380	4,789,429	1,790,669	1,061,282	7,641,380
164	Classified Step/Column					110,000	10,000		120,000	110,000	10,000		120,000
165	Employee Benefits	4,670,022	1,325,057	426,964	6,422,043	4,670,022	1,325,057	361,558	6,356,637	4,080,289	1,330,057	361,558	5,774,904
166	Employee Benefits related to Step/Column					50,000	5,000		55,000	50,000	5,000		55,000
167	Increase in STRS/PERS Rates					360,267	481,302		360,267	481,302			481,302
168	Book and Supplies	1,893,250	71,864	1,372,031	3,337,145	996,381	71,864	464,046	1,532,291	121,051	71,864	464,046	656,961
169	Operating Services	2,162,870	642,541	896,138	3,701,549	1,685,614	642,541	446,290	2,774,445	685,614	642,541	446,290	1,774,445
170	Equipment	177,414		508,891	686,295			84,004	84,004			84,004	84,004
171	Other Outgo		75,000		75,000		75,000		75,000		75,000		75,000
172	Indirect Support	(41,634)	24,917	16,717		(41,634)	24,917	16,717		(41,634)	24,917	16,717	
173	TOTAL EXPENDITURES	27,092,333	6,233,320	4,721,688	38,047,341	26,261,061	6,263,320	2,595,974	35,120,355	24,227,033	6,293,320	2,595,974	33,116,327
174													
175	Excess/(Deficiency) of Revenue over Expenditures	3,179,652	(3,486,465)	(2,876,056)	(3,182,869)	3,962,266	(3,516,465)	(1,549,287)	(1,103,486)	7,215,205	(3,546,465)	(1,549,287)	2,119,453
176	Other Financing Sources/Uses												
177	Transfer in from Health & Welfare Fund				522,290								
178	Transfer to Health & Welfare Fund	(168,823)			(168,823)								
179	Transfer to Capital Projects Fund	(15,125)			(15,125)				(15,500)	(15,500)			(15,500)
180	Contribution to Special Education	(3,486,465)	3,486,465			(3,516,465)	3,516,465			(3,546,465)	3,546,465		
181	Contribution to Routine Restricted Maintenance	(1,549,287)	1,549,287			(1,549,287)	1,549,287			(1,549,287)	1,549,287		
182	TOTAL OTHER SOURCES/(USES)	(4,697,410)	3,486,465	1,549,287	338,342	(5,081,252)	3,516,465	1,549,287	(15,500)	(5,111,252)	3,546,465	1,549,287	(15,500)
183													
184	Net Increase/(Decrease) in Fund Balance	(1,517,758)		(1,326,769)	(2,844,527)	(1,118,986)			(1,118,986)	2,103,953			2,103,953
185	Projected Beginning Balance July 1	5,535,669	201,960	2,244,430	7,982,059	4,017,911	201,960	917,661	5,137,532	2,898,925	201,960	917,661	4,018,546
186	Projected Ending Balance June 30	4,017,911	201,960	917,661	5,137,532	2,898,925	201,960	917,661	4,018,546	5,002,878	201,960	917,661	6,122,499
187													
188	Components of Ending Fund Balance												
189	Designated for Economic Uncertainties Percentage	5.00%			5.00%	5.00%			5.00%	5.00%			5.00%
190	Designated for Economic Uncertainties - 5%	2,059,610		902,661	2,059,610	1,806,322		1,806,322	1,806,322	1,811,080			1,811,080
191	Assigned for Carryover		201,960	902,661	1,104,621		201,960	902,661	1,104,621		201,960	902,661	1,104,621
192	Assigned for Carryover - Future Year	1,856,272			1,856,272								
193	Assigned Balance - GAP Funding 15/16					990,574		990,574	990,574	1,981,148			1,981,148

**SAN MARINO UNIFIED SCHOOL DISTRICT
2014-15 LINE ITEM BUDGET SUMMARY and LONG RANGE FINANCIAL PROJECTION
FIRST INTERIM REPORT**

	A	I	J	K	L	M	N	O	P	Q	R	S	T
		Unrestricted	Special Education	Restricted	Projected 2014-15	Unrestricted	Special Education	Restricted	Projected 2015-16	Unrestricted	Special Education	Restricted	Projected 2016-17
1													
2													
201	Assigned Balance - GAP Funding 16/17	-	-	-	-	-	-	-	100,000	1,108,621	-	-	1,108,621
202	Revolving Fund	100,000	-	-	100,000	100,000	-	-	100,000	100,000	-	-	100,000
203	Talent Bank Revolving Fund	-	-	15,000	15,000	-	-	15,000	15,000	-	-	15,000	15,000
204	Warehouse Stores	2,029	-	-	2,029	2,029	-	-	2,029	2,029	-	-	2,029
205													
206	Unappropriated Amount	-	-	-	-	-	-	-	-	-	-	-	-

SAN MARINO UNIFIED SCHOOL DISTRICT
2014-15 Summary by Fund - First Interim Financial Report

Bd Mtg 12-09-14

A	B	C	D	E	F	G	H	I	J	L	M	N
1		Unrestricted	Restricted	Fund 01.0 COMBINED GENERAL FUND	Fund 13.0 Food Services	Fund 14.0 Deferred Maintenance	Fund 17.0 Health & Welfare Reserve	Fund 17.2 Cash Flow	Fund 25.0 Capital Facilities	Fund 40.0 Capital Projects & Impr.	Fund 51.0 Bond Interest & Redemption	Total
2												SUMMARY ALL FUNDS
3	Beginning Balance July 1, 2014	5,535,669	2,446,390	7,982,059	28,164	2,888,579	524,329	7,318,500	645,601	682,089	3,796,423	23,865,744
4												
5	Revenues											
6	State Revenues (LCFF)	20,670,932	-	20,670,932	-	-	-	-	-	-	-	20,670,932
7	Federal Revenue	-	848,125	848,125	95,000	-	-	-	-	-	-	943,125
8	Other State Revenue	743,602	291,071	1,034,673	6,000	-	-	-	-	-	-	1,040,673
9	Other Local Revenue	8,857,451	3,453,291	12,310,742	771,000	5,000	1,000	5,000	51,571	4,399	4,168,189	17,316,901
10	Total Revenues	30,271,985	4,592,487	34,864,472	872,000	5,000	1,000	5,000	51,571	4,399	4,168,189	39,971,631
11												
12	Expenditures											
13	Certificated Salaries	13,550,982	2,607,554	16,158,536	-	-	-	-	-	-	-	16,158,536
14	Classified Salaries	4,679,429	2,987,344	7,666,773	458,252	-	-	-	-	-	-	8,125,025
15	Employee Benefits	4,670,022	1,752,021	6,422,043	125,031	-	-	-	-	-	-	6,547,074
16	Supplies	1,893,250	1,443,895	3,337,145	306,344	-	-	-	-	8,853	-	3,652,342
17	Operating Services	2,162,870	1,538,679	3,701,549	(17,015)	100,000	-	-	100,000	46,760	-	3,931,294
18	Capital Outlay/Equipment	177,414	508,881	686,295	513	700,000	-	-	100,000	554,125	-	2,040,933
19	Other Outgo	-	75,000	75,000	-	-	-	-	-	-	4,171,105	4,246,105
20	Indirect Support	(41,634)	41,634	-	-	-	-	-	-	-	-	-
21	Total Expenditures	27,092,333	10,955,008	38,047,341	873,125	800,000	-	-	200,000	609,738	4,171,105	44,701,309
22												
24	Other Financing Sources/Uses	(4,697,410)	5,035,752	338,342	-	-	(353,467)	-	-	15,125	-	-
25												
26	Net Incr/Decr in Fund Balance	(1,517,758)	(1,326,769)	(2,844,527)	(1,125)	(795,000)	(352,467)	5,000	(148,429)	(590,214)	(2,916)	(4,729,678)
27												
28	Projected Balance June 30, 2015	4,017,911	1,119,621	5,137,532	27,039	2,093,579	171,862	7,323,500	497,172	91,875	3,793,507	19,136,066
29												
30	Components of Ending Fund Balance:											
31	Revolving Cash	100,000	-	100,000	612	-	-	-	-	-	-	100,612
32	Talent Bank	-	15,000	15,000	-	-	-	-	-	-	-	15,000
33	Stores	2,029	-	2,029	13,093	-	-	-	-	-	-	15,122
34	Assigned for Food Svc Operations	-	-	-	13,334	-	-	-	-	-	-	13,334
35	Assigned for Def. Maint. Projects	-	-	-	-	2,093,579	-	-	-	-	-	2,093,579
36	Assigned for H&W Increase	-	-	-	-	-	171,862	-	-	-	-	171,862
37	Assigned for Cash Flow	-	-	-	-	-	-	7,323,500	-	-	-	7,323,500
38	Assigned for Capital Projects	-	-	-	-	-	-	-	497,172	91,875	-	589,047
39	Assigned for Econ. Uncertainties	2,059,610	-	2,059,610	-	-	-	-	-	-	-	2,059,610
40	Assigned for Carryover - Future Year	1,856,272	1,104,621	2,960,893	-	-	-	-	-	-	-	2,960,893
42	Assigned for Bond Int. & Redemption	-	-	-	-	-	-	-	-	-	3,793,507	3,793,507
43	Unappropriated Amount	-	-	-	-	-	-	-	-	-	-	-