

KINGSBURG JOINT UNION HIGH SCHOOL DISTRICT

June 24, 2019

TO: The Governing Board

FROM: Rufino Ucelo Jr., Chief Business Official
Don Shoemaker, Superintendent

RE: 2019-2020 July 1 Budget

BUDGET COMMENTS

The Local Control Funding Formula (LCFF) and Local Control and Accountability Plan (LCAP) model is fully implemented. No formal changes have been made to the basic laws and concepts governing the model. However, Districts and the State are now seasoned in the use of the model and taking full advantage of the local decision-making process. We are now funded with base grants per pupil, plus supplemental & concentration funding which is based on Unduplicated Pupil Count. (English Learners, Low Income (eligible for free & reduced meal program), and foster youth). The District will be required to annually adopt a "District Plan or Local Control and Accountability Plan (LCAP)" for student achievement to address how it will use state funding received under the Local Control Funding Formula.

The District is continuing to see cost increases for employer contribution rates to the California State Teachers Retirement System (CalSTRS) and the California Public Employees Retirement System (CalPERS). The Governor's budget for July 1, 2019 does include one-time non-Prop. 98 appropriations to further reduce the 2019-20 CalSTRS employer contribution. Even with this contribution, cost continue to increase past full implementation of the LCFF which will impact the District's budget. Planning for the next recession by adding to Special Reserve and the Deferred Maintenance Fund 1400 is crucial. The District is considering multiple external and local factors including but not limited to:

- Forecasted revenue changes versus projected expenditure increases in budget and multiyear projection years.
- Ending balance impact of various district Average Daily Attendance (ADA) scenarios.
- Protection against unanticipated/unbudgeted expenditures.
- State and Federal economic forecasts and volatility.

Using data reported on the 2018-19 Second Period Attendance Report (P-2), the State Superintendent of Public Instruction calculates the percentage of unduplicated pupils which gives funding for supplemental and concentration dollars. The district's single year Unduplicated Pupil Percentage (UPP) is 61.38% based on an Unduplicated Pupil Count (UPC) of 715. This brings the 3 year rolling average percentage to 48.77%. The statutory cost of living adjustment (COLA) used for this budget is 3.26%.

The district offers 180-day school year. The budget is based on 1108.10 ADA plus 16.01 ADA County Operated Community Day School for a total of 1124.11 ADA. The district enrollment numbers are below:

2015-16: 1186	2018-19: 1167
2016-17: 1160	
2017-18: 1158	

A review of the current year budget has determined the following changes and updates the overall condition of the district.

Please refer to the attached General Fund Summary, which shows the changes outlined below:

	BUDGET	1st INTERIM	2nd INTERIM	DIFFERENCE
Revenue				
LCFF Sources	\$ 12,237,953.00			
Federal	\$ 798,010.00			
State	\$ 962,245.23			
Local	\$ 571,955.23			
Total Income	\$ 14,570,163.46			
Expenditures				
Certificated	\$ 6,641,390.07			
Classified	\$ 1,972,259.00			
Benefits	\$ 3,991,314.51			
Books & Supplies	\$ 385,644.99			
Services	\$ 1,435,055.07			
Capital Outlay	\$ 27,375.00			
Other Outgo	\$ 603,588.00			
Direct Sup/Indirect	\$ 7,519.65			
Total Expenditures	\$ 15,064,146.29			
Other Sources/Uses	\$ (48,600.00)			
Net Increase/Decrease	\$ (542,582.83)			
Beginning Balance	\$ 1,983,234.22			
Audit Adjustments	\$ -			
Projected Ending Balance	\$ 1,440,651.39			

Budget Assumptions

- A reserve for economic uncertainties is at 3% of expenditures, transfers out and other uses (Fund 0100, Objects 1000-7999). As set forth in the Standards and Criteria for local budgets the amount for us is set at 3% (Education Code Section 33127) \$453,424
- The District funded LCFF entitlement base is \$9,329, which includes a grade span adjustment of \$243. The COLA used for this budget is 3.26%.
- The District does provide transfer of funds to the Deferred Maintenance Fund 1400. At this time in the budget process the District will transfer \$50,000. The State no longer provides District funding for this purpose, but does require Districts to maintain facilities. The District will continue to provide transfers to keep the Deferred Maintenance Fund 1400 in operation.
- **Health Benefits:** The District has a cap on health benefits at \$15,500 per active employee. The District has 94 full time employees, two retirees, and five board members (District Contributions for board members is the lesser of either the cap \$13,175 or yearly premium cost). There is no window period for a Golden Handshake at this time.
- Maintenance of retiree health benefits to the age of sixty-five has been budgeted. The cost to the District is \$15,500 per retiree. The District currently has two retirees.
- Lottery funding had no change.
- All staff salaries were budgeted according to step and column increases. At this time only the Certificated & Management staff have settled negotiations. The salary schedule increases are included in the budget.
- California State Teachers Retirement System (CalSTRS), has been budgeted at 17.10%
- California Public Employee Retirement System (CalPERS), has been budgeted at 20.733%
- Workers Compensation Rate has been budgeted at 2.06%
- Unemployment Rate remains at .0005%
- The District budgeted for the first and second subsequent years of the Multiyear Projections based on the LCFF projections that is being anticipated. The District did not add any one-time funding in either of those years.
- The District budget indicates deficit spending for Restricted Programs but the Unrestricted portion has contributions of \$788,510 to cover those expenditures at this time. All Restricted Programs have been balanced by budgeting a zero balance. There are no restricted balances.
- The ending fund balance at this time indicate that it will be positive and the recommended reserve level of 3 percent will be met.
- The fund balance and cash positions are positive for all other funds.
- The budget will have a negative fund balance in the general fund due to the salary increases. In the two subsequent years the District shows a positive (increase) in fund balance.
- The District used the LCFF calculator version 20.1b