

**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 13, 2016

Subject: 2016-17 FIRST INTERIM FINANCIAL REPORT AND LONG RANGE FINANCIAL PROJECTIONS FOR 2017-18 AND 2018-10 FISCAL YEARS

The 2016-17 First Interim Financial Report and the Long Range Financial Projection Report “First Interim” is presented to the Board of Education for approval. It is recommended that the Board of Education approve a “Positive Certification,” declaring that the District will be able to meet its financial obligations for the current 2016-17 fiscal year as well as the subsequent two fiscal years (2017-18 and 2018-19) based on the District’s financial assumptions.

AB 1200 Reporting Requirements

The District is required under AB 1200 (Chapter 1213/1991) and Education Code Section 35035 to submit two interim financial reports during each fiscal year to the Los Angeles County Office of Education and to the California Department of Education (CDE). These laws require county offices and the CDE to closely monitor and review school district budgets and financial projections.

Development of Financial Reports

The information presented in the First Interim Financial Report includes actual and projected financial information for the General Fund as of October 31, 2016.

The 2016-17 First Interim Financial Report and Long-Range Financial Projections were developed based on the the Los Angeles County Office of Education’s Projections for fiscal years 2017-18 through 2018-19.

Under the Local Control Funding Formula (LCFF), the funding formulas for K-12 Education were significantly changed. Although state revenues increased as a result of Proposition 30 and are expected to continue at the same level as a result of Proposition 51, the majority of additional state funding is allocated to school districts with high levels of students who qualify for free and reduced lunch, English learners and foster youth.

The goal of the LCFF is to provide for more flexibility at the local level, transparency of the budget development process, and alignment of a school district’s goals, actions and services with its budget. The Proposed Budget was developed in tangent with the Local Control Accountability Plan (LCAP). The LCAP expenditures are reflected in the 2016-17 First Interim Financial Report.

Revenue Assumptions

Student Enrollment/Average Daily Attendance

Student enrollment has declined slightly since 2014-15. Projected total student enrollment for 2016-17 is projected at 3,075. For budgeting purposes, the District's current year P2 average daily attendance is projected at 3,001.01.

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. The COLA for 2016-17 is 0.0029%. The projected COLA's, which will be confirmed in April based on the federal implicit price deflator, are 1.11% for 2017-18 and 2.42% for 2018-19. Because of the fluctuations in COLA projections and actuals in past years, the COLA amounts have been restricted in 2017-18 and 2018-19.

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

The District's projected Gap Funding for 2016-17, \$1,229,379, funded the increases in step and column salary adjustments, and a portion of the increased costs for CalSTRS and CalPERS contributions, and employee health benefits.

Augmentation Grants/Grade Span Adjustments

The District receives funding in support of lower class sizes in grades TK-3 as well as funding for grades 9–12 to support supplemental services. The elementary schools' average class size (per school site) is currently below 24:1 in grades TK-3.

Supplemental Grant and Proportionality

Under the 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 is a composite of those students who qualify for free and reduced priced meals, English learners, and foster youth. The District is projecting 500 students for 2016-17, 2017-18 and 2018-19.

Under the LCFF funding laws, the District must demonstrate quantitatively and qualitatively that it plans to improve services for its Unduplicated Count students. The District committed an additional \$126,590 of its Gap Funding in 2016-17, for a total of \$663,328 to help serve and support these students. This funding is referred to as "Proportionality Funding."

One-Time Discretionary Grant Funding

As part of the Adopted State Budget, school districts were allocated one-time discretionary funding. It is projected that the District will receive \$642,000 in 2016-17. The funds are budgeted to cover a portion of the District's increase in CalSTRS and CalPERS contributions, and health benefit contributions as well as support for instructional services.

College Readiness Block Grant

The District will receive \$75,000 for the College Readiness Block Grant. The District's plan has been submitted to the Board of Education for review and discussion. The Board will be asked to approve the District's plan on January 24, 2017. As a condition for receipt of funding, the District had submitted a plan to the California Department of Education on how its effectiveness will be measured.

Other State Revenues

The District will continue to receive other state revenues for various programs, including Lottery, Mandated Block Grant, Special Education Mental Health Funding and Prop 39 Clean Energy Program. It is projected that the District will receive a total of \$1,953,831 in other state revenues in 2016-17.

Federal Funding

The District will continue to receive federal funding for Title I, Title II (Teacher Quality Improvement), and funding for limited English proficiency program (Title III). It is projected that the District will receive \$874,371 in federal funding in 2016-17.

San Marino Schools Foundation Contributions

The District is extremely fortunate to receive contributions and revenues from its local community. The San Marino Schools Foundation is a significant part of the District's local funding. The funding helps to employ 32 teaching positions to maintain lower class sizes across all grade levels. It is projected that the District will receive \$2 million in contributions from the San Marino Schools Foundation in 2016-17, and in each of the future years.

Parcel Tax Revenues

The District has two parcel taxes, Measure R and Measure E. Measure R was renewed in 2013 with a six-year term and Measure E was renewed in 2015, also for a six year term. Measure R is currently \$344.73 per parcel and Measure E is \$880.57 per parcel. It is projected that the District will receive \$5,445,000 in parcel tax revenues in 2016-17 and in the future years. Proceeds received from the parcel tax are used to preserve core academic and instructional programs and services. The District publishes an accountability report of parcel tax expenditures annually.

Other Local Donations and Reimbursements

Additionally, the District receives donations and reimbursements from various sources including PTA's/PTSA, ASB and parents. The District also receives revenues for use of its facilities from local community athletic groups, the Chinese Club of San Marino and the City of San Marino. The District is projecting to receive \$1,671,576 in other local donations and reimbursements in the 2016-17 year and 2017-18 and \$1,626,276 in 2018-19.

Expenditure Assumptions

Certificated and Classified Salaries

Certificated and classified salaries have been adjusted to reflect step and column adjustments. The District's Budget Assumptions listing provides further details on the District's projected salary and benefit assumptions.

Health Benefits

In 2016-17, health benefit premium increases were be funded by a transfer of \$5,258 from the Health Benefits Fund, contributions from the District totaling \$313,374, 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.

Pension Benefits

Employers share of pension contributions for CalSTRS and CalPERS will continue to increase over the next several years. The District’s contributions increased by \$468,134 in 2016-17 and are projected to increase by \$432,526 in 2017-18, and by \$431,530 in 2018-19. Absent additional state funding, the District’s new funding (i.e. Gap Funding) will need to cover the increased employer contributions for CalSTRS and CalPERS.

Table 1: CalSTRS and CalPERS Employer Rates:

	CalSTRS	CalPERS
2015-16 *	10.73%	11.847%
2016-17 *	12.58%	13.888%
2017-18	14.43%	15.500%
2018-19	16.28%	17.100%

*Actual Rates

Other Statutory Benefits

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

School sites receive funding for general school site support, including funding for instructional materials, and Targeted Instructional Improvement Grant (TIIG) funding. Each of the school sites develop their budget plans for their TIIG allocations in cooperation with their School Site Councils. These plans will be presented to the Board at a later date. Throughout the year, schools also receive donations from PTA’s/PTSA, parents, and the community to support their instructional programs.

Other Financing Sources/Uses

Included in the projections for 2016-17 is a transfer of \$15,500 of facilities use fees to the Capital Projects Fund; a transfer in of \$5,258 from the Health Benefits Fund; and, a transfer in from the Cash Flow Fund to the General Fund of \$1,335,000. For the projected years, transfers of \$1,015,000 for 2017-18, and \$1,465,000 for 2018-19 are included to offset the loss of one-time state funding, and increased costs associated with step and column, and employer pension contributions.

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 2016-17 year is 7.79%. This results in an offset of \$64,021 to Unrestricted General Fund expenditures.

Ending Balance Assumptions

Reserve for Economic Uncertainties

It is projected that the District will maintain a 3% reserve for economic uncertainties in 2016-17 and in future years.

Assigned Funds

As part of the Ending Balance, various sources of funding have been assigned for school site donations, and categorical programs.

Future Year Projections

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

The District is also mindful of the projected increases in employer contributions for CalSTRS and CalPERS and their impact on the District's projected expenditures. The increased contributions, paired with adjustments for step and column, total more than the District's additional Gap Funding in future years.

Budget Reductions

In order to maintain a 3% reserve and a balanced budget, the District will need to reduce expenditures in 2017-18 by approximately \$2 million. The Superintendent's Cabinet, and School Site Principals will be holding a series of meetings to develop a listing of potential budget reductions in planning for development of the District's Budget for 2017-18.

More information will be forthcoming in January when the Governor presents his Proposed State Budget for 2017-18.

Other Funds

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

Food Services Fund 13.0

The District's food services program is self-supporting. The Food Services Fund covers costs associated with the program including food services salaries and benefits, food and supplies, repairs, equipment replacement. The projected ending balance in the fund for 2016-17 is \$35,155.

Deferred Maintenance Fund 14.0

The Deferred Maintenance Fund supports major maintenance and repairs throughout the District. The projected ending balance in the fund for 2016-17 is \$506,699.

Health Benefits Fund 17.0

The First Interim Financial Report includes a transfer of \$5,258 from the Health Benefits Fund to the General Fund to offset premium increases in 2016-17. The projected ending balance for 2016-17 is \$69.

Cash Flow Fund 17.2

Included in the projections for 2017-18 and 2018-19 are transfers out from the Cash Flow Fund to the General Fund to cover increased costs associated with pension contributions, step and column adjustments, and the District's programs and services. The projected ending balance in the fund for 2016-17 is \$4,383,226.

Capital Facilities Fund 25.0

The Capital Facilities Fund accounts for income and expenditures associated with the collection of developer fees. Developer Fee revenues are projected at \$240,000 in 2016-17 and in future years. These funds are restricted for capital needs associated with enrollment growth and program expansion. Developer Fee revenues and the current fund balance will be committed to the debt service payments for the planned Certificates of Participation financing for the Barth Athletic Complex. The projected ending balance in the fund for 2016-17 is \$1,264,181.

Capital Projects and Improvement Fund 40.0

The Capital Projects and Improvement Fund represents restricted donations for construction of the Barth Athletic Complex, and future improvements to Titan Stadium. The projected ending balance in the fund for 2016-17 is \$846,273.

Next Steps – State Budget

On or before January 15, 2017, the Governor will present his proposed state budget for the 2017-18 fiscal year. It is anticipated that the Governor's will prioritize funding the "Rainy Day" fund and the implementation of LCFF. It is not clear if additional one-time funding will be allocated for K-12 Education.

As more information is received, updates will be provided to the Board of Education.

**SAN MARINO UNIFIED SCHOOL DISTRICT
2016-17 Proposed Budget Assumptions**

BUDGET ASSUMPTIONS	2015-16	2016-17	2017-18	2018-19
REVENUES				
Projected CBEDS Enrollment	3,136	3,075	3,075	3,075
Projected Funded Average Daily Attendance	3,073.48	3,052.56	3,000.01	3,000.01
COLA (%)	1.02%	0.0029%	TBD	TBD
LCFF Gap Funding Percentage	52.55%	54.18%	72.99%	40.36%
LCFF Gap Funding	\$2,463,384	\$1,229,379	\$927,040	\$385,019
LCFF Funding - TOTAL	\$23,262,290	\$24,353,567	\$24,884,919	\$25,269,931
K-3 Grade Span Adjustment (per ADA)	\$737	\$737	\$745	\$763
9-12 Grade Span Adjustment (per ADA)	\$223	\$223	\$225	\$231
Unduplicated Student Count	500	500	500	500
Unduplicated Student Percentage (Average)	16.01%	16.26%	16.26%	16.26%
Proportionality Funding for Unduplicated Students	\$536,738	\$663,328	\$751,679	\$774,346
Education Protection Account (EPA)	\$4,073,969	\$4,010,308	\$4,010,308	\$4,010,308
Unrestricted Lottery (per ADA)	\$128	\$140	\$140	\$140
Restricted Lottery (per ADA)	\$34	\$41	\$41	\$41
Mandated Block Grant	\$119,193	\$118,862	\$118,862	\$118,862
Discretionary One-Time Funding (est.)	\$1,621,754	\$642,000	\$0	\$0
LACOE ROP/CTE Funding	\$154,856	\$0	\$0	\$0
Special Education Funding	\$2,508,384	\$2,352,105	\$2,352,105	\$2,352,105
Parcel Tax Revenues (Measure R) 2019	\$1,511,027	\$1,525,000	\$1,525,000	\$1,525,000
Parcel Tax Revenues (Measure E) 2021	\$3,880,084	\$3,920,000	\$3,920,000	\$3,920,000
San Marino Schools Foundation	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
San Marino Schools Foundation Excess Contribution	\$1,507,289	\$1,000,000	\$1,000,000	\$1,000,000
Use of District Facilities	\$302,801	\$325,000	\$245,160	\$245,160
Interest	\$27,646	\$6,000	\$0	\$0

**SAN MARINO UNIFIED SCHOOL DISTRICT
2016-17 Proposed Budget Assumptions**

BUDGET ASSUMPTIONS	2015-16	2016-17	2017-18	2018-19
EXPENDITURES/TRANSFERS OUT				
Certificated SMTA Salaries	Step & Column; 3.50% Schedule Adjustment; 188 Work Days for Teachers 190 days for Counselors; 195 days for TOSAs	TBD	TBD	TBD
Classified CSEA/Non-Represented Salaries	Step & Longevity; 3.50% Schedule Adjustment	TBD	TBD	TBD
Management & Administrative Salaries	Step & Longevity; 3.50% Schedule Adjustment	TBD	TBD	TBD
Health Benefits - Major Medical	Offset premium increase from Health Benefits Reserve Fund. District to contribute 90% for Employee Only; 70% for 2-Party & Family Coverage	Offset premium increase from Health Benefits Reserve Fund. District to contribute 90% for Employee Only; 70% for 2-Party & Family Coverage	TBD	TBD
Health Benefits - Other Medical	District to fund Delta Dental (employee only), Delta Care, Vision, Life and Employee Assistance Program	District to fund Delta Dental (employee only), Delta Care, Vision, Life and Employee Assistance Program	TBD	TBD
Status of Bargaining Unit Negotiations	Settled	Pending	Pending	Pending
STRS Employer share	10.73%	12.58%	14.43%	16.28%
PERS Employer share	11.847%	13.888%	15.500%	17.100%
School Sites - Support Allocation	\$200 per student	\$100 per student	\$100 per student	\$100 per student
School Sites - Textbook Allocation	\$50 per student	\$25 per student	\$25 per student	\$25 per student
School Sites - SPSA Allocation	\$75 per student	\$0	\$0	\$0
School Sites - TIIG Allocation	\$40,000 per site	\$325 per unduplicated student count	\$0	\$0
School Sites - Restricted Lottery Allocation	\$25 per student	\$25 per student	\$25 per student	\$25 per student
School Sites - One Time Budget Augmentation	\$0	\$32 per student	\$0	\$0
Transfer to Capital Projects Fund	\$15,500	\$15,500	\$15,500	\$15,500
Reserve for Economic Uncertainties	3.00%	3.00%	3.00%	3.00%

**SAN MARINO UNIFIED SCHOOL DISTRICT
2016-17 Proposed District Budget
Summary by Fund**

First Interim Projections
Bd Mtg 12-13-16

	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.	Total
Balance July 1, 2016	1,861,451	1,051,788	2,913,239	23,494	793,399	5,277	5,708,226	1,149,181	1,591,840	12,174,656
Revenues										
State Revenues (LCFF)	23,575,075	778,492	24,353,567	-	-	-	-	-	-	24,353,567
Federal Revenue	-	874,371	874,371	95,000	-	-	-	-	-	969,371
Other State Revenue	1,207,613	746,218	1,953,831	6,000	-	-	-	-	-	1,959,831
Other Local Revenue	7,776,250	4,023,431	11,799,681	771,000	2,000	50	10,000	240,000	5,000	12,827,731
Total Revenues	32,556,938	6,422,512	38,981,450	872,000	2,000	50	10,000	240,000	5,000	40,110,500
Expenditures										
Certificated Salaries	14,157,399	2,551,846	16,709,245	-	-	-	-	-	-	16,709,245
Classified Salaries	5,275,639	3,010,333	8,285,972	441,143	-	-	-	-	-	8,727,115
Employee Benefits	6,472,039	1,940,412	8,412,451	127,926	-	-	-	-	-	8,540,377
Supplies	1,094,570	1,759,984	2,854,554	320,584	-	-	-	25,000	20,032	3,220,170
Operating Services	2,659,816	1,916,511	4,576,327	(29,314)	-	-	-	50,000	99,092	4,696,105
Capital Outlay/Equipment	575,525	151,450	726,975	-	288,700	-	-	50,000	636,943	1,702,618
Other Outgo	75,500	75,000	150,500	-	-	-	-	-	-	150,500
Indirect Support	(64,021)	64,021	-	-	-	-	-	-	-	-
Total Expenditures	30,246,467	11,469,557	41,716,024	860,339	288,700	-	-	125,000	756,067	43,746,130
Other Financing Sources/Uses	(2,762,192)	4,086,950	1,324,758	-	-	(5,258)	(1,335,000)	-	15,500	-
Net Incr/Decr in Fund Balance	(449,721)	(960,095)	(1,409,816)	11,661	(286,700)	(5,208)	(1,325,000)	115,000	(735,567)	(3,635,630)
Projected Balance June 30, 2017	1,386,423	117,000	1,503,423	35,155	506,699	69	4,383,226	1,264,181	846,273	8,539,026
Components of Ending Fund Balance:										
Revolving Cash	100,000	-	100,000	612	-	-	-	-	-	100,612
Stores	2,916	-	2,916	12,977	-	-	-	-	-	15,893
Assigned for Food Svc Operations	-	-	-	21,566	-	-	-	-	-	21,566
Assigned for Def. Maint. Projects	-	-	-	-	506,699	-	-	-	-	506,699
Assigned for H&W Increase	-	-	-	-	-	69	-	-	-	69
Assigned for Cash Flow	-	-	-	-	-	-	4,383,226	-	-	4,383,226
Assigned for Capital Projects-Athletic Center	-	-	-	-	-	-	-	846,273	-	846,273
Assigned for Capital Projects-Misc.	-	-	-	-	-	-	-	-	-	1,264,181
Assigned for Econ. Uncertainties	1,252,860	-	1,252,860	-	-	-	-	-	-	1,252,860
Assigned for Carryover	30,647	117,000	147,647	-	-	-	-	-	-	147,647
Unappropriated Amount	-	-	-	-	-	-	-	-	-	-

SAN MARINO UNIFIED SCHOOL DISTRICT
2016-17 Proposed District Budget
LINE ITEM BUDGET SUMMARY and LONG RANGE FINANCIAL PROJECTIONS

A	E	F	G	H	I	J	K	L	M	N	O	P	Q
	Unaudited Actuals 2015-16	Unrestricted	Special Education	Restricted	First Interim 2016-17	Unrestricted	Special Education	Restricted	Projected 2017-18	Unrestricted	Special Education	Restricted	Projected 2016-19
1													
2													
3	3,035.80	3,020.61	6.00		3,026.61	3,020.61	6.00		3,026.61	3,020.61	6.00		3,026.61
4	6.97		8.00		8.00		8.00		8.00		8.00		8.00
5	9.79	7.00			7.00	7.00			7.00	7.00			7.00
6	3,052.56	3,027.61	14.00		3,041.61	3,027.61	14.00		3,041.61	3,027.61	14.00		3,041.61
7		SMUSD				SMUSD	NPS			SMUSD	NPS		
8	773	619	2		621	619	2		621	619	2		621
9	633	567	2		569	567	2		569	567	2		569
10	524	759	2		759	759	2		761	759	2		761
11	1,206	1,119	5		1,124	1,119	5		1,124	1,119	5		1,124
12	3,136	3,064	11		3,075	3,064	11		3,075	3,064	11		3,075
13													
14	502	500			500	500			500	500			500
15	16.01%	16.26%			16.26%	16.26%			16.26%	16.26%			16.26%
16													
17													
18													
19	707.20	716.82	27.39		745.21	720.00	21.00		742.00	720.00	21.00		742.00
20	677.40	592.24	23.78		617.01	580.00	21.00		602.00	580.00	21.00		602.00
21	516.40	489.52	18.58		510.89	490.00	21.50		512.50	490.00	21.50		512.50
22	1,172.48	1,143.86	22.61		1,179.45	1,110.00	22.50		1,143.51	1,110.00	22.50		1,143.51
23	3,073.48	2,942.44	93.36		3,052.56	2,900.00	86.00		3,000.01	2,900.00	86.00		3,000.01
24													
25	1,020%	0.0029%			0.0029%	TBD			TBD	TBD			TBD
26													
27													
28	7,083.00	7,083.00			7,083.00	7,083.00			7,162.00	7,162.00			7,335.00
29	7,189.00	7,189.00			7,189.00	7,189.00			7,269.00	7,269.00			7,445.00
30	7,403.00	7,403.00			7,403.00	7,403.00			7,485.00	7,485.00			7,666.00
31	8,578.00	8,578.00			8,578.00	8,578.00			8,673.00	8,673.00			8,863.00
32													
33	5,009,098	5,077,236	201,086		5,278,322	5,156,640	157,664		5,314,204	5,281,200	161,370		5,442,570
34	4,859,928	4,257,613	178,072		4,435,685	4,216,020	159,918		4,375,938	4,318,100	163,790		4,481,890
35	3,822,910	3,623,917	158,202		3,782,119	3,667,650	168,413		3,836,063	3,756,340	172,465		3,928,825
36	10,057,533	9,876,452	240,870		10,117,322	9,692,164	225,498		9,917,652	9,926,841	230,958		10,157,799
37	23,759,368	22,835,218	778,230		23,613,448	22,732,474	711,393		23,443,867	23,282,451	728,603		24,011,084
38													
39													
40													
41	521,206	528,296	20,923		549,219	536,400	16,390		552,790	549,360	16,786		566,146
42	261,463	256,756	6,262		263,018	251,440	5,850		257,290	258,145	6,006		264,151
43	782,669	785,032	27,185		812,237	787,640	22,240		810,080	807,505	22,792		830,297
44													
45	4,908,407	4,724,054	161,083		4,865,137	4,704,063	146,727		4,850,790	4,817,997	150,279		4,968,276
46	15.38%	15.77%			15.77%	16.17%	16.17%		16.17%	16.17%	16.26%		16.26%
47	754,813	744,983	25,403		770,386	760,647	23,726		784,373	783,406	24,435		807,642
48													
49													
50	27,727	27,727			27,727	27,727			27,727	27,727			27,727
51	161,924	161,924			161,924	161,924			161,924	161,924			161,924
52	189,651	189,651			189,651	189,651			189,651	189,651			189,651
53	25,486,602	24,554,904	830,818		25,385,722	24,470,612	757,359		25,227,971	25,063,043	775,830		25,838,874
54													
55													

SAN MARINO UNIFIED SCHOOL DISTRICT
2016-17 Proposed District Budget
LINE ITEM BUDGET SUMMARY and LONG RANGE FINANCIAL PROJECTIONS

	A	E	F	G	H	I	J	K	L	M	N	O	P	Q
		Unaudited Actuals 2015-16	Unrestricted	Special Education	Restricted	First Interim 2016-17	Unrestricted	Special Education	Restricted	Projected 2017-18	Unrestricted	Special Education	Restricted	Projected 2018-19
1														
2	HOLD HARMLESS CALCULATION													
56	Prior-Prior Year Revenue Limit/LCFF Funding per ADA	5,561.40	6,182.25	6,182.25		6,182.25	6,983.90	6,983.90		6,983.90	7,386.64	7,386.64		7,386.64
57	Prior Year Gap Funding	620.85	801.65	801.65		801.65	402.74	402.74		402.74	309.01	309.01		309.01
58	Hold Harmless Revenue Limit per ADA	6,182.25	6,983.90	6,983.90		6,983.90	7,386.64	7,386.64		7,386.64	7,695.65	7,695.65		7,695.65
59	Current Year Funded ADA	3,073.48	2,949.95	102.61		3,052.56	2,907.51	92.50		3,000.01	2,907.51	92.50		3,000.01
60	Hold Harmless Revenue Limit/LCFF Funding	19,001,021	20,602,156	716,618		21,316,774	21,476,730	683,264		22,159,994	22,375,179	711,848		23,087,027
62														
63	GAP FUNDING													
64	TARGET - LCFF FUNDING	25,486,602	24,584,904	830,818		25,385,722	24,470,612	757,359		25,227,971	25,063,043	775,930		25,838,873
65	Hold Harmless - Revenue Limit/LCFF Funding	(19,001,021)	(20,602,156)	(716,618)		(21,318,774)	(21,476,730)	(683,264)		(22,159,994)	(22,375,179)	(711,848)		(23,087,027)
66	Hold Harmless - Categorical Funding	(1,797,885)	(1,797,885)	-		(1,797,885)	(1,797,885)	-		(1,797,885)	(1,797,885)	-		(1,797,885)
67	Difference	4,687,696	2,154,863	114,200		2,269,063	1,195,997	74,095		1,270,092	889,979	63,982		953,961
68	GAP Funding Percentage	52.55%	54.18%	54.18%		54.18%	72.99%	72.99%		72.99%	40.36%	40.36%		40.36%
69	GAP FUNDING	2,463,384	1,167,505	61,874		1,229,379	872,958	54,082		927,040	359,196	25,823		395,019
70														
71	LCFF Funding													
72	Hold Harmless - PY Funded RL/ADA x CY ADA	19,001,021	20,602,156	716,618		21,318,774	21,476,730	683,264		22,159,994	22,375,179	711,848		23,087,027
73	Hold Harmless - 12/13 Categorical Programs	1,797,885	1,797,885	-		1,797,885	1,797,885	-		1,797,885	1,797,885	-		1,797,885
74	GAP Funding (Target/LCFF less Hold Harmless x %)	2,463,384	1,167,505	61,874		1,229,379	872,958	54,082		927,040	359,196	25,823		385,019
75	Prior Year Adjustment	-	7,529	-		7,529	-	-		-	-	-		-
76	TOTAL LCFF FUNDING	23,262,290	23,575,075	778,492		24,353,567	24,147,573	737,346		24,884,919	24,532,260	737,671		25,269,931
77														
78	Informational Only													
79	Property Taxes	12,419,032	12,821,775			12,821,775	12,821,775			12,821,775	12,821,775			12,821,775
80	EPA (Educational Protection Act)	4,073,969	4,070,308			4,070,308	4,070,308			4,070,308	4,070,308			4,070,308
81	State Aid	6,769,269	6,742,992	778,492		7,521,484	7,315,490	737,346		8,052,836	7,700,177	737,671		8,437,848
82	Total Funded Revenue Limit/LCFF	23,262,290	23,575,075	778,492		24,353,567	24,147,573	737,346		24,884,919	24,532,260	737,671		25,269,931
83														
84	LCAP Proportionality Percentage Calculation (Informational Only)													
85	Current Year LCFF Funding	23,262,290				24,353,567				24,884,919				25,269,931
86	Transportation and TIIG Funding	189,651				189,651				189,651				189,651
87	Supplemental Concentration Grant at Target	754,913				770,386				784,373				807,842
88	Prior Year Funds spent on Unduplicated Students	295,113				536,738				663,328				751,679
89	Difference	459,800				233,648				121,045				56,163
90	INCREASE IN SUPPLEMENTAL GRANT	241,625				126,590				88,351				22,657
91														
92	TOTAL SUPPLEMENTAL GRANT FUNDING	536,738				663,328				751,679				774,346
93	Current Year Funding Available for all Students	22,535,901				23,500,588				23,943,589				24,305,934
94	PROPORTIONALITY PERCENTAGE FOR UNDUPLICATED STUDENTS	2.38%				2.82%				3.14%				3.19%
95														
96	Projected Federal Income													
97	Title I	159,399				228,342				228,342				228,342
98	Special Ed - Local Assistance	501,546				497,314				497,314				497,314
99	Special Ed - Federal Preschool	7,782				5,442				5,442				5,442
100	Special Ed - Preschool Local Entitlement	15,625				11,164				11,164				11,164
101	Special Ed - Mental Health Funding	34,302				34,135				34,135				34,135
102	Special Ed - Preschool Staff Development	94				68				68				68
103	Title II - Teacher Quality	62,319				61,594				61,594				61,594
104	Title III - Immigrant Education Program	7,089				36,312				36,312				36,312
105	Title III - Limited English Proficiency Program	38,922				874,371				874,371				874,371
106	TOTAL PROJECTED FEDERAL REVENUE	827,178				548,123				548,123				548,123
107														
108														

SAN MARINO UNIFIED SCHOOL DISTRICT
2016-17 Proposed District Budget
LINE ITEM BUDGET SUMMARY and LONG RANGE FINANCIAL PROJECTIONS

	A	E	F	G	H	I	J	K	L	M	N	O	P	Q
		Unaudited Actuals 2015-16	Unrestricted	Special Education	Restricted	First Interim 2016-17	Unrestricted	Special Education	Restricted	Projected 2017-18	Unrestricted	Special Education	Restricted	Projected 2018-19
1														
2														
109	Protected Other State Revenue													
110	Lottery Revenue	637,775	446,751		128,469	575,220	438,673		128,469	567,142	438,673		128,469	567,142
111	Mandated Block Grant	119,193	118,862			118,862	118,862			118,862	118,862			118,862
112	Misc. State Income	8,828												
113	Discretionary One-Time Funding (16117 - \$214/ADA)	1,821,754	642,000		362,660	642,000								
114	Prop 39 - Clean Energy Act													
115	Educator Effectiveness Grant (one-time)	270,694			75,000	75,000								
116	College Readiness Block Grant													
117	Special Ed - Mental Health Funding	178,178		180,089		180,089		180,089		180,089		180,089		180,089
118	TOTAL PROJECTED OTHER STATE REVENUE	2,836,422	1,207,613	180,089	566,129	1,953,831	557,535	180,089	128,469	866,093	557,535	180,089	128,469	866,093
119														
120	Protected Other Local Revenue													
121	Special Education - Master Plan	1,593,962		1,502,105		1,502,105		1,502,105		1,502,105		1,502,105		1,502,105
122	SELPA Reimbursement (Regional Programs)	914,422		850,000		850,000		850,000		850,000		850,000		850,000
123	Subtotal - Special Education Funds	2,508,384		2,352,105		2,352,105		2,352,105		2,352,105		2,352,105		2,352,105
124														
125	ROP Classroom Allocation	154,856												
126														
128	Subtotal - ROP Funds	154,856												
130														
131	Parcel Tax Revenue - Measure E (2021)	3,880,084	3,920,000			3,920,000	3,920,000			3,920,000	3,920,000			3,920,000
132	Parcel Tax Revenue - Measure R (2019)	1,511,027	1,525,000			1,525,000	1,525,000			1,525,000	1,525,000			1,525,000
133	Subtotal - Parcel Tax Funds	5,391,111	5,445,000			5,445,000	5,445,000			5,445,000	5,445,000			5,445,000
134														
135	Use of Facilities - Chinese School	99,050	99,050			99,050	99,050			99,050	99,050			99,050
136	Use of Facilities - City of San Marino (Pool Use)	21,600	21,600			21,600	21,600			21,600	21,600			21,600
137	Use of Facilities - City of San Marino (Facilities)	15,000	15,000			15,000	15,000			15,000	15,000			15,000
138	Use of Facilities - Crown City United Soccer	15,500	15,500			15,500	15,500			15,500	15,500			15,500
139	Use of Facilities - PT Affiliates	91,852	94,010			94,010	94,010			94,010	94,010			94,010
140	Use of Facilities - Other Facility Users	59,799	79,840			79,840								
141	Subtotal - Facility Use Income	302,801	325,000			325,000	245,160			245,160	245,160			245,160
142														
143	Interest Earnings	27,646	6,000			6,000								
144	Subtotal - Interest Income	27,646	6,000			6,000								
145														
146	SMSF Annual Campaign	1,000,000	1,000,000			1,000,000	1,000,000			1,000,000	1,000,000			1,000,000
147	SMSF Excess Funds	1,129,111	1,000,000			1,000,000	1,000,000			1,000,000	1,000,000			1,000,000
148	Subtotal - SMSF Funds	2,129,111	2,000,000			2,000,000	2,000,000			2,000,000	2,000,000			2,000,000
149														
150	Misc. Local Income - Donations	399,477	250		297,391	297,391				297,391				297,391
151	Misc. Local Income - W/C JPA Distribution	500,187												
152	Misc. Local Income - PT Affiliates Donation	120,000		105,000		105,000				105,000				105,000
153	Misc. Local Income - ASB Transfers	624,978		441,328		441,328				441,328				441,328
154	Reimbursements - City of San Marino (Transportation)			15,000		15,000				15,000				15,000
155	Reimbursements - Curriculum Lab	14,898		65,602		65,602				65,602				65,602
157	Reimbursements - Talent Bank	87,989		20,466		20,466				20,466				20,466
158	Reimbursements - PTA Council (Curr Lab)	17,925		45,050		45,050				45,050				45,050
159	Reimbursements - SMSF - Elementary VAPA	40,374		230,797		230,797				230,797				230,797
160	Reimbursements - Carver PTA	365,665												
161	Reimbursements - Carver Enrichment			226,410		226,410				226,410				226,410
162	Reimbursements - Valerine PTA	322,005		110,000		110,000				110,000				110,000
163	Reimbursements - Huntington PTA	189,955												
164	Reimbursements - Huntington ASB	1,901												
165	Reimbursements - SMHS PTA	93,125		4,282		4,282				4,282				4,282
166	Reimbursements - SMHS ASB	26,082												

SAN MARINO UNIFIED SCHOOL DISTRICT
2016-17 Proposed District Budget
LINE ITEM BUDGET SUMMARY and LONG RANGE FINANCIAL PROJECTIONS

A	E	F	G	H	I	J	K	L	M	N	O	P	Q
	Unaudited Actuals 2015-16	Unrestricted	Special Education	Restricted	First Interim 2016-17	Unrestricted	Special Education	Restricted	Projected 2017-18	Unrestricted	Special Education	Restricted	Projected 2018-19
1													
2													
167	Reimbursements - SMSF Hoffman Grant (SMHS Music)												
168	Subtotal - Donations, Reimbursements & Distributions	250		1,671,326	1,671,576			1,671,326	1,671,326			1,626,276	1,626,276
169	TOTAL PROJECTED OTHER LOCAL REVENUE	7,776,250	2,352,105	1,671,326	11,799,681	7,690,160	2,352,105	1,671,326	11,713,591	7,690,160	2,352,105	1,626,276	11,668,541
170	TOTAL PROJECTED REVENUE	32,559,938	3,858,809	2,563,703	39,981,450	32,395,268	3,817,663	2,126,043	38,338,974	32,779,955	3,817,988	2,080,993	38,678,936
171													
172	Projected Expenditures												
173	Certificated Salaries	14,157,399	2,255,084	296,762	16,709,245	14,209,479	2,255,084	244,682	16,709,245	13,234,479	2,285,084	244,682	15,764,245
174	Certificated Step/Column					230,000	30,000		260,000	230,000	30,000		260,000
175	Certificated Budget Reductions					(1,205,000)			(1,205,000)				
176	Classified Salaries	8,524,574	5,275,639	1,806,295	8,285,972	5,275,639	1,806,295	1,204,038	6,285,972	5,311,463	1,836,295	1,182,334	8,330,092
177	Classified Step/Column					120,000	30,000	10,000	160,000	120,000	30,000	10,000	160,000
178	Classified Budget Reductions					(115,860)			(115,860)				
179	Employee Benefits	7,857,601	5,690,531	1,463,222	7,630,943	5,708,031	1,463,222	459,690	7,630,943	5,346,486	1,473,222	448,532	7,266,240
180	Employee Benefits related to Step/Column					60,000	10,000	2,000	72,000	60,000	10,000	2,000	72,000
181	Employee Benefit Adjustments					(434,703)			(434,703)				
182	Increase in H&W Cost					313,374			313,374	313,374			313,374
183	Increase in STRS/PERS Rates					468,134			900,660	1,332,190			1,332,190
184	Book and Supplies	1,446,921	1,094,570	1,730,250	2,654,554	773,869	29,734	733,684	1,537,317	773,869	29,734	733,684	1,537,317
185	Operating Services	5,285,408	2,659,816	1,149,570	4,576,327	2,651,276	704,982	1,033,507	4,389,765	2,401,464	704,982	1,033,319	4,139,765
186	Equipment	2,158,090	575,525	151,450	726,975	575,525	75,000	15,450	500,000	500,000	75,000	15,450	515,450
187	Other Outgo	104,545	75,500		150,500	75,500	75,000		150,500	75,500	75,000		150,500
188	Indirect Support		(64,021)			(46,424)	24,759	21,665		(46,424)	24,759	21,665	
189	TOTAL EXPENDITURES	42,750,225	30,246,467	6,421,035	41,716,024	29,091,366	6,429,076	3,724,726	39,245,168	29,652,421	6,499,076	3,651,676	39,843,173
190													
191	Excess/(Deficiency) of Revenue over Expenditures	(2,491,996)	2,312,471	(2,484,819)	(2,734,874)	3,303,902	(2,611,413)	(1,598,683)	(906,194)	3,127,534	(2,661,088)	(1,610,683)	(1,164,237)
192													
193	Other Financing Sources/Uses												
194	Transfer in from Health & Welfare Fund	176,542			5,258								
195	Transfer to Health & Welfare Fund	(173,500)											
197	Transfer in from Cash Flow Fund	1,700,000			1,335,000	1,015,000			1,015,000	1,465,000			1,465,000
198	Transfer to Capital Projects Fund	(15,500)			(15,500)	(15,500)			(15,500)	(15,500)			(15,500)
200	Contribution to Special Education		(2,500,267)	2,500,267		(2,611,413)	2,611,413			(2,661,068)	2,661,068		
201	Contribution to Maintenance & Operations		(1,586,683)	1,586,683		(1,598,683)	1,598,683			(1,610,683)	1,610,683		
202	TOTAL OTHER SOURCES/(USES)	1,687,542	(2,762,192)	1,586,683	1,324,758	(3,210,596)	2,611,413	1,598,683	999,500	(2,842,271)	2,661,068	1,610,683	1,449,500
203													
204	Net Increase/(Decrease) in Fund Balance	(804,454)	(449,721)	(898,136)	(1,409,816)	93,306			93,306	285,263			285,263
205													
206	Projected Beginning Balance July 1	3,717,693	1,861,451	989,829	2,913,239	1,386,423		117,000	1,503,423	1,479,729		117,000	1,596,729
207			(25,307)	25,307									
208													
209	Projected Ending Balance June 30	2,913,239	1,386,423	117,000	1,503,423	1,479,729		117,000	1,596,729	1,794,992		117,000	1,881,992
210													
211	Components of Ending Fund Balance												
212	Designated for Economic Uncertainties Percentage	3.00%	3.00%		3.00%	3.00%			3.00%	3.00%			3.00%
213	Designated for Economic Uncertainties	1,332,691	1,252,860	117,000	1,252,860	1,182,834			1,182,834	1,204,733			1,204,733
214	Assigned for Carryover - School Site Donations	1,097,475	30,647		117,000			117,000	117,000				117,000
215	Assigned for Carryover - Categorical Programs	231,241	30,647		30,647								
216	Assigned for Carryover - Future Year	148,916											
218	Assigned Balance - COLA 17/18					105,628			105,628	105,628			105,628
219	Assigned Balance - COLA 18/19									240,697			240,697
220	Assigned Balance - Supplemental Grant					86,351			86,351	111,018			111,018
221	Revolving Fund	100,000	100,000	100,000	100,000	100,000			100,000	100,000			100,000
223	Warehouse Stores	2,916	2,916	2,916	2,916	2,916			2,916	2,916			2,916
225	Unappropriated Amount												

**SAN MARINO UNIFIED SCHOOL DISTRICT
2016-17 Proposed District Budget**

First Interim Projections
Bd Mtg 12-13-16

LINE ITEM BUDGET SUMMARY and LONG RANGE FINANCIAL PROJECTIONS

	A	E	I	M	Q
		Unaudited Actuals 2015-16	First Interim 2016-17	Projected 2017-18	Projected 2018-19
1					
2					
3	<i>Projected P2 Average Daily Attendance (ADA)</i>	3,035.80	3,026.61	3,026.61	3,026.61
4	<i>Plus Annual Non-Public School (NPS) ADA</i>	6.97	8.00	8.00	8.00
5	<i>Plus Los Angeles County ADA</i>	9.79	7.00	7.00	7.00
6	Total Projected ADA	3,052.56	3,041.61	3,041.61	3,041.61
7					
8	<u>CBEDS Enrollment Projection</u>				
9	<i>Grades TK - 3</i>	773	621	621	621
10	<i>Grades 4 - 6</i>	633	569	569	569
11	<i>Grades 7 - 8</i>	524	761	761	761
12	<i>Grades 9 - 12</i>	1,206	1,124	1,124	1,124
13	Total CBEDS Enrollment Projection	3,136	3,075	3,075	3,075
14					
15	<i>Unduplicated ELL, Free/Reduced & Foster Youth Count</i>	502	500	500	500
16	Percent over CBEDS	16.01%	16.26%	16.26%	16.26%
17					
18	<u>Projected Funded Average Daily Attendance (ADA)</u>				
19	<i>Grades TK - 3</i>	707.20	745.21	742.00	742.00
20	<i>Grades 4 - 6</i>	677.40	617.01	602.00	602.00
21	<i>Grades 7 - 8</i>	516.40	510.89	512.50	512.50
22	<i>Grades 9 - 12</i>	1,172.48	1,179.45	1,143.51	1,143.51
23	Total Funded ADA Projection	3,073.48	3,052.56	3,000.01	3,000.01
24					
25	<i>Projected COLA</i>	1.020%	0.0029%	TBD	TBD
26					
27	<u>Projected Base Grant</u>				
28	<i>Grades TK - 3</i>	7,083.00	7,083.00	7,162.00	7,335.00
29	<i>Grades 4 - 6</i>	7,189.00	7,189.00	7,269.00	7,445.00
30	<i>Grades 7 - 8</i>	7,403.00	7,403.00	7,485.00	7,666.00
31	<i>Grades 9 - 12</i>	8,578.00	8,578.00	8,673.00	8,883.00
32					
33	TARGET BASE GRANT				
34	<i>Grades TK - 3</i>	5,009,098	5,278,322	5,314,204	5,442,570
35	<i>Grades 4 - 6</i>	4,869,828	4,435,685	4,375,938	4,481,890
36	<i>Grades 7 - 8</i>	3,822,910	3,782,119	3,836,063	3,928,825
37	<i>Grades 9 - 12</i>	10,057,533	10,117,322	9,917,662	10,157,799
38	TARGET - Base Grant	23,759,369	23,613,448	23,443,867	24,011,084
39					
40	TARGET GRADE SPAN ADJUSTMENTS				
41	<i>TK - 3 Augmentation (Target Base Grant x 10.4%) (\$737)</i>	521,206	549,219	552,790	566,146
42	<i>9 - 12 Augmentation (Target Base Grant x 2.60%) (\$223)</i>	261,463	263,018	257,290	264,151
43	TARGET - Augmentation Grants	782,669	812,237	810,080	830,297
44					
45	TARGET SUPPLEMENTAL GRANT				
46	<i>Target Base + Target Augmentation Grant x 20%</i>	4,908,407	4,885,137	4,850,790	4,968,276
47	<i>Unduplicated Count Percentage - 3 yr Average</i>	15.38%	15.77%	16.17%	16.26%
48	TARGET - Supplemental Grant	754,913	770,386	784,373	807,842
49					

**SAN MARINO UNIFIED SCHOOL DISTRICT
2016-17 Proposed District Budget**

First Interim Projections
Bd Mtg 12-13-16

LINE ITEM BUDGET SUMMARY and LONG RANGE FINANCIAL PROJECTIONS

	A	E	I	M	Q
		Unaudited Actuals 2015-16	First Interim 2016-17	Projected 2017-18	Projected 2018-19
1					
2					
50	TARGET TRANSPORTATION & TIIG GRANTS				
51	Transportation Grant	27,727	27,727	27,727	27,727
52	TIIG Grant	161,924	161,924	161,924	161,924
53	TARGET - Transportation/TIIG Grants	189,651	189,651	189,651	189,651
54	TARGET - LCFF FUNDING	25,486,602	25,385,722	25,227,971	25,838,874
55					
56	HOLD HARMLESS CALCULATION				
57	Prior-Prior Year Revenue Limit/LCFF Funding per ADA	5,561.40	6,182.25	6,983.90	7,386.64
58	Prior Year Gap Funding	620.85	801.65	402.74	309.01
59	Hold Harmless Revenue Limit per ADA	6,182.25	6,983.90	7,386.64	7,695.65
60	Current Year Funded ADA	3,073.48	3,052.56	3,000.01	3,000.01
61	Hold Harmless Revenue Limit/LCFF Funding	19,001,021	21,318,774	22,159,994	23,087,027
62					
63	GAP FUNDING				
64	TARGET - LCFF FUNDING	25,486,602	25,385,722	25,227,971	25,838,873
65	Hold Harmless - Revenue Limit/LCFF Funding	(19,001,021)	(21,318,774)	(22,159,994)	(23,087,027)
66	Hold Harmless - Categorical Funding	(1,797,885)	(1,797,885)	(1,797,885)	(1,797,885)
67	Difference	4,687,696	2,269,063	1,270,092	953,961
68	GAP Funding Percentage	52.55%	54.18%	72.99%	40.36%
69	GAP FUNDING	2,463,384	1,229,379	927,040	385,019
70					
71	LCFF Funding				
72	Hold Harmless - PY Funded RL/ADA x CY ADA	19,001,021	21,318,774	22,159,994	23,087,027
73	Hold Harmless - 12/13 Categorical Programs	1,797,885	1,797,885	1,797,885	1,797,885
74	GAP Funding (Target LCFF less Hold Harmless x %)	2,463,384	1,229,379	927,040	385,019
75	Prior Year Adjustment	-	7,529	-	-
76	TOTAL LCFF FUNDING	23,262,290	24,353,567	24,884,919	25,269,931
77					
78	Informational Only				
79	Property Taxes	12,419,052	12,821,775	12,821,775	12,821,775
80	EPA (Educational Protection Act)	4,073,969	4,010,308	4,010,308	4,010,308
81	State Aid	6,769,269	7,521,484	8,052,836	8,437,848
82	Total Funded Revenue Limit/LCFF	23,262,290	24,353,567	24,884,919	25,269,931
83					
84	LCAP Proportionality Percentage Calculation (Informational Only)				
85	Current Year LCFF Funding	23,262,290	24,353,567	24,884,919	25,269,931
86	Transportation and TIIG Funding	189,651	189,651	189,651	189,651
87	Supplemental Concentration Grant at Target	754,913	770,386	784,373	807,842
88	Prior Year Funds spent on Unduplicated Students	295,113	536,738	663,328	751,679
89	Difference	459,800	233,648	121,045	56,163
90	INCREASE IN SUPPLEMENTAL GRANT	241,625	126,590	88,351	22,667
91					
92	TOTAL SUPPLEMENTAL GRANT FUNDING	536,738	663,328	751,679	774,346
93	Current Year Funding Available for all Students	22,535,901	23,500,588	23,943,589	24,305,934
94	PROPORTIONALITY PERCENTAGE FOR UNDUPLICATED STUDENTS	2.38%	2.82%	3.14%	3.19%
95					

**SAN MARINO UNIFIED SCHOOL DISTRICT
2016-17 Proposed District Budget**

First Interim Projections
Bd Mtg 12-13-16

LINE ITEM BUDGET SUMMARY and LONG RANGE FINANCIAL PROJECTIONS

	A	E	I	M	Q
		Unaudited Actuals 2015-16	First Interim 2016-17	Projected 2017-18	Projected 2018-19
1					
2					
96	Projected Federal Income				
97	Title I	159,399	228,342	228,342	228,342
99	Special Ed - Local Assistance	501,546	497,314	497,314	497,314
100	Special Ed - Federal Preschool	7,782	5,442	5,442	5,442
101	Special Ed - Preschool Local Entitlement	15,825	11,164	11,164	11,164
102	Special Ed - Mental Health Funding	34,302	34,135	34,135	34,135
103	Special Ed - Preschool Staff Development	94	68	68	68
104	Title II - Teacher Quality	62,319	61,594	61,594	61,594
105	Title III - Immigrant Education Program	7,089	-	-	-
106	Title III - Limited English Proficiency Program	38,822	36,312	36,312	36,312
107	TOTAL PROJECTED FEDERAL REVENUE	827,178	874,371	874,371	874,371
108					
109	Projected Other State Revenue				
110	Lottery Revenue	637,775	575,220	567,142	567,142
111	Mandated Block Grant	119,193	118,862	118,862	118,862
112	Misc. State Income	8,828	-	-	-
113	Discretionary One-Time Funding (16/17 - \$214/ADA)	1,621,754	642,000	-	-
114	Prop 39 - Clean Energy Act	-	362,660	-	-
115	Educator Effectiveness Grant (one-time)	270,694	-	-	-
116	College Readiness Block Grant	-	75,000	-	-
117	Special Ed - Mental Health Funding	178,178	180,089	180,089	180,089
118	TOTAL PROJECTED OTHER STATE REVENUE	2,836,422	1,953,831	866,093	866,093
119					
120	Projected Other Local Revenue				
121	Special Education - Master Plan	1,593,962	1,502,105	1,502,105	1,502,105
122	SELPA Reimbursement (Regional Programs)	914,422	850,000	850,000	850,000
123	Subtotal - Special Education Funds	2,508,384	2,352,105	2,352,105	2,352,105
124					
125	ROP Classroom Allocation	154,856	-	-	-
129	Subtotal - ROP Funds	154,856	-	-	-
130					
131	Parcel Tax Revenue - Measure E (2021)	3,880,084	3,920,000	3,920,000	3,920,000
132	Parcel Tax Revenue - Measure R (2019)	1,511,027	1,525,000	1,525,000	1,525,000
133	Subtotal - Parcel Tax Funds	5,391,111	5,445,000	5,445,000	5,445,000
134					
135	Use of Facilities - Chinese School	99,050	99,050	99,050	99,050
136	Use of Facilities - City of San Marino (Pool Use)	21,600	21,600	21,600	21,600
137	Use of Facilities - City of San Marino (Facilities)	15,000	15,000	15,000	15,000
138	Use of Facilities - Crown City United Soccer	15,500	15,500	15,500	15,500
139	Use of Facilities - PT Affiliates	91,852	94,010	94,010	94,010
140	Use of Facilities - Other Facility Users	59,799	79,840	-	-
141	Subtotal - Facility Use Income	302,801	325,000	245,160	245,160
142					
143	Interest Earnings	27,646	6,000	-	-
144	Subtotal - Interest Income	27,646	6,000	-	-
145					

**SAN MARINO UNIFIED SCHOOL DISTRICT
2016-17 Proposed District Budget**

First Interim Projections
Bd Mtg 12-13-16

LINE ITEM BUDGET SUMMARY and LONG RANGE FINANCIAL PROJECTIONS

	A	E	I	M	Q
		Unaudited Actuals 2015-16	First Interim 2016-17	Projected 2017-18	Projected 2018-19
1					
2					
146	SMSF Annual Campaign	1,000,000	1,000,000	1,000,000	1,000,000
147	SMSF Excess Funds	1,129,111	1,000,000	1,000,000	1,000,000
148	Subtotal - SMSF Funds	2,129,111	2,000,000	2,000,000	2,000,000
149					
150	Misc. Local Income - Donations	399,477	297,641	297,391	297,391
151	Misc. Local Income - W/C JPA Distribution	500,187	-	-	-
152	Misc. Local Income - PT Affiliates Donation	120,000	105,000	105,000	105,000
153	Misc. Local Income - ASB Transfers	624,978	441,328	441,328	441,328
154	Reimbursements - City of San Marino (Transportation)	-	110,000	110,000	110,000
155	Reimbursements - Curriculum Lab	14,898	15,000	15,000	15,000
157	Reimbursements - Talent Bank	87,989	65,602	65,602	65,602
158	Reimbursements - PTA Council (Curr Lab)	17,925	20,466	20,466	20,466
159	Reimbursements - SMSF - Elementary VAPA	40,374	45,050	45,050	-
160	Reimbursements - Carver PTA	365,565	230,797	230,797	230,797
161	Reimbursements - Carver Enrichment	-	-	-	-
162	Reimbursements - Valentine PTA	322,005	226,410	226,410	226,410
163	Reimbursements - Huntington PTA	189,955	110,000	110,000	110,000
164	Reimbursements - Huntington ASB	1,901	-	-	-
165	Reimbursements - SMHS PTA	93,125	4,282	4,282	4,282
166	Reimbursements - SMHS ASB	26,082	-	-	-
167	Reimbursements - SMSF Hoffman Grant (SMHS Music)	13,969	-	-	-
168	Subtotal - Donations, Reimbursements & Distributions	2,818,430	1,671,576	1,671,326	1,626,276
169	TOTAL PROJECTED OTHER LOCAL REVENUE	13,332,339	11,799,681	11,713,591	11,668,541
170	TOTAL PROJECTED REVENUE	40,258,229	38,981,450	38,338,974	38,678,936
171					
172	Projected Expenditures				
173	Certificated Salaries	17,393,086	16,709,245	16,709,245	15,764,245
174	Certificated Step/Column	-	-	260,000	260,000
175	Certificated Budget Reductions	-	-	(1,205,000)	-
176	Classified Salaries	8,524,574	8,285,972	8,285,972	8,330,092
177	Classified Step/Column	-	-	160,000	160,000
178	Classified Budget Reductions	-	-	(115,880)	-
179	Employee Benefits	7,857,601	7,630,943	7,630,943	7,268,240
180	Employee Benefits related to Step/Column	-	-	72,000	72,000
181	Employee Benefit Adjustments	-	-	(434,703)	-
182	Increase in H&W Cost	-	313,374	313,374	313,374
183	Increase in STRS/PERS Rates	-	468,134	900,660	1,332,190
184	Book and Supplies	1,446,921	2,854,554	1,537,317	1,537,317
185	Operating Services	5,265,408	4,576,327	4,389,765	4,139,765
186	Equipment	2,158,090	726,975	590,975	515,450
187	Other Outgo	104,545	150,500	150,500	150,500
188	Indirect Support	-	-	-	-
189	TOTAL EXPENDITURES	42,750,225	41,716,024	39,245,168	39,843,173
190					
191	Excess/(Deficiency) of Revenue over Expenditures	(2,491,996)	(2,734,574)	(906,194)	(1,164,237)
192					

**SAN MARINO UNIFIED SCHOOL DISTRICT
2016-17 Proposed District Budget**

First Interim Projections
Bd Mtg 12-13-16

LINE ITEM BUDGET SUMMARY and LONG RANGE FINANCIAL PROJECTIONS

	A	E	I	M	Q
		Unaudited Actuals 2015-16	First Interim 2016-17	Projected 2017-18	Projected 2018-19
1					
2					
193	Other Financing Sources/Uses				
194	Transfer in from Health & Welfare Fund	176,542	5,258	-	-
195	Transfer to Health & Welfare Fund	(173,500)	-	-	-
197	Transfer in from Cash Flow Fund	1,700,000	1,335,000	1,015,000	1,465,000
198	Transfer to Capital Projects Fund	(15,500)	(15,500)	(15,500)	(15,500)
200	Contribution to Special Education	-	-	-	-
201	Contribution to Maintenance & Operations	-	-	-	-
202	TOTAL OTHER SOURCES/(USES)	1,687,542	1,324,758	999,500	1,449,500
203					
204	Net Increase/(Decrease) in Fund Balance	(804,454)	(1,409,816)	93,306	285,263
205					
206	Projected Beginning Balance July 1	3,717,693	2,913,239	1,503,423	1,596,729
207		-	-	-	-
208					
209	Projected Ending Balance June 30	2,913,239	1,503,423	1,596,729	1,881,992
210					
211	Components of Ending Fund Balance				
212	Designated for Economic Uncertainties Percentage	3.00%	3.00%	3.00%	3.00%
213	Designated for Economic Uncertainties	1,332,691	1,252,860	1,182,834	1,204,733
214	Assigned for Carryover - School Site Donations	1,097,475	117,000	117,000	117,000
215	Assigned for Carryover - Categorical Programs	231,241	30,647	-	-
216	Assigned for Carryover - Future Year	148,916	-	-	-
218	Assigned Balance - COLA 17/18	-	-	105,628	105,628
219	Assigned Balance - COLA 18/19	-	-	-	240,697
220	Assigned Balance - Supplemental Grant	-	-	88,351	111,018
221	Revolving Fund	100,000	100,000	100,000	100,000
223	Warehouse Stores	2,916	2,916	2,916	2,916
225	Unappropriated Amount	-	-	-	-

**2016-17 UPDATED BUDGET ASSUMPTION GUIDELINES
PROJECTIONS FOR FISCAL YEARS 2016-17 THROUGH 2019-20**

Assumptions must be submitted to support data for the 2016-17 and two subsequent years. The guidelines indicated below are provided to assist you with projections for fiscal years 2016-17, 2017-18, 2018-19 and 2019-20.

LCFF REVENUE	2016-17	2017-18	2018-19	2019-20
Statutory COLA / Net Funded COLA	0.00%	1.11%	2.42%	2.67%
Gap Funding ¹	54.18%	72.99%	40.36%	73.98%
SPECIAL EDUCATION AND CATEGORICAL PROGRAMS	2016-17	2017-18	2018-19	2019-20
COLA for Special Ed and Other Categorical Programs Outside of LCFF (on state and local share only)	0.00%	1.11%	2.42%	2.67%
LOTTERY REVENUE	2016-17	2017-18	2018-19	2019-20
Unrestricted	\$144.00/ADA	\$144.00/ADA	\$144.00/ADA	\$144.00/ADA
Restricted for Instructional Materials	<u>45.00/ADA</u>	<u>45.00/ADA</u>	<u>45.00/ADA</u>	<u>45.00/ADA</u>
Total Lottery Revenue	\$189.00/ADA	\$189.00/ADA	\$189.00/ADA	\$189.00/ADA
OTHER FACTORS	2016-17	2017-18	2018-19	2019-20
CalSTRS Employer Rates	12.58%	14.43%	16.28%	18.13%
CalPERS Employer Rates	13.888%	15.50%	17.10%	18.60%
Interest Rate for 10-year Treasuries	1.76%	2.22%	2.37%	2.50%
California Consumer Price Index (CPI)	2.26%	2.39%	2.46%	2.63
Other Expenses (4000s – 6000s)	2016-17+CPI	2017-18+CPI	2018-19+CPI	2019-20+CPI

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

Attachment No. 2 to:
Informational Bulletin No. 4483

LOS ANGELES COUNTY OFFICE OF EDUCATION

Division of Business Advisory Services

COUNTY OFFICE 2016-17 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 2016-17 are:

<u>Grade Level</u>	<u>Base Grant Amount per ADA</u>	<u>COLA 0.00 Percent</u>	<u>Augmentation</u>	<u>Base Grant</u>
K-3	\$ 7,083	\$ -0-	\$ 737	\$ 7,820
4-6	\$ 7,189	\$ -0-	\$ -0-	\$ 7,189
7-8	\$ 7,403	\$ -0-	\$ -0-	\$ 7,403
9-12	\$ 8,578	\$ -0-	\$ 223	\$ 8,801

COLAs and Gap Funding Amounts

The Base Grant rates are increased annually by the statutory COLA. The statutory COLA for 2016-17 is 0.00 percent. The estimated COLA for 2017-18 is 1.11 percent, and 2.42 percent for 2018-19. 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 \$2.94 billion provided in 2016-17 to continue to implement the LCFF funded each district's Gap by 54.18 percent. The Department of Finance projects that enough additional funds will be provided to fund the Gap by 72.99 percent in 2017-18 and by 40.36 percent in 2018-19. This does not mean that each district will receive increases equal to these amounts, but that each district's Gap (the difference between the prior year Hold Harmless amount and their current year calculated Target amount) will be funded by those percentages.

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

Therefore, we recommend that districts assign, reserve or otherwise set aside any projected increase in LCFF revenue because of Gap Funding in 2017-18 and subsequent years. If districts budget this increased revenue, they must have a contingency or alternative plan in place should these funds fail to materialize.

Maintenance of Effort (MOE)

Regional Occupational Centers/Programs (ROC/P)

The Budget Act continues to treat ROC/Ps as part of the LCFF base for districts and county offices. While the grade 9-12 augmentation is not specifically identified as a Career Technical Education (CTE) grant, it represents the funding allocated to these programs in prior years. Current law does not require lead agencies and county offices to continue to forward these funds to districts.

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 and TIIG Grant

Under the LCFF and the MOE requirement, districts will receive the same amount in an LCFF add-on for the Home-to-School (HTS) Transportation Grant and Targeted Instructional Improvement Grant (TIIG) as they received from these programs in 2012-13. These amounts are fixed at the 2012-13 amounts for all future years' calculations.

Adult Education

The Enacted Budget provided \$505 million for the Adult Education Block Grant Program dedicated to funding adult education programs in 2016-17. In 2016-17, funding will be provided directly to K-12 school districts in the amount equal to the amount received in the prior year.

Per EC 84912, funds are apportioned in twelve equal payments on a monthly basis. The apportionment letter and payment schedule can be found on the CDE website at:

<http://www.cde.ca.gov/fg/fo/r14/adulted16result.asp>

Adult Education Consortium

Based on the share of need for Adult Education in each region, the schedule of allocations to each regional consortium were available in October 2016. For 2016-17 and beyond, the amounts allocated to each consortium will be based on:

- The amount apportioned in the preceding year
- The region's share of the state-wide need for adult education
- The consortium's effectiveness in meeting the needs of adults

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

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

California Career Technical Education Incentive Grant

The Enacted Budget continues to provide “bridge funding,” \$400 million in 2015-16, \$300 million for 2016-17 and \$200 million in 2017-18 for a new transitional California Career Technical Education Incentive Grant (CTEIG) Program. The local match ratio requirement will increase each year from 1:1 in 2015-16, 1.5:1 in 2016-17 and 2:1 in 2017-18. The expectation is that LEAs will use LCFF and the 9-12 grade span adjustment (GSA) funds to support the program beginning 2018-19. In addition, new trailer bill language allows the SSPI to reduce the following year’s grant if it is determined that the grant recipient failed to comply with the matching requirements. Any CTE programs should be included in your LCAP.

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 2016-17 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 these 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

The EPA revenue is estimated at \$6.9 billion for 2016-17. School districts, charter schools, county offices of education and community colleges will receive revenues from the EPA on a quarterly basis. The CDE calculated the estimated EPA entitlements using a factor of 24.63180762 percent based on the 2015-16 statewide total of revenue limits, charter school block grant funding, and 2015-16 P-2 local revenue data, adjusted to exclude one-time RDA Asset Liquidation funds.

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. The Governing Board will make the spending determination of these funds in an open session of a public meeting. In addition, 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. A complete list of function codes 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 a third revenue component besides local property tax revenue and State Aid.

While each quarterly payment will be adjusted for actual receipts, it is recommended that districts anticipate EPA revenues in 2016-17 in equal quarterly payments. The CDE has released specific 2016-17 EPA estimates with the Advance Apportionment posted at:

www.cde.ca.gov/fg/aa/pa/epal617.asp

Additional guidance may also be found in Informational Bulletin No. 4456, dated September 15, 2016, which is available on our website at:

www.lacoe.edu/Bulletins.aspx

CALPADS

The Fall 1 certification deadline is December 2, 2016. The Fall 1 amendments window closes on January 27, 2017. Additional functionality has been added to CALPADS, including identification of foster youth enrolled in LEAs based on a state-wide match and a 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, Districts should ensure 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 augmentation to the LCFF base grant to support lowering class sizes in grades kindergarten through three. 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 gap, as a condition of apportionment. **Districts should plan to reduce class sizes in grades K-3 by 54.18 percent of the difference between the current year class size and the school site average target of 24 students per class. Districts that fail to meet the above requirements at each school site will lose 100 percent of this additional funding in that fiscal year, estimated to be \$380 per ADA for all ADA generated in grades TK-3.** The K-3 GSA requirement has been included in the 2015-16 Audit Guide.

Local Control and Accountability Plan (LCAP)

We recommend that districts continue monitoring progress towards meeting the goals and expenditure plans against their submitted LCAP, and make necessary adjustments and/or amendments as required. 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

There are no longer any inter- or intra- year deferrals. Attached is the Principal Apportionment Payment Schedule that reflects the traditional "5-5-9" payment schedule (Attachment No. 3).

ONE-TIME FUNDS

Educator Effectiveness Program

The 2015-16 Enacted Budget provided \$490 million for the Educator Effectiveness Program. These funds are restricted and should be accounted for in Resource Code 6264. These funds should be targeted at support and mentoring, including beginning teacher support as well as professional development and identified support for teachers and administrators. School Districts, COEs, Charter Schools and Special Schools are eligible for this funding. Funds were apportioned in December 2015 and March 2016.

LEAs must explain how these funds will be used at a public meeting and then adopt a plan at a subsequent meeting. In addition, LEAs have three years to expend the funds and must report expenditures of these funds to the CDE by July 1, 2018. Educator Effectiveness funds are subject to the annual audit as required by EC 41020.

College Readiness Block Grant

The College Readiness Block Grant (CRBG), included in SB 828 (Chapter 29, Statutes 2016), requires (as a condition of receiving funds) local educational agencies (LEAs) to report to the State Superintendent of Public Instruction, by January 1, 2017, on how LEAs will measure the impact of the funds received on their unduplicated pupils' access and successful matriculation to institutions of higher education, as identified within their plan (as required by *Education Code* (EC) Section 41580.

Chapter 29 also requires the California Department of Education (CDE), on or before April 30, 2017, to compile and submit a report to the appropriate policy and fiscal committees of the Legislature on how LEAs will measure the impact of the CRBG funds received. To enable CDE to meet this legislative reporting requirement, and to prevent any delays in the second apportionment of CRBG funds, LEAs must submit the report identified above no later than January 1, 2017.

The online reporting template to meet the requirements of E.C. 41580(f) can be accessed by clicking [here](#).

Additional guidance may also be found in Informational Bulletin No. 4456, dated August 26, 2016, which is available on our website at:

www.lacoe.edu/Bulletins.aspx

One-Time Discretionary Funds (Mandated Cost Reimbursement)

The Enacted Budget also included \$1.28 billion in one-time funds to pay down a portion of the debt owed to LEAs for mandated cost reimbursement. 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, estimated at \$214 per ADA. These funds will be apportioned **whether or not the LEA had any prior year claims**. However, consistent with previous year's, any funds received will offset state obligations for any LEA with outstanding mandate reimbursements.

Contingent Assumptions

Districts should not include revenue sources in their First Interim Report projection 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 do not take place. Districts are reminded to keep all options open when preparing for the remainder of 2016-17, 2017-18 and 2018-19.

Cash Management Planning

Districts should ensure they have Board resolutions to authorize inter-fund and County Treasurer borrowing, and that the borrowing 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. 4369, dated May 23, 2016, issued by the Division of School Financial Services, which is available on our website:

www.lacoe.edu/Bulletins.aspx

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 to have sufficient cash to meet payroll and other obligations.

County offices continue to reinforce the need for reserves over the minimum reserve requirements. The experience of the most recent recession has clearly demonstrated these minimum levels are not sufficient to protect educational programs from severe disruption in an economic downturn. The typical 3.0 percent reserve minimum represents less than two weeks of payroll for many districts. Many LEAs have established reserve policies calling for higher than minimum reserves, recognizing their duty to maintain fiscal solvency. The adequacy of a reserve level should be assessed based on the LEA's own specific circumstances.

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 **12.58 percent** for 2016-17. Employer rates will continue to increase until 2020-21 and are expected to bring the underfunded retirement system to full funding in 30 years.

CalSTRS Rates

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Employer	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 **13.888 percent** for 2016-17.

Districts are advised to use the rates below when revising their 2016-17 budgets and multi-year projections.

CalPERS Rates

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Employer	11.847%	13.888%	15.50%	17.10%	18.60%	19.80%

Mandated Block Grant (MBG)

The 2016-17 Enacted Budget provided \$218.8 million for the MBG. 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
K-8	\$28.42	\$14.21
9-12	\$56.00	\$42.00

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 received in mid-November, with the amount paid equal to 100 percent of each LEA's entitlement. 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/mandatebg16list.asp>

Proposition 39: California Clean Energy Jobs Act

The California Clean Energy Jobs Act was approved by voters in 2012. For years 2013-14 through 2017-18, the measure requires half of the increased revenues, up to \$550 million per year, be used to support energy efficient projects. The Enacted Budget provides \$398.8 million, an increase of \$85.4 million from 2015-16.

Additional information may be found on the CDE's website at:

<http://www.cde.ca.gov/fg/aa/ca/prop39cceja.asp>

Charter Schools

Similar to districts, charters will receive a LCFF base rate for each of the four grade spans and 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.

CALIFORNIA SCHOOL-BASED MEDI-CAL ADMINISTRATIVE ACTIVITIES

The California School-Based Medi-Cal Administrative Activities (SMAA) program reimburses school districts for the federal share (50 percent) of the certain costs for administering the Medi-Cal program. Those activities include: Outreach and Referral; Facilitating the Medi-Cal Application; Arranging Non-Emergency/Non-Medical Transportation; Program Planning and Policy Development; and MAA Claims Coordination.

On June 26, 2012, the California Department of Health Care Services (DHCS) was notified by the Centers of Medicare and Medicaid Services (CMS) that payment of school-based administrative claims would be deferred until adequate documentation could be provided to show that the claims complied with Federal Medicaid administrative claiming requirements. Moreover, CMS requested DHCS to submit a revised time study methodology that fully complies with Federal cost allocation principals.

On October 7, 2014, CMS notified DHCS of the approval of a deferral resolution and an interim claiming process.

Deferral Resolution (FY 2009-10 Quarter 4 – FY 2011-12)

Based on the settlement letter issued on October 7, 2014, by the Centers for Medicare and Medicaid Services (CMS), SMAA claims will be released based on:

- a. Invoices under \$25,000 – Interim payment of 100 percent, with no backcasting required
- b. Invoices between \$25,001 - \$50,000 – LEAs can choose one of the following:
 - i. Accept an interim payment of 75 percent and require backcasting
 - ii. Accept a settlement amount of 75 percent, or a flat rate of \$25,000, whichever is greater, with no backcasting
- c. Invoices over \$50,000 – Interim payment of 40 percent and will require backcasting.

It should be noted, that of this writing, DHCS has been unable to fully issue deferral payments to all LEAs. DHCS issued a Policy and Procedure Letter entitled Disbursement and Recoupment of Deferral Settlement Funds on June 14, 2016 detailing the partial deferred payment process.

Interim Claiming Resolution (FY 2012-13 – FY 2013-14)

DHCS has begun to release the SMAA interim claims. The percentages for these claims are:

For LEAs continuing in the SMAA Program:

- a. Invoices under \$25,000 – Interim payment of 90 percent
- b. Invoices between \$25,001 - \$50,000 – Interim payment of 75 percent
- c. Invoices over \$50,000 – Interim payment of 40 percent

For LEAs not participating after June 30, 2014:

- a. Invoices under \$35,000 – Interim payment of 100 percent
- b. Invoices between \$25,001 - \$50,000 – Interim payment of 70 percent
- c. Invoices over \$50,000 – interim payment of 35 percent

For claims submitted for state fiscal year (SFY) 2012-13 and SFY 2013-14, DHCS issued reimbursement payments based on a percentage of the claimed amount. Backcasting will be required for all of these payments unless the claiming units submitting the claims will no longer participate in the SMAA program after June 30, 2014.

Random Moment Time Survey Methodology

Beginning January 1, 2015, DHCS transitioned the SMAA program to the new Random Moment Time Study (RMTS) methodology. The new RMTS methodology replaced the worker log methodology that had been the foundation of the SMAA program for more than a decade. The RMTS process is a web-based system that requires a school district to have current information technology which may not be available to every school district. If this is the case or if school policies restrict the use of an electronic information system (EIS), then an RMTS-paper-based moment will be made available.

The RMTS methodology polls a randomly selected Time Survey Participant (TSP) at random time intervals over a given time period and totals the results to determine the work effort for the entire population of TSPs over that same time period. The RMTS method provides a statistically valid means of determining what portion of the selected TSP's workload is spent performing activities that are reimbursable by Medi-Cal. Due to the random nature of the RMTS methodology there is a possibility that a TSP may or may not receive one or more moments in a given quarter.

Please contact Mr. Octavio Castelo at Castelo Octavio@lacoed.edu or (562) 922-6144, your Regional SMAA Coordinator, for further information regarding the new survey methodology.

CATEGORICAL PROGRAMS

Flexibility Provisions

With the implementation of the LCFF, many of the flexibility provisions became permanent, but others are still set to expire. Following is a list of the former flexibility provisions and their current status.

- Deferred Maintenance no longer exists as a separate program and is now a permanent part of the LCFF base grant. However, districts are still required to appropriately maintain their facilities. The responsibility for maintaining district facilities is one of the state priorities that should be included in the district's LCAP. In addition, the *Williams Act* facility requirements will continue. **We recommend that districts set aside funds in a separate resource for deferred maintenance that is not available for other general fund purposes.**
- As specified in AB 104, there is a gradual increase in the required contribution for the Routine Restricted Maintenance (RRM) to 3 percent. For 2015-16 and 2016-17, the RRM contribution is the lesser of 3 percent of the total General Fund (GF) expenditures or the amount deposited in 2014-15. For 2017-18, 2018-19 and 2019-20, the RRM contribution is the greater of (1) the lesser of 3 percent of the total GF expenditures or the current amount deposited in 2014-15 or (2) 2 percent of the total GF expenditures. In 2020-21 and beyond, at full LCFF implementation, the minimum RRM contribution is 3 percent of the total GF expenditures.

Lottery

The CDE recently revised its projection of lottery revenues for 2015-16 to reflect the California State Lottery Commission's updated lottery sales projection of \$6.0 billion. The final rates for 2015-16 are now \$146.47 per ADA unrestricted and \$48.36 per ADA restricted. Based on the projected sales for 2016-17 of \$6.42 billion, LEAs should use \$144 per ADA unrestricted and \$45 per ADA restricted for 2016-17, 2017-18 and 2018-19 for planning purposes. No additional lottery funding is provided for Adult Education and ROC/P's ADA beginning in 2015-16.

Special Education

The Enacted Budget included \$5.02 billion for Special Education, \$3.18 billion in State funds, and \$1.21 billion in Federal funds and \$627 million in Local funds. Special Education receives no additional funding for COLA for 2016-17. The Federal funding contribution to pay for the Federal special education mandate is less than 15 percent of the total cost of special education. The remainder of the costs are funded by the State and the balance by the LEA's General Fund.

Special Education will be funded outside the LCFF, with funding adjusted for a slight decrease in for ADA. SELPAs are expected to receive an estimated \$530.00 per ADA.

Extraordinary Costs

SELPAs with single placement extraordinary costs are eligible to submit for costs exceeding the threshold pursuant to EC Section 56836.21. The current threshold is \$75,782.72. If claims exceed the appropriation, the reimbursements will be prorated.

Claims are filed using the CDE-issued Revenue Software. **Claims for 2015-16 must be filed by November 30, 2016**, to ensure funding. These claims require submittal to and certification by the County Office before submittal to the CDE. Refer to Informational Bulletin No. 4476, Nonpublic School Extraordinary Cost Pool Claims, Fiscal Year 2015-16, dated October 18, 2016.

Reporting Requirements of the Affordable Care Act

As a result of the Affordable Care Act (ACA) of 2010, the IRS introduced the Form 1095-C and the Form 1094-C. Employers with 50 or more full-time equivalent employees must complete these forms to comply with ACA requirements. The 1095-C is the form used to report "*Employer-Provided Health Insurance Offer and Coverage.*" The 1094-C is the form used to report "*Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns.*"

Employers with 50 or more full-time employees must file the Form 1095-C for every full-time employee for the 2016 tax reporting year. Similar to the W-2, the IRS requires the 1095-C be furnished to each full-time employee by January 31, 2017. Districts will meet the requirement if the form is properly addressed and mailed on or before the due date. This form must be completed for all employees who were full-time for any month of the calendar year 2016.

Districts must file the Form 1095-C and 1094-C with the IRS no later than February 28, 2017, or by March 31, 2017, if being filed electronically. Districts must file the forms electronically if you file more than 250 information returns.

The Division of School Financial Services will issue an Informational Bulletin with additional information on forms 1095-C and 1094-C in November which will be available on our website at:

www.lacoe.edu/Bulletins.aspx