Agenda

- Welcome and Introductions
- Review purpose and expectations of Budget Advisory Committee (BAC)
- Introduction to School Finances
- Review ESUHSD 2\textsuperscript{nd} Interim Financial Report
- Review 2019–20 District Budget Assumptions
- Other questions and answers
Purpose

- Superintendent’s Committee comprised of representatives from various District stakeholders
- To review the District’s Budget
- Share the information with constituent groups
  - Disseminate information to as many parents, students, staff, and community members as possible
- Provide input or recommendations as requested by the Superintendent for consideration in the Budget development process
- The Committee is advisory in nature and will not have decision making responsibilities
BAC Expectations

- Start and end on time
- One person talks at a time (No side conversations)
- Everyone has a “voice” and to respect each other’s thoughts and opinions
- Address the issues, not the people (individuals)
- Confidentiality of discussions
- Stay on task at hand, keep to items on the “floor” at time of discussion
- No implied agreements
- Represent the needs of the entire District (Not a specific site or program)
- Any recommendations are advisory
Introduction to School Finance

- List of Acronyms
- Proposition 98
- History of School Funding
  - Revenue Limit and Average Daily Attendance (ADA)
  - Local Control Funding Formula (LCFF)
- LCFF vs. Basic Aid Funding
- Fiscal Solvency
- District Fund Accounts
What is Proposition 98?

- 1988 Voter approved constitutional amendment intended to provide a stable and growing source of funding for K–14 education
- Establishes the minimum level of state funding for school districts
- Education receives at least 40.319% of the State’s general fund tax revenues
Revenue Limit Funding Model

- Revenue Limit Calculation
  - Average Daily Attendance (ADA) is Total Number of Days of Student Attendance divided by Total Number of Days in School Year

- Example...
  - Student attends all 180 day out of 180 school days = 1 ADA
  - Student attends 175 out of 180 school days = .972 ADA

- Federal Funding and other State Funding
Revenue Limit Deficit Factor

Replaced by LCFF Gap
Local Control Funding Formula (LCFF) Assumptions
Locally Controlled Funding Formula (LCFF)

In 2013–14, Governor’s plan to overall California’s system of school finance

LCFF would replace revenue limits and most state categorical program funding

Elements of the formula

- Base target grant equal to undeficited statewide average base revenue limit per ADA
- Differential adjustments for early primary, primary, middle, high school grade spans; added funding for K–3 Class Size Reduction (CSR)
- Additional funding based on the school’s demographics;
  - English Learner population
  - Pupils eligible for free and reduced-price meals
  - Foster Youth
- Some exclusions to the formula Special Education, Child Nutrition, After School Education and Safety (ASES)
- Transportation is a separate add–on to the formula, however COLAs will not be applied
LCFF Full Implementation

- 2018–19 Budget Act appropriated sufficient funding to close remaining LCFF Gap
  - 100% Gap closed in 6 years, not 8 years as projected
- Base grant funding is now equalized across all LEAs
- Supplemental and Concentration grant funding will be determined by the LEA’s Unduplicated Pupil Count
- Annual growth in LCFF funding will be determined by;
  - The change in LEA’s Average Daily Attendance (ADA) and Unduplicated Pupil Counts.
  - The statutory Cost of Living Adjustment (COLA)
  - Any funding provided in excess of the COLA
LCFF Gap Closure Analysis

LCFF Target

LCFF Funding Level

LCFF Gap

2013-14
$175 Million
2014-15
$185 Million
2015-16
$195 Million
2016-17
$205 Million
2017-18
$215 Million
2018-19
$225 Million
2019-20
$235 Million
2020-21
$245 Million
2021-22
$255 Million
2022-23
$260 Million
2023-24
$265 Million

COLA
2013-14 @ 1.57%
2014-15 @ 0.85%
2015-16 @ 1.02%
2016-17 @ 0.00%
2017-18 @ 1.56%
2018-19 @ 3.70%

GAP Closure Rate
2013-14 @ 12.00%
2014-15 @ 30.16%
2015-16 @ 52.56%
2016-17 @ 56.08%
2017-18 @ 42.97%
2018-19 @ 100%

LCFF Additional Funding
2013-14 LCFF = $4,999,443
2.87%
2014-15 LCFF = $14,687,797
Base = $13,822,012
Supplemental = $865,785
8.19%
2015-16 LCFF = $19,529,058
Base = $17,821,920
Supplemental = $1,707,138
10.06%
2016-17 LCFF = $5,755,746
Base = $5,515,398
Supplemental = $240,348
2.69%
2017-18 LCFF = $4,965,745
Base = $4,197,492
Supplemental = $768,253
2.26%
2018-19 LCFF = $14,099,627
Base = $13,003,220
Supplemental = $1,096,407
6.28%
LCFF Funding Level

As of 2018-19 Second Interim

COLA
2017-18 COLA at 1.56%
2018-19 COLA at 3.70%
2019-20 COLA at 3.46%
2020-21 COLA at 2.86%
2021-22 COLA at 2.92%
2022-23 COLA at 2.90%

GAP Closure Rate
2017-18 at 42.97%
2018-19 at 100%

LCFF Additional Funding
2017-18 LCFF = $4,965,745
   Base = $4,197,117
   Supplemental = $768,628
   2.26%

2018-19 LCFF = $14,097,514
   Base = $12,923,953
   Supplemental = $1,173,561
   6.34%

2019-20 LCFF = $374,407
   Base = $458,506
   Supplemental = <$84,099>
   0.16%

2020-21 LCFF = $4,275,476
   Base = $4,215,972
   Supplemental = $59,504
   1.79%

2021-22 LCFF = $4,174,430
   Base = $3,388,778
   Supplemental = $785,652
   1.72%

2022-23 LCFF = <$978,754>
   Base = <$1,356,749>
   Supplemental = $377,995
   <0.40%
LCFF Funding vs. Basic Aid Funding
Property Taxes

State Aid

Local Control Funding Formula (LCFF)

MONEY FROM LOCAL TAXES AND MONEY FROM THE STATE

Local Control Funding Formula (LCFF)
Property Taxes

Local Control Funding Formula (LCFF)

Extra Property Taxes to keep

MONEY FROM LOCAL TAXES

BASIC AID DISTRICT FUNDING
# Fiscal Solvency Certification

<table>
<thead>
<tr>
<th>Certification</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive</td>
<td>District <strong>WILL</strong> meet its financial obligations for the remainder of the fiscal year and the subsequent 2 years</td>
</tr>
<tr>
<td>Qualified</td>
<td>District <strong>MAY NOT</strong> be able to meet its financial obligations either in the current year or the subsequent 2 years</td>
</tr>
<tr>
<td>Negative</td>
<td>District <strong>WILL NOT</strong> be able to meet its financial obligation for current fiscal year or subsequent year</td>
</tr>
</tbody>
</table>
## District Fund Accounts

<table>
<thead>
<tr>
<th>Funds</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Unrestricted and Restricted</td>
<td>School District Operations</td>
</tr>
<tr>
<td>Special Reserve Fund for Other than Capital Outlay Projects</td>
<td>Reserve for Economic Uncertainties</td>
</tr>
<tr>
<td>Cafeteria</td>
<td>Child Nutrition Services Program</td>
</tr>
<tr>
<td>Adult Education</td>
<td>Adult Ed program</td>
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<tr>
<td>Building Fund</td>
<td>General Obligation Bond</td>
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<tr>
<td>Capital Facilities Fund</td>
<td>Developer Fees</td>
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<tr>
<td>Special Reserve Fund for Capital Outlay Projects</td>
<td>Capital Improvement Funds</td>
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<tr>
<td>School Facilities</td>
<td>State Modernization Program</td>
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<tr>
<td>Child Development Fund</td>
<td>Child Development Centers</td>
</tr>
<tr>
<td>Bond Interest &amp; Redemption</td>
<td>Repayment of Bonds</td>
</tr>
<tr>
<td>Retiree Benefit Fund</td>
<td>Post Retirement Health Benefits</td>
</tr>
<tr>
<td>Enterprise</td>
<td>Child Care Program</td>
</tr>
<tr>
<td>Self Insurance</td>
<td>Self Funded Health, Dental &amp; Vision Program</td>
</tr>
</tbody>
</table>
California State Lottery is projected to yield $4,722,122, or approximately 1.63% of the District’s income for 2018–19.

Lottery income is not a stable source of income for the District, but instead has ranged from a low of $77 per ADA in 1991–92 to a $216 per ADA in 2017–18.

2018–19 Lottery Estimate
- $151 per ADA (Unrestricted)
- $53 per ADA (Restricted)
Second Interim Financial Report
2018–19
2018-19 and 2019-20 Budget Calendar

- 2018–19 Budget and LCAP Adoption – June 21, 2018
- 2018–19 First Interim – December 13, 2018
- 2018–19 Second Interim – March 7, 2019

- 2019–20 Budget and LCAP adoption – June 20, 2019

2018–19 Budget Graphs
2018-19 Second Interim Report
“All” Funds – Expenditures/Other Uses Budgets

$400,733,232

- General Fund 297,131,576
- Adult Education Fund 8,083,888
- Cafeteria Fund 6,978,904
- Child Development Fund 2,832,345
- Deferred Maintenance Fund 5,845
- Building & Bond Fund 64,251,344
- Capital Facilities Fund 629,000
- Foundation Private Trust Fund 34,700
- Retiree Benefit Fund 3,819,360
- School Facilities Fund 3,003,957
- Special Reserve for Capital Outlay 2,779,155
- Self-Insurance Fund 11,183,157
- Capital Outlay 6,231,400

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- School Facilities Fund 3,003,957
- Special Reserve for Capital Outlay 2,779,155
- Self-Insurance Fund 11,183,157
- Capital Outlay 6,231,400
92.3% of Total Revenue comes from the State and Property Taxes
2018-19 Second Interim Report
General Fund Revenue and Other Sources - Unrestricted and Restricted

Unrestricted

- LCFF Revenue Sources: $238,437,423
- Other State Revenue: $8,823,823
- Other Local Revenue: $4,008,386

Total: $251,269,632

Restricted

- Federal Revenue: $11,339,664
- Other State Revenue: $19,196,910
- Other Local Revenue: $6,961,586

Total: $37,498,160

Restricted revenue total shown DOES NOT REFLECT $48,309,160 Contribution from Unrestricted General Fund.
80% of Budget is spent on Instruction and Instructional Related Services for students.
2018-19 Second Interim Report
General Fund Expenditures - Unrestricted and Restricted

$297,131,576

Certificated Salaries 42%
Classified Salaries 11%
Employee Benefits 27%
Books and Supplies 3%
Services and Other Operating Exp. 12%
Capital Outlay 0%
Other Outgo 5%

80% of the budget are people
2018-19 Second Interim Report
General Fund Expenditures - Unrestricted and Restricted

Unrestricted

- Certificated Salaries: $105,734,240
- Classified Salaries: $21,326,665
- Employee Benefits: $53,970,119
- Books and Supplies: $2,751,224
- Services and Other Operating Exp.: $20,605,418
- Capital Outlay: $33,613
- Other Outgo: $6,376,382

Total: $210,797,661

Restricted

- Certificated Salaries: $19,343,533
- Classified Salaries: $10,297,535
- Employee Benefits: $25,708,175
- Books and Supplies: $6,425,762
- Services and Other Operating Exp.: $14,099,843
- Capital Outlay: $274,018
- Other Outgo: $10,185,049

Total: $86,333,915
Multi-Year Assumptions and Projections
## Description

<table>
<thead>
<tr>
<th>Description</th>
<th>Second Interim</th>
<th>Projection</th>
<th>Projection</th>
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<tbody>
<tr>
<td>Based on SSC Dartboard</td>
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<tr>
<td>Statutory COLA</td>
<td>2.71%</td>
<td>3.46%</td>
<td>2.86%</td>
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<tr>
<td>LCFF CTE</td>
<td>235</td>
<td>243</td>
<td>250</td>
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<tr>
<td>LCFF Unduplicated Count Percentage</td>
<td>53.06%</td>
<td>52.74%</td>
<td>51.83%</td>
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<tr>
<td>LCFF Approved Funding Rate (GAP)</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
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<td>LCFF Entitlement</td>
<td>238,437,423</td>
<td>238,811,830</td>
<td>243,087,306</td>
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<td>Lottery Per ADA - Unrestricted</td>
<td>151</td>
<td>151</td>
<td>151</td>
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<tr>
<td>Mandate Cost Block Grant per ADA</td>
<td>60</td>
<td>62</td>
<td>64</td>
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<tr>
<td>Title I</td>
<td>3,719,279</td>
<td>3,731,538</td>
<td>3,831,170</td>
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<td>Title II</td>
<td>637,053</td>
<td>593,186</td>
<td>609,024</td>
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<td>Career Technical Incentive</td>
<td>3,071,589</td>
<td>0</td>
<td>0</td>
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<td>California Career Pathway</td>
<td>1,337,744</td>
<td>0</td>
<td>0</td>
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<td>One Time Discretionary Revenue</td>
<td>4,060,393</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Use of Facilities Rental</td>
<td>1,466,550</td>
<td>1,466,550</td>
<td>1,466,550</td>
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<td>Enrollment (CBEDS) Projected</td>
<td>22,885</td>
<td>22,640</td>
<td>22,350</td>
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<tr>
<td>with NPS and Post Seniors</td>
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<td>Projected Savings with RIF</td>
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<td>Salary Step and Column % Increases:</td>
<td></td>
<td></td>
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<tr>
<td>Certificated</td>
<td>1.50%</td>
<td>1.50%</td>
<td>1.50%</td>
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<tr>
<td>Classified</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
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<tr>
<td>Management</td>
<td>1.50%</td>
<td>1.50%</td>
<td>1.50%</td>
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<tr>
<td>2% Salary Increases for Certificated &amp; Classified Effective 2017-18</td>
<td>3,381,997</td>
<td>3,506,531</td>
<td>3,614,428</td>
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<tr>
<td>2% Salary Increases (Non-Bargaining Groups) Effective 2017-18</td>
<td>216,913</td>
<td>224,983</td>
<td>232,111</td>
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<tr>
<td>Decrease Teacher FTEs due to Enrollment Changes</td>
<td>(24.0 FTEs)</td>
<td>(8.0 FTEs)</td>
<td>(9.8 FTEs)</td>
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<tr>
<td>One time 2% off schedule Salary adjustment</td>
<td>(3,418,000)</td>
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<td>Benefits:</td>
<td></td>
<td></td>
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<tr>
<td>STRS</td>
<td>16.28%</td>
<td>18.13%</td>
<td>19.10%</td>
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<tr>
<td>PERS</td>
<td>18.06%</td>
<td>20.70%</td>
<td>23.40%</td>
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<tr>
<td>Medicare</td>
<td>1.45%</td>
<td>1.45%</td>
<td>1.45%</td>
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<tr>
<td>OASDI</td>
<td>6.20%</td>
<td>6.20%</td>
<td>6.20%</td>
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<tr>
<td>Workers' Comp</td>
<td>1.919%</td>
<td>1.919%</td>
<td>1.919%</td>
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<tr>
<td>Unemployment Insurance</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.05%</td>
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<tr>
<td>Health &amp; Welfare Increase</td>
<td>3.50%</td>
<td>6.00%</td>
<td>6.00%</td>
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<tr>
<td>SERP Annuity Paid by Fund 71</td>
<td>677,300</td>
<td>677,300</td>
<td>677,300</td>
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<tr>
<td>OPEB Paid by Fund 71</td>
<td>3,142,060</td>
<td>3,173,481</td>
<td>3,205,216</td>
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<tr>
<td>Medical Benefits Expenses to Self Insurance Fund, F68 (one time)</td>
<td>(7,000,000)</td>
<td></td>
<td></td>
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<tr>
<td>Adjustment in Contribution to Self Insurance</td>
<td>(1,000,000)</td>
<td></td>
<td></td>
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<tr>
<td>Add back Medical Benefits Expense in General Fund</td>
<td>5,100,000</td>
<td></td>
<td>7,000,000</td>
</tr>
<tr>
<td>Operations:</td>
<td></td>
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<td></td>
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<tr>
<td>Augment Math / Science Text Book Adoption</td>
<td></td>
<td>2,000,000</td>
<td>0</td>
</tr>
<tr>
<td>Utilities / Communication rates increase</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
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<tr>
<td>Properties/Liabilities Insurance rate increase</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
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<tr>
<td>Board Election Cost</td>
<td>480,000</td>
<td>(480,000)</td>
<td>320,000</td>
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<tr>
<td>Parcel Tax Expenses</td>
<td>(281,000)</td>
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<tr>
<td>New Enterprise Resource Planning Solution (ERP)</td>
<td>500,000</td>
<td></td>
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<tr>
<td>OPEB Debt Payment</td>
<td>2,187,272</td>
<td>2,228,343</td>
<td>2,275,529</td>
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<td>Direct Cost Transfer for Ad Ed Concurrently Enroll</td>
<td>42,000</td>
<td>40,000</td>
<td>40,000</td>
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<td>Contributions:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Contribution to Special Ed</td>
<td>(43,765,984)</td>
<td>(45,743,667)</td>
<td>(47,776,618)</td>
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<tr>
<td>Contribution to Restricted Routine Maintenance from Unrestricted General Fund</td>
<td>(4,543,196)</td>
<td>(7,200,000)</td>
<td>(8,900,000)</td>
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<tr>
<td>Contribution to Restricted Routine Maintenance from Redevelopment Funds</td>
<td>(3,056,804)</td>
<td>(1,700,000)</td>
<td>(1,700,000)</td>
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<tr>
<td>Total Contribution to Restricted Routine Maintenance</td>
<td>(7,600,000)</td>
<td>(8,900,000)</td>
<td>(8,600,000)</td>
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<tr>
<td>Fund Transfers in/out:</td>
<td></td>
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<tr>
<td>Transfer from (to) General Reserve (F17)</td>
<td>(490,386)</td>
<td>0</td>
<td>294,000</td>
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<tr>
<td>Transfer to Child Development Fund (F12)</td>
<td>(1,673,883)</td>
<td>0</td>
<td>0</td>
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<td>Transfer to Child Nutrition Services (F61)</td>
<td>(1,158,388)</td>
<td>(1,012,831)</td>
<td>(1,012,831)</td>
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<tr>
<td>Transfer to Property &amp; Liabilities Fund (F67)</td>
<td>(100,000)</td>
<td>(100,000)</td>
<td>(100,000)</td>
</tr>
<tr>
<td>Description</td>
<td>2018-19</td>
<td>2019-20</td>
<td>2020-21</td>
</tr>
<tr>
<td>-----------------------------------------------------------------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
</tr>
<tr>
<td>Beginning Fund Balance (incl. Fund 17)</td>
<td>$ 43,435,288</td>
<td>$ 35,679,681</td>
<td>$ 19,208,596</td>
</tr>
<tr>
<td>Plus: Revenues/Other Sources</td>
<td>$ 288,885,605</td>
<td>$ 279,590,231</td>
<td>$ 284,556,898</td>
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<tr>
<td>Total Available</td>
<td>$ 332,320,893</td>
<td>$ 315,269,912</td>
<td>$ 303,765,494</td>
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<tr>
<td>Less: Expenditures/Other Uses</td>
<td>$ 296,641,212</td>
<td>$ 296,061,316</td>
<td>$ 284,648,294</td>
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<tr>
<td>Ending Fund Balance (incl. Fund 17)</td>
<td>$ 35,679,681</td>
<td>$ 19,208,596</td>
<td>$ 19,117,200</td>
</tr>
<tr>
<td>Projected Revenue Greater(Less) than Expenditure</td>
<td>$ (7,755,607)</td>
<td>$ (16,471,085)</td>
<td>$ (91,396)</td>
</tr>
<tr>
<td>Restricted &quot;RESERVE&quot; or Legally Restricted Balance</td>
<td>$ 4,008,599</td>
<td>$ 2,950,586</td>
<td>$ 1,491,599</td>
</tr>
<tr>
<td>”RESERVE” Required (3%)</td>
<td>$ 8,913,947</td>
<td>$ 8,881,839</td>
<td>$ 8,539,449</td>
</tr>
<tr>
<td>Note: Fund Balance Reserves - Inventories/Prepaids</td>
<td>$ 2,289,846</td>
<td>$ 778,498</td>
<td>$ 686,827</td>
</tr>
<tr>
<td>Undesignated/Unappropriated</td>
<td>$ 20,467,289</td>
<td>$ 6,597,673</td>
<td>$ 8,399,325</td>
</tr>
<tr>
<td>Reserve Percentage</td>
<td>10.68%</td>
<td>5.49%</td>
<td>6.19%</td>
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</table>

Note: Projections do NOT include projected impacts of 18-19 or subsequent collective bargaining agreements.
<table>
<thead>
<tr>
<th>Description</th>
<th>2018-19 First Interim</th>
<th>2018-19 Second Interim</th>
<th>Increase/(Decrease)</th>
<th>% Change</th>
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</thead>
<tbody>
<tr>
<td>Contribution - Child Nutrition Services</td>
<td>$949,486</td>
<td>$1,158,388</td>
<td>$208,902</td>
<td>22.00%</td>
</tr>
<tr>
<td>Contribution - Child Development Centers</td>
<td>$1,537,542</td>
<td>$1,673,893</td>
<td>$136,351</td>
<td>8.87%</td>
</tr>
<tr>
<td>Contribution - Special Education</td>
<td>$43,506,675</td>
<td>$43,765,964</td>
<td>$259,289</td>
<td>0.60%</td>
</tr>
<tr>
<td>Contribution* - Routine Repair</td>
<td>$4,543,196</td>
<td>$4,543,196</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Total Contributions</td>
<td>$50,536,899</td>
<td>$51,141,441</td>
<td>$604,542</td>
<td>1.20%</td>
</tr>
</tbody>
</table>
Multi-Year Projection Without Reductions in Force (RIF)
### Multi-Year Projection Years - 2018-19 Thru 2020-21


<table>
<thead>
<tr>
<th>Description</th>
<th>2018-19</th>
<th>2019-20</th>
<th>2020-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance (incl. Fund 17)</td>
<td>$ 43,435,288</td>
<td>$ 35,679,681</td>
<td>$ 19,208,596</td>
</tr>
<tr>
<td>Plus: Revenues/Other Sources</td>
<td>$ 288,885,605</td>
<td>$ 279,590,231</td>
<td>$ 284,556,898</td>
</tr>
<tr>
<td>Total Available</td>
<td>$ 332,320,893</td>
<td>$ 315,269,912</td>
<td>$ 303,765,494</td>
</tr>
<tr>
<td>Less: Expenditures/Other Uses</td>
<td>$ 296,641,212</td>
<td>$ 296,061,316</td>
<td>$ 308,207,265</td>
</tr>
<tr>
<td>Ending Fund Balance (incl. Fund 17)</td>
<td>$ 35,679,681</td>
<td>$ 19,208,596</td>
<td>$(4,441,771)</td>
</tr>
<tr>
<td>Projected Revenue Greater(Less) than Expenditure</td>
<td>$(7,755,607)</td>
<td>$(16,471,085)</td>
<td>$(23,650,367)</td>
</tr>
<tr>
<td>Restricted &quot;RESERVE&quot; or Legally Restricted Balance</td>
<td>$ 4,008,599</td>
<td>$ 2,950,586</td>
<td>$ 1,491,599</td>
</tr>
<tr>
<td>&quot;RESERVE&quot; Required (3%)</td>
<td>$ 8,913,947</td>
<td>$ 8,881,839</td>
<td>$ 9,246,218</td>
</tr>
<tr>
<td>Note: Fund Balance Reserves - Inventories/Prepaids</td>
<td>$ 2,289,846</td>
<td>$ 778,498</td>
<td>$ 686,827</td>
</tr>
<tr>
<td>Undesignated/Unappropriated</td>
<td>$ 20,467,289</td>
<td>$ 6,597,673</td>
<td>$(15,866,415)</td>
</tr>
<tr>
<td>Reserve Percentage</td>
<td>10.68%</td>
<td>5.49%</td>
<td>-1.93%</td>
</tr>
</tbody>
</table>

Note: Projections do NOT include projected impacts of 18-19 or subsequent collective bargaining agreements.
Other Budget Assumptions Changes Based on Governor’s 2019–20 Proposed Budget
## Relevant Budget Assumptions Changes

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>COLA</strong></td>
<td>3.7%</td>
<td>2.57%</td>
<td>2.67%</td>
<td>3.42%</td>
<td>3.26%</td>
</tr>
<tr>
<td><strong>Increase/Decrease</strong></td>
<td>6.28%</td>
<td>(0.44%)</td>
<td>1.29%</td>
<td>2.19%</td>
<td>(0.07%)</td>
</tr>
<tr>
<td><strong>LCFF Funding</strong></td>
<td>$14,099,627</td>
<td>($1,052,385)</td>
<td>$3,065,023</td>
<td>$5,275,355</td>
<td>($167,803)</td>
</tr>
<tr>
<td><strong>STRS</strong></td>
<td>16.28%</td>
<td>18.13%</td>
<td>19.10%</td>
<td>18.60%</td>
<td>18.60%</td>
</tr>
<tr>
<td><strong>PERS</strong></td>
<td>18.062%</td>
<td>20.8%</td>
<td>23.50%</td>
<td>24.60%</td>
<td>24.60%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>COLA</strong></td>
<td>3.7%</td>
<td>3.46%</td>
<td>2.86%</td>
<td>2.92%</td>
<td>2.90%</td>
<td></td>
</tr>
<tr>
<td><strong>Increase/Decrease</strong></td>
<td>6.34%</td>
<td>0.16%</td>
<td>1.79%</td>
<td>1.72%</td>
<td>(0.40%)</td>
<td></td>
</tr>
<tr>
<td><strong>LCFF Funding</strong></td>
<td>$14,097,514</td>
<td>$374,407</td>
<td>$4,275,476</td>
<td>$4,174,430</td>
<td>($1,356,749)</td>
<td></td>
</tr>
<tr>
<td><strong>STRS</strong></td>
<td>16.28%</td>
<td>17.10%</td>
<td>18.10%</td>
<td>18.10%</td>
<td>17.60%</td>
<td></td>
</tr>
<tr>
<td><strong>PERS</strong></td>
<td>18.062%</td>
<td>20.70%</td>
<td>23.40%</td>
<td>24.50%</td>
<td>25.00%</td>
<td></td>
</tr>
</tbody>
</table>
What do we know today?

- District’s has a Structural Budget deficit
- Will New Governor get everything he is proposing with Education Budget
  - One-time Buy down of STRS Rate
- Current economic growth of State cannot last forever!
  - Will current estimated COLA projections hold?
- Will there be an economic slowdown or will there be another recession?
- Forecasted decline in District enrollment
- District’s Attendance Rate is 94.79%
  - 1% increases in attendance = $2.5 million additional revenue
- Will categorical programs come back?
- STRS and PERS cost impacts
- Collective Bargaining
- Budget reductions needed on the immediate horizon

Next steps.....

- Continue leveraging all available District resources
- Minimize contributions
- Monitor State and Federal economic news
- Anticipation of Governor’s May Revision Proposal
Q & A