

# Saugus Union School District

*Respect • Integrity • Learning • Teamwork • Enthusiasm*

2017 - 2018

Proposed Budget Report



## Administration

### Governing Board

Dr. David Powell, President  
Christopher Trunkey, Clerk  
Paul De La Cerda, Member  
Julie Olsen, Member  
Judy Egan Umeck, Member

### District Administration

Dr. Joan M. Lucid, Superintendent  
Nick Heinlein, Assistant Superintendent of Business  
Dr. Isa De Armas, Assistant Superintendent of Education Services  
Dr. Jennifer Stevenson, Assistant Superintendent of Human Resources

### School Site Administration

#### **Bridgeport**

Susan Bender, Principal  
Karen Harvey, Assistant Principal

#### **Cedarcreek**

Robin Payre, Principal

#### **Emblem Academy**

Jon Baker, Principal  
Lisa Loscos, Assistant Principal

#### **James Foster**

Dr. Deborah Bohn, Principal

#### **Helmets**

Pete Bland, Principal  
Vicky Kubasak, Assistant Principal

#### **Highlands**

Paul Martinson, Principal

#### **Mountainview**

Katie Demsher, Principal  
Dr. Alina Vehuni, Assistant Principal

#### **North Park**

Sandy Brunet, Principal  
Dr. Carin Fractor, Assistant Principal

#### **Plum Canyon**

Mary Mann, Principal

#### **Rio Vista**

Gina Nolte, Principal

#### **Rosedell**

Kathy Stendel, Principal  
Misty Covington, Assistant Principal

#### **Santa Clarita**

Theophane Korie, Principal

#### **Skyblue Mesa**

Julie Bogosian, Principal  
Dr. Carin Fractor, Assistant Principal

#### **Tesoro Del Valle**

Dianne Saunders, Principal

#### **West Creek Academy**

Cory Pak, Principal  
Susan Bett, Assistant Principal

# Table of Contents

General Information .....	5
About the District .....	5
District Mission Statement .....	5
District Vision .....	5
Core Values .....	5
Awards .....	5
Overview .....	6
School District Budgets Are Not Static Documents .....	6
Cycle of Budget Changes .....	7
Executive Summary .....	8
California Economy .....	8
Local Control Accountability Plan (LCAP) .....	8
Grade Span Adjustment .....	8
One-Time Funds .....	9
Local Control Accountability Plan (LCAP) .....	9
State Teachers Retirement System (STRS) .....	9
Public Employee Retirement System (PERS) .....	10
Average Daily Attendance .....	10
Routine Restricted Maintenance Account (RRMA) .....	10
Minimum Wage Increase .....	11
Employee Staffing .....	11
Retiree Benefits .....	11
Reserve for Economic Uncertainties .....	11
Ending Fund Balance .....	11
District Funds .....	12
General Fund (Fund 01) Summary .....	13
Revenues .....	13
The General Fund receives two different types of revenue: .....	13
Unrestricted Revenues .....	13
Restricted Revenues .....	13
Total Revenues .....	13
Expenditures .....	15
Unrestricted Expenditures .....	16
Restricted Expenditures .....	17

Total Combined Expenditures .....	18
General Fund 01 - Fund Balance and Reserve.....	19
Supplementary Information .....	20
General Fund 01 – Fund Balance.....	20
LCFF Calculator 2016-2017 .....	21
LCFF Calculator 2017-2018.....	22
Education Protection Account (EPA).....	23
Enrollment.....	24
Multi-Year Budget .....	25
Assumptions .....	25
Multi-Year Projections.....	26
Unrestricted General Fund MYP.....	26
Restricted General Fund MYP .....	27
Combined General Fund MYP .....	28
Other Funds (see descriptions below).....	29

DRAFT

# General Information

## About the District

The Saugus Union School District is a preschool to sixth grade school district providing elementary level education under a single Governing Board and centralized administration. The District currently operates 15 elementary schools, a maintenance, operations, and transportation facility, and a district office. The District encompasses approximately 94 square miles of land, most of which is on the west side of the Santa Clarita Valley in Los Angeles County.

The Governing Board of the District consists of five elected members. Beginning with the November 2016 election, members were elected from designated geographic boundaries. Members of the Board elect a president each year at the organizational meeting in December. The day-to-day affairs of the District are under the direction of the Superintendent.

## District Mission Statement

The Saugus Union School District in partnership with the home and community is committed to excellence in elementary education.

## District Vision

*Academic Success for Every Child*

## Core Values

*Respect • Integrity • Learning • Teamwork • Enthusiasm*

## Awards

- 14 - California Gold Ribbon Schools
- 2 - California Exemplary Arts Schools
- 13 - California Distinguished Schools
- 3 - California Achieving Title I Schools
- 5 - National Blue Ribbon Schools
- 1 - National Achieving Title I School
- 5 - CBEE Honor Roll Schools

## Overview

Education code requires districts to hold a public hearing in a separate meeting prior to budget adoption. Not later than five-days after the adoption or by July 1, whichever occurs first, the District shall file the budget with the County Superintendent of Schools. The budget and supporting data shall be maintained and available for public review. For the 2017-18 proposed budget, the public hearing will be on June 6, 2017 and will be followed by formal adoption on June 20, 2017. These will take place at the regularly scheduled Board of Education meeting(s) held at the Education Center 24930 Avenue Stanford Santa Clarita, CA 91355 at 7:45 p.m.

The Governing Board must certify that the District fits one of the following:

- Positive - based upon the current projections, the District will meet its financial obligations for the current fiscal year and subsequent two fiscal years.
- Qualified – based upon the current projections, the District may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.
- Negative – based upon the current projections, the District is unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year(s).

It is the District's intent to issue an Executive Summary to help our stakeholders understand the elements of the Standardized Account Code Structure (SACS) Interim Financial Report of the District.

### School District Budgets Are Not Static Documents

With the passage of Proposition 25 in November 2010, the legislative vote requirement necessary to pass the State Budget and spending bills related to the Budget was lowered from two-thirds to a simple majority. In addition, Proposition 25 provided that if the Legislature fails to pass a budget by June 15, all members of the Legislature will permanently forfeit salary and expense reimbursement for each day lapsed until the State adopts its budget. This timeline makes it challenging to complete budget planning as the final State budget will likely change and its trickle down impact could affect California schools.

School district budgets are initially adopted in June of each year. But even after adoption of the State budget, revenues for school districts may change. Since they are subject to constant change, school district budgets are not static documents, but instead must constantly be revised to respond to decisions at the State and Federal level, as well as to the expenditure needs of each school district.

Acceptance of the constant revision in district numbers is one of the biggest challenges in understanding a local agency budget. Yesterday's numbers are not always today's numbers. But while there is a base cost of service, school districts operate on such a narrow income margin that even a small swing in revenues or costs can have a major impact on local agency decisions. Though the cycle of budget adjustments varies, it has some rhythm so that it is possible to identify by month the most significant budget change dates.

## Cycle of Budget Changes

### **Mid-June/Early July**

Adoption of the State budget that may determine changes in school district revenues.

### **August**

Recording of prior-year estimated expenses and determination of the unaudited current-year beginning balance.

### **Fall-Spring Reports**

Certification of reports that determine the District's revenue, including attendance.

### **Mid-December**

Presentation to the Governing Board of the First Interim Report, which reflects District revenue and expense to October 31 and a projection of income and expense for the balance of the year.

### **March**

Presentation to the Governing Board of the Second Interim Report, which reflects District revenue and expense to January 31, and a projection of revenue and expense for the balance of the year.

These are just some of the important budget change points during a typical school year. A district budget must also be constantly revised to reflect the change from estimated to actual cost for goods and services. These adjustments are presented for approval to the Governing Board at the regularly scheduled Board meetings throughout the year.

## Executive Summary

The Governor of California presents a budget proposal each January and then follows up with a May Revision. The District uses the information from the May Revision as well as the budget guidelines from the Los Angeles County Office of Education (LACOE) as the basis for the District's budget development.

The May Revision to the Governor's budget proposal brought changes from his January proposal in the form of increased revenue projections. Though the fiscal outlook remains positive for the state economy, the Governor calls for fiscal discipline and restraint while issuing several warnings of risks to the State's economy.

### California Economy

Similar to the rest of the nation, this year the state's economy continues to grow and improve. The Governor's economic forecast expects continued growth over the next few years for California, as rising wages, due to lower unemployment, is shifting the source of personal income growth. The national unemployment rate is at a pre-recession low of 4.4%, while California's unemployment rate dropped to 4.9% in March 2017 and is expected to remain near that level throughout the budget year. The Governor noted that over the past several years the State has increased education spending by billions of dollars, however he warned that the State is in its eighth year of economic growth, with ten years being the longest economic recovery on record. U.S. inflation is expected to slowly rise from 1.3% in 2016 to over 2% in 2017 due to increases in housing, gas, and medical costs. Interest rates are expected to steadily increase as the Federal Reserve begins to discuss quarterly interest rate hikes.

### Local Control Accountability Plan (LCAP)

The 2017-18 proposed Local Control Funding Formula (LCFF) Gap percentage for California school districts reflects a decrease, going from 55.03% to 43.97%. At the same time COLA has been increased from 0.0% to 1.56%. The result for the Saugus Union School District is a projected increase of \$1.1m in base grant LCFF revenue. The Los Angeles County Office of Education issued a memo on May 17, 2017 recommending: *"that districts assign, reserve or otherwise set aside any projected increase in LCFF revenue as a result of Gap Funding in 2017-18 and subsequent years. If districts budget this increased revenue and the associated expenditure, they must have a contingency or alternative plan in place should these funds fail to materialize"*.

### Grade Span Adjustment

The Local Control Funding Formula provides an augmentation to the base grant, referred to as a Grade Span Adjustment. The Grade Span Adjustment (GSA) requires the District to maintain a 24:1 school site average student to teacher ratio (grades TK-3) or, other alternate locally bargained ratio. The Board is expected approve an MOU on June 6, 2017 establishing a 28:1 student to teacher ratio in the applicable grades. The 2017-18 Budget reflects that the District will meet this ratio, therefore \$3.9 million is included in the base grant revenue projections.

## One-Time Funds

The May revision proposes one-time revenue in the form of prior year mandate claims reimbursement in the amount of approximately \$170 per ADA. However, these funds will not be available until May 15, 2019. The Los Angeles County Office of Education issued a memo on May 17, 2017 recommending: *“If districts budget this increased revenue and associated expenditures, they must have a contingency or alternative plan in place should these funds fail to materialize”*. These funds being one-time in nature and not available until May 2019 will not be reflected in budget year 2017-18 or in future years in the multi-year projection. These funds are intended to reimburse for prior year expenditures of mandates, however, these are not restricted funds, and can be used for any purpose as determined by the Governing Board of the District and the Administration. Anytime a District receives one-time funds, it is always recommended to use those funds for one-time purchases as to not create a recurring liability.

## Local Control Accountability Plan (LCAP)

The LCFF calls for school districts to set both district-wide and school-wide goals and spells out the specific action steps needed to achieve those goals for all students but especially for English Learners, foster youth, and low-income students. All members of the school community must be involved in developing, reviewing and supporting the LCAP: parents, students, community members, school employees and other stakeholders.

The District tracks the revenues of what the State calls “unduplicated count”. The unduplicated count is based on the number of economically disadvantaged, English language learners, and foster students enrolled in the District. These revenues are “Supplemental” and “Concentration” grants. The Saugus Union School District does not qualify for the Concentration grant but does receive funds under the Supplemental grant.

The 2017-18 Budget reflects \$3.3 million in revenues based on the projected funding of the Supplemental grant. These revenue and expenditures are recorded in the Unrestricted General Fund.

## State Teachers Retirement System (STRS)

The 2017-18 District budget proposal incorporates the required employer rate increases to the State Teacher's Retirement System (STRS). These escalating contributions have considerable financial impact on the District. The following table illustrates the District's future additional compounded estimated costs based on 2016-17 labor costs.

Fiscal Year	2017-18 STRS Rate	Estimated Increase
2017-18	14.43%	\$782,257
2018-19	16.28%	\$1,653,769
2019-20	18.13%	\$2,542,087

### Public Employee Retirement System (PERS)

The Public Employee Retirement System (PERS) is the retirement program for the District's classified employees. The following table illustrates the District's future additional estimated compounded costs based on 2016-17 labor costs.

Fiscal Year	2017-18 PERS Rate	Estimated Increase
2017-18	15.53%	\$279,815
2018-19	18.10	\$578,665
2019-20	20.80%	\$933,791

### Average Daily Attendance

LCFF State funding is calculated using the Average Daily Attendance (ADA) rate of the district at P-2 (attendance as of April 1<sup>st</sup>).

The 2017-18 projected ADA is 9,331, representing a decline of 253 ADA. However, the State allows for funding based on the greater of current year or prior year ADA. The 2017-2018 Budget LCFF revenue projections have been adjusted based on the 2016-2017 ADA.

School Year	CALPADS Enrollment	+/-	P2 ADA	+/-	Factor
2014-15	9,911	-102	9,644	-64	97.3%
2015-16	9,984	+73	9,664	+20	96.8%
2016-17	9,901	-83	9,584	-80	96.8%
2017-18 <sub>(projected)</sub>	9,616	-285	9,331	-253	97.0%

### Routine Restricted Maintenance Account (RRMA)

At full LCFF implementation, projected to be 2020-2021, school districts will be required to contribute 3% of total General Fund expenditures to a Routine Restricted Maintenance Account. Until full implementation districts must contribute the greater of: Lesser of 3% of total General Fund expenditures or the amount contributed in 2014-2015 or 2% of total General Fund expenditures. The proposed budget reflects a 2.37% contribution of total General Fund expenditures (includes all

restricted funds) to the Routine Restricted Maintenance Account to support ongoing maintenance and repairs to the school facilities.

### **Minimum Wage Increase**

On January 1, 2017, the minimum was raised to \$10.50 per hour. The appropriate costs have been included in the 2017-18 budget. The minimum wage will continue to increase until it reaches \$15 by 2022. The multi-year projections include this increase.

### **Employee Staffing**

The 2017-2018 budget and multi-year projections includes a reduction in general education staffing of three teachers. The reduction is naturally occurring utilizing the retirement of teachers.

### **Retiree Benefits**

Seventeen benefit-eligible employees retired during the 2016-17 fiscal year. With the benefits cap applied, this results in an estimated annual liability of approximately \$434,047. This cost has been included in the proposed budget.

### **Reserve for Economic Uncertainties**

The State of California requires school districts to maintain a 3% reserve. The District will meet the 3% reserve requirement at June 30, 2017 estimated to be \$2,821,701. The proposed budget also includes an additional reserve amount residing in Fund 17 totaling \$2,961,822 .

### **Ending Fund Balance**

The District's beginning balance as of July 1, 2016 was \$13,549,973. Estimated actuals forecast for June 30, 2017 project a decrease in fund balance of \$976,913. The June 30, 2017 fund balance (based upon the revenue and expenditures in the proposed budget) is \$12,573,060 . Though this is positive for the District, increasing expenses, changes in ADA, variances in COLA, and rising pension costs could eventually deplete the fund balance and reserves. Emphasis should be on stabilizing expenditures, maintaining adequate reserves, and effective planning to ensure we are providing the best learning opportunities for our students. The following pages summarize the estimated financials and major objects.

## District Funds

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations (California School Accounting Manual 2016).

In the current fiscal year, there were thirteen funds in the District accounting system:

General Fund (Fund 01)

Special Education Pass-Through Fund (Fund 10)

Child Development Fund (Fund 12)

Deferred Maintenance Fund (Fund 14)

Special Reserve Fund Other Than Capital Outlay Projects (Fund 17)

Building Fund (Fund 21)

Capital Facilities Fund (Fund 25)

Special Reserve Fund for Capital Outlay Projects (Fund 40-to be closed June 30, 2017)

Capital Project Fund Blended Component Units (Fund 49)

Bond Interest and Redemption Fund (Fund 51)

Debt Services Fund for Blended Component Units (Fund 52)

Debt Service Fund (Fund 56-Lease Revenue Bond)

Other Enterprise Fund (Fund 63)

# General Fund (Fund 01) Summary

## Revenues

The General Fund receives two different types of revenue:

**Unrestricted** – funds whose uses are not subject to external or legal constraints and may be used for any purpose not prohibited by law.

**Restricted** – funds subject to constraints imposed by external resource providers or by law through constitutional provisions or enabling legislation.

Revenues are also classified into the following subcategories; LCFF Sources, Federal Sources, Other State Revenue, Other Local Revenue.

### Unrestricted Revenues

The Local Control Funding Formula (LCFF) is the primary unrestricted revenue source for the District. The LCFF is comprised of the base grant, additional funding for K-3 Class Size Reduction (CSR), supplemental grants for English learners, low-income, foster youth and homeless students, and add-ons for Home-to-School Transportation and a Targeted Instructional Improvement Grant (TIIG). All of these sum to become our Principal Apportionment.

The Principal Apportionment is comprised of State Aid, Education Protection Act, and local property taxes monies. The LCFF apportionment amount is derived from a mathematical calculation utilizing the District's current year or prior year average daily attendance (ADA) through the attendance reporting period named P-2 (typically a date in the middle of April), base grant per student value, cost of living allowance (COLA), GAP funding percentage (set by the California Department of Finance), and the percentage of students that are either English learners, low-income, foster youth, or homeless (unduplicated count).

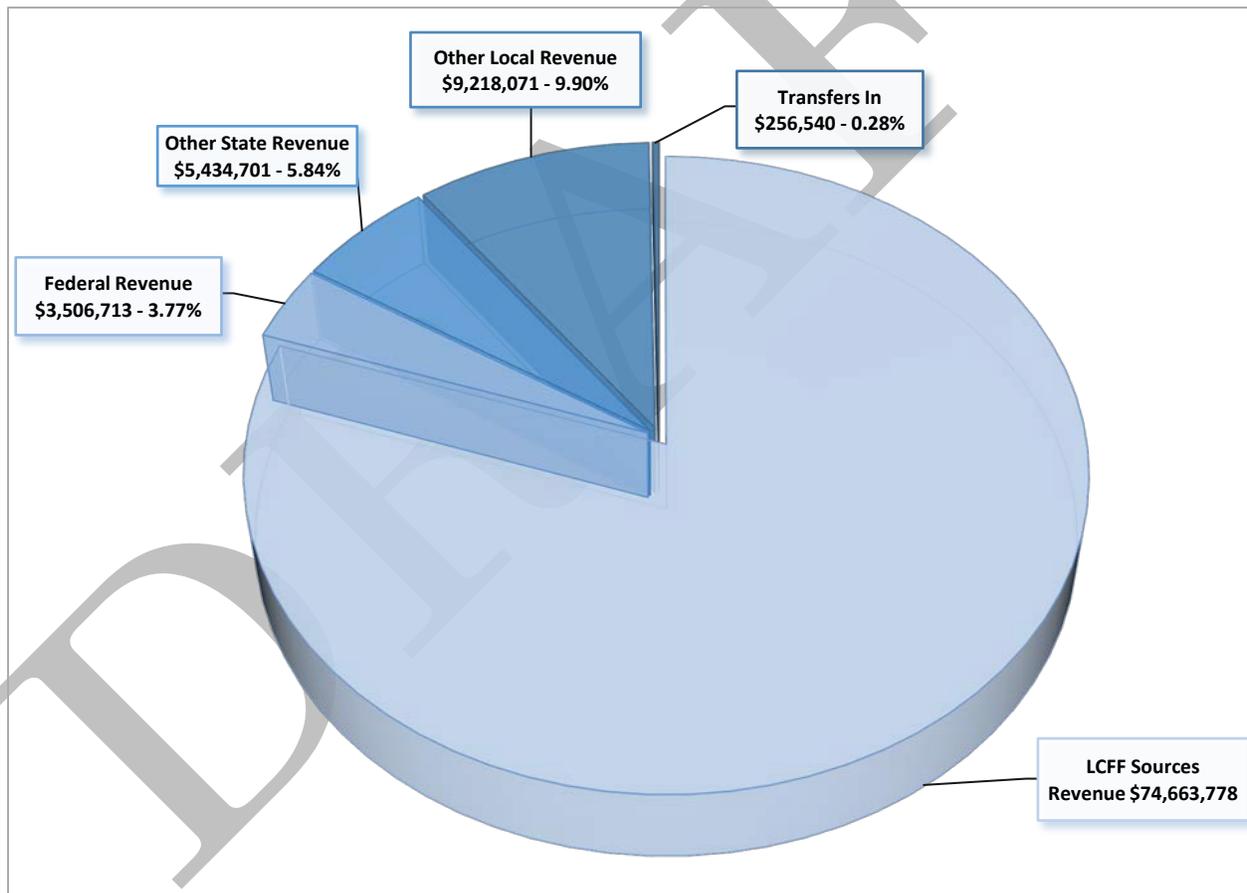
### Restricted Revenues

Restricted revenues are subject to externally imposed and legally enforceable constraints imposed by external providers, or by law through constitutional provisions.

### Total Revenues

Total combined unrestricted and restricted revenue projected as of June 30, 2017 is \$93,823,263 (includes transfer-ins).

General Fund	2016-2017	2016-2017	2016-2017	2016-2017	2017-2018	2017-2018	2017-2018
	Approved Budget Combined	Estimated Actuals Unrestricted	Estimated Actuals Restricted	Estimated Actuals Combined	Projected Budget Unrestricted	Projected Budget Restricted	Projected Budget Combined
LCFF Revenue	\$ 74,677,038	\$ 74,663,778	\$ -	\$ 74,663,778	\$ 75,803,351	\$ -	\$ 75,803,351
Federal Revenue	\$ 3,502,649	\$ -	\$ 3,506,713	\$ 3,506,713	\$ -	\$ 3,343,018	\$ 3,343,018
State Revenue	\$ 5,453,666	\$ 3,832,532	\$ 1,602,169	\$ 5,434,701	\$ 1,710,414	\$ 4,965,113	\$ 6,675,527
Local Revenue	\$ 8,951,385	\$ 1,333,133	\$ 7,884,938	\$ 9,218,071	\$ 1,338,878	\$ 6,974,120	\$ 8,312,998
Transfers In	\$ 509,005	\$ 250,540	\$ 6,000	\$ 256,540	\$ 250,540	\$ -	\$ 250,540
Contributions - SPED/Maint	\$ -	\$ (12,513,442)	\$ 12,513,442	\$ -	\$ (13,108,980)	\$ 13,108,980	\$ -
<b>Total Revenue</b>	<b>\$ 93,093,743</b>	<b>\$ 67,566,541</b>	<b>\$ 25,513,262</b>	<b>\$ 93,079,803</b>	<b>\$ 65,994,203</b>	<b>\$ 28,391,231</b>	<b>\$ 94,385,434</b>



## Expenditures

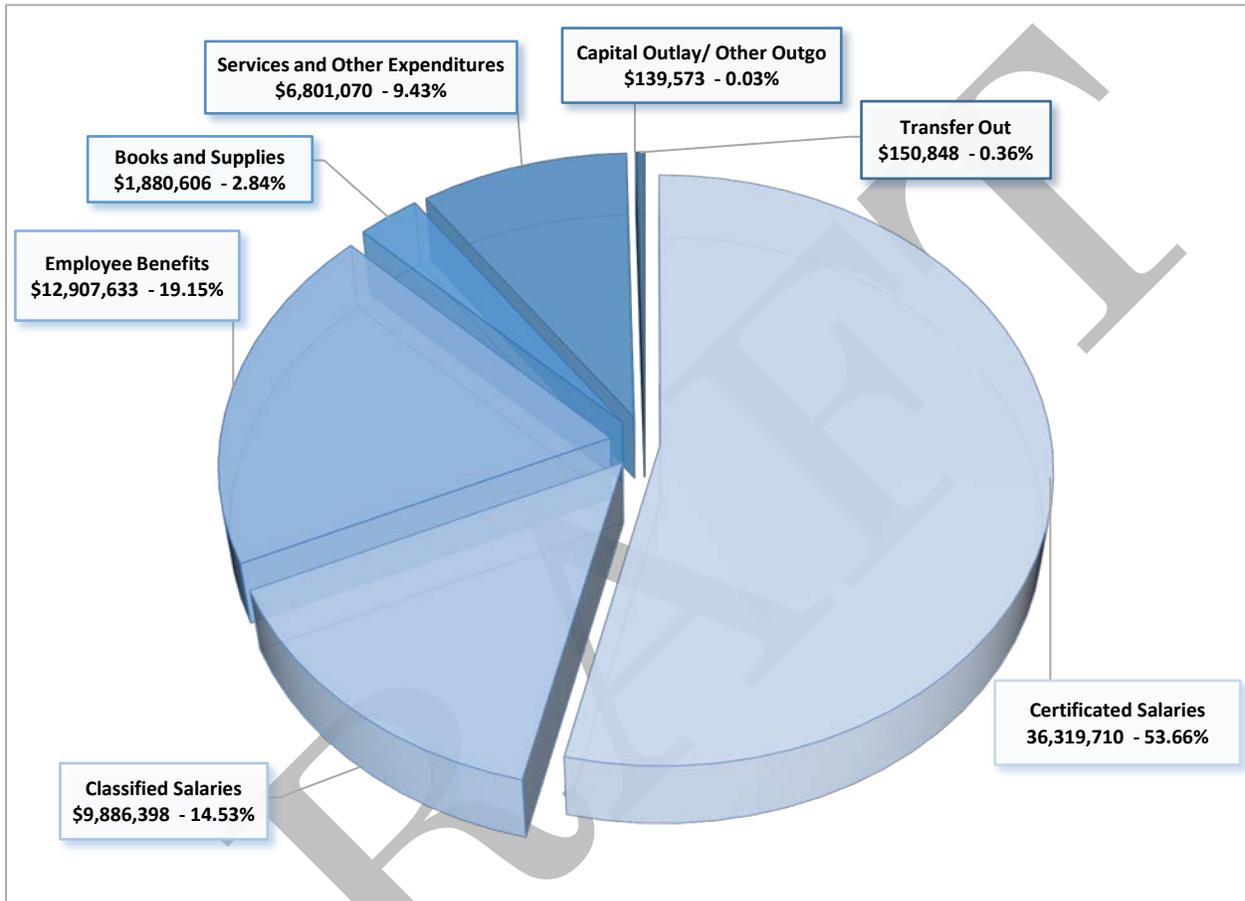
Expenditures also fall within the unrestricted and restricted type. However, they are classified into the following categories; Certificated Salaries, Classified Salaries, Employee Benefits, Books and Supplies, Services and Other Operating Expenditures, Capital Outlay, and Other Outgo.

Total combined unrestricted and restricted expenditures projected as of June 30, 2017 is \$94,056,716.

General Fund	2016-2017	2016-2017	2016-2017	2016-2017	2017-2018	2017-2018	2017-2018
	Approved Budget Combined	Estimated Actuals Unrestricted	Estimated Actuals Restricted	Estimated Actuals Combined	Projected Budget Unrestricted	Projected Budget Restricted	Projected Budget Combined
Certificated Salaries	\$ 44,395,829	\$ 36,319,710	\$ 8,197,109	\$ 44,516,819	\$ 36,436,985	\$ 8,265,019	\$ 44,702,004
Classified Salaries	\$ 17,680,287	\$ 9,886,398	\$ 7,508,687	\$ 17,395,085	\$ 9,673,720	\$ 7,595,365	\$ 17,269,085
Benefits	\$ 17,648,787	\$ 12,907,633	\$ 4,611,325	\$ 17,518,958	\$ 13,592,343	\$ 7,899,908	\$ 21,492,251
Books and Supplies	\$ 3,834,352	\$ 1,880,606	\$ 1,478,737	\$ 3,359,343	\$ 1,818,534	\$ 1,239,373	\$ 3,057,907
Services and Other Operating Expenditures	\$ 8,969,766	\$ 6,801,070	\$ 2,005,278	\$ 8,806,348	\$ 6,507,593	\$ 2,039,829	\$ 8,547,422
Capital Outlay	\$ 784,740	\$ 139,573	\$ 514,508	\$ 654,081	\$ 164,621	\$ 550,200	\$ 714,821
Other Outgo	\$ 1,929,397	\$ 407,522	\$ 1,434,616	\$ 1,842,138	\$ 284,940	\$ 209,268	\$ 494,208
Other Outgo - Indirect Costs	\$ (34,607)	\$ (256,674)	\$ 220,618	\$ (36,056)	\$ (229,433)	\$ 206,178	\$ (23,255)
<b>Total Expenditure</b>	<b>\$ 95,208,551</b>	<b>\$ 68,085,838</b>	<b>\$ 25,970,878</b>	<b>\$ 94,056,716</b>	<b>\$ 68,249,303</b>	<b>\$ 28,005,140</b>	<b>\$ 96,254,443</b>

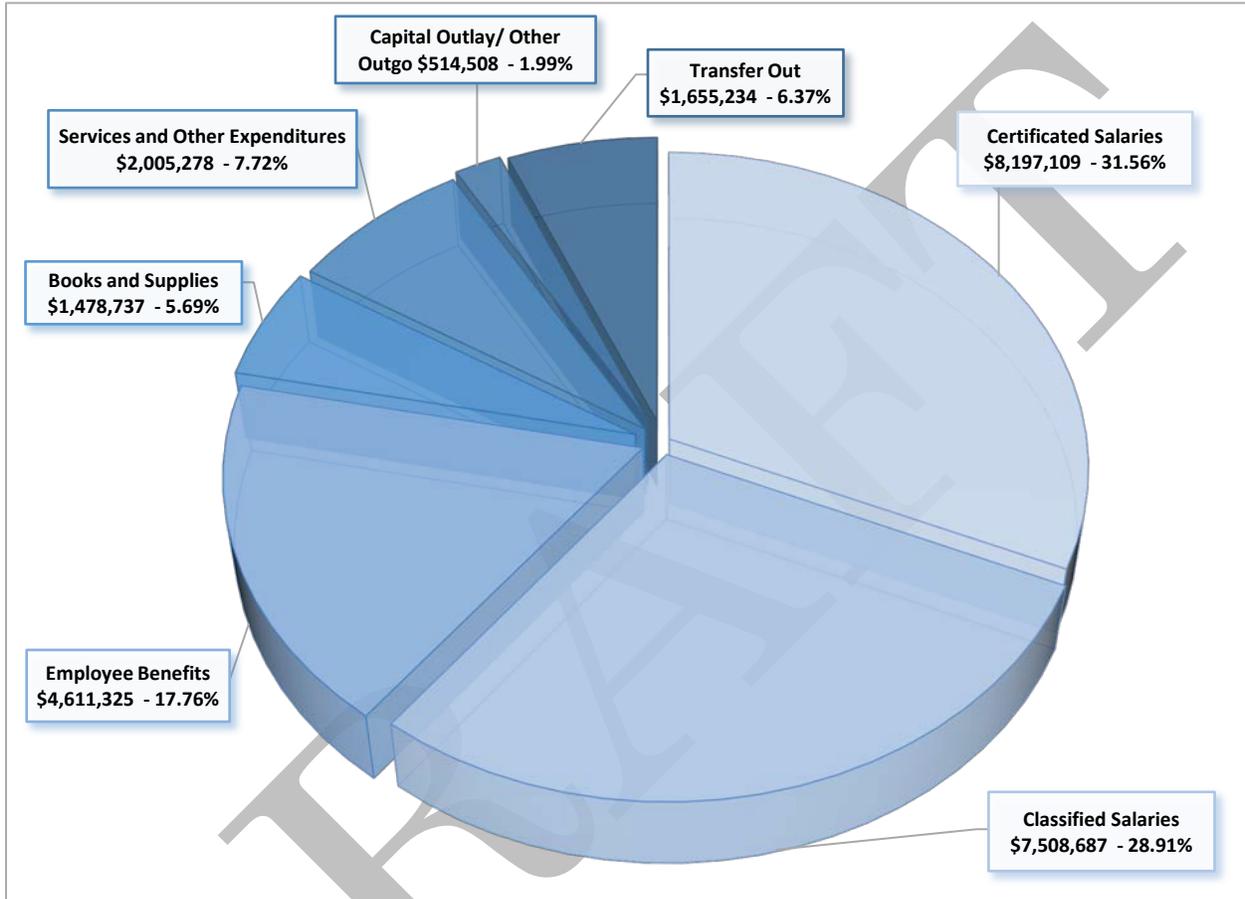
## Unrestricted Expenditures

Total unrestricted expenditures projected as of the June 30, 2017 is \$68,085,838.



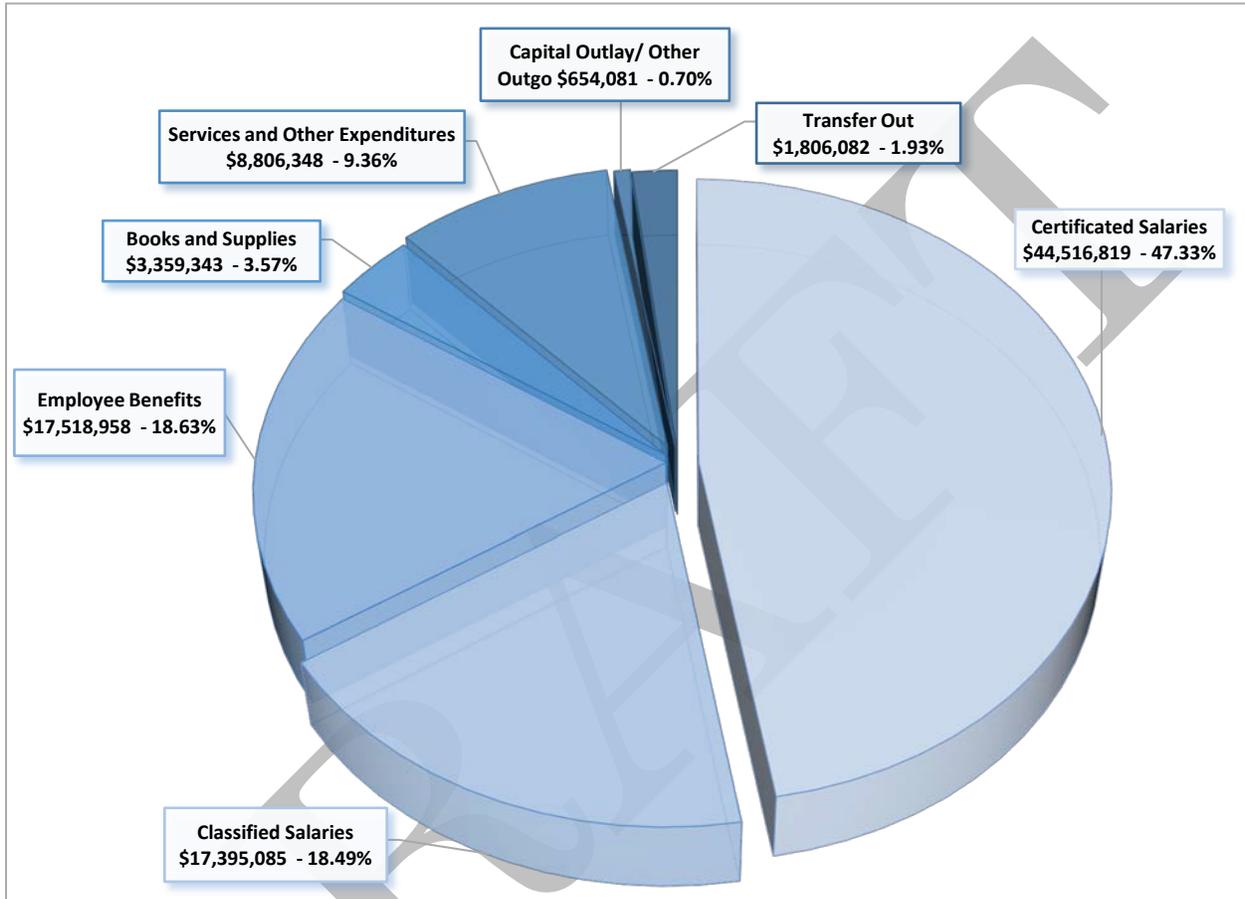
## Restricted Expenditures

Total restricted expenditures projected as of June 30, 2017 is \$25,970,878.



## Total Combined Expenditures

Total combined expenditures projected as of June 30, 2017 is \$94,056,716.



## General Fund 01 - Fund Balance and Reserve

General Fund	2016-2017 Approved Budget Combined	2016-2017 Estimated Actuals Unrestricted	2016-2017 Estimated Actuals Restricted	2016-2017 Estimated Actuals Combined	2017-2018 Projected Budget Unrestricted	2017-2018 Projected Budget Restricted	2017-2018 Projected Budget Combined
<b>Total Revenue</b>	<b>\$ 93,093,743</b>	<b>\$ 67,566,541</b>	<b>\$ 25,513,262</b>	<b>\$ 93,079,803</b>	<b>\$ 65,994,203</b>	<b>\$ 28,391,231</b>	<b>\$ 94,385,434</b>
<b>Total Expenditure</b>	<b>\$ 95,208,551</b>	<b>\$ 68,085,838</b>	<b>\$ 25,970,878</b>	<b>\$ 94,056,716</b>	<b>\$ 68,249,303</b>	<b>\$ 28,005,140</b>	<b>\$ 96,254,443</b>
<b>Subtotal Surplus/(Deficit)</b>	<b>\$ (2,114,808)</b>	<b>\$ (519,297)</b>	<b>\$ (457,616)</b>	<b>\$ (976,913)</b>	<b>\$ (2,255,100)</b>	<b>\$ 386,091</b>	<b>\$ (1,869,009)</b>
<b>Fund Balance</b>							
Beginning Fund Balance - July 1	9,897,482	9,897,482	3,652,490	13,549,972	9,378,185	3,194,874	12,573,059
Ending Fund Balance - June 30	7,782,674	9,378,185	3,194,874	12,573,059	7,123,085	3,580,965	10,704,050
Nonspendable-Revolving Cash/Stores	96,000	7,500	-	7,500	7,500	-	7,500
Restricted	-	-	3,194,874	3,194,874	-	3,580,965	3,580,965
Reserve for Economic Uncertainties - Fund 01	7,686,674	9,370,685	-	9,370,685	7,115,585	-	7,115,585
Reserve for Economic Uncertainties - Fund 17	-	-	-	2,812,067	-	-	2,961,822
<b>Unassigned Ending Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total Available Reserves by Amount				12,182,752			10,077,407
Total Available Reserves by Percent				12.95%			10.47%

DRAFT

# Supplementary Information

## General Fund 01 – Fund Balance

### BREAKDOWN OF NET ENDING FUND BALANCE



Restricted Categorical Funds	\$	1,779,100
Educator Effectiveness	\$	205,689
California Clean Energy Jobs Act (Prop 39)	\$	1,210,085
Reserve for Economic Uncertainties	\$	3,920,711
Additional Reserves Fund 17.0	\$	2,961,822

NET ESTIMATED ENDING BALANCE - June 30, 2017	\$	<u>10,077,407</u>
--	----	-------------------

DRY

LCFF Calculator 2016-2017

ADA Calculation			
Grade Span	2016-2017 Funded ADA Greater of Current Year or Prior Year P2 ADA*	2016-2017 ADA	2015-2016 ADA*
K-3	5,285.43	5213.43	5285.43
4-6	4,378.84	4318.84	4378.84
<b>Total</b>	<b>9,664.27</b>	<b>9,532.27</b>	<b>9,664.27</b>

BASE AND AUGMENTATION GRANT						
Grade Span	2015-16 Base Grant Rate	2016-17 COLA 0.00%	2016-17 Grade-Span Adjustment	2016-17 Supplemental Grant 25.97%	2016-17 Base Grant Rate	2016-17 Base Grant Total
K-3	7,083	0	737	411	8,231	\$ 43,501,996
4-6	7,189	0	0	377	7,566	\$ 33,155,155

TARGETED IMPROVEMENT GRANT (TIIG) AND TRANSPORTATION	
Targeted Instructional Improvement Block Grant	\$ 433,649
Home-to-School Transportation	\$ 386,614

2016-2017 LCFF TARGET	
<b>2016-17 LCFF Target (total base grant plus TIIG and transportation)</b>	<b>\$ 77,477,414</b>

2016-2017 FLOOR	
2012-13 ADA Rate times by 16-17 ADA Rate	\$ 48,182,936
2012-13 Other RL ADA Rate times by 16-17 ADA Rate	\$ 476,502
2012-13 Categorical	\$ 7,602,571
2015-16 LCFF GAP funding per ADA * 2016-17 ADA	\$ 14,958,712
<b>2016-17 LCFF Floor</b>	<b>\$ 71,220,721</b>

2016-2017 GAP	
2016-17 Total GAP Remaining (difference between target and floor)	\$ 6,256,692
<b>2016-17 GAP Funding - 55.03% (per DOF)</b>	<b>\$ 3,443,058</b>

2016-2017 FUNDING	
<b>2016-17 Total Phase-In-Entitlement</b>	<b>\$ 74,663,779</b>

COMPONENTS OF LCFF	
8011 State Aid	\$ 40,490,132
8012 EPA - (Proposition 30, based on adjusted revenue limit in floor calculation)	\$ 12,359,497
8021-8089 Property Taxes (based on P2 estimate tax report per LACOE)	\$ 21,814,150
<b>2016-17 Total Phase-In-Entitlement</b>	<b>\$ 74,663,779</b>

## LCFF Calculator 2017-2018

ADA Calculation			
Grade Span	2017-2018 Funded ADA Greater of Current Year or Prior Year P2 ADA*	2017-2018 ADA	2016-2017 ADA*
K-3	5,289.18	5156.69	5289.18
4-6	4,291.00	4170.79	4291
<b>Total</b>	<b>9,580.18</b>	<b>9,327.48</b>	<b>9,580.18</b>

BASE AND AUGMENTATION GRANT						
Grade Span	2016-17 Base Grant Rate	2017-18 COLA 1.56%	2017-18 Grade-Span Adjustment	2017-18 Supplemental Grant 25.97%	2017-18 Base Grant Rate	2017-18 Base Grant Total
K-3	7,083	110	748	412	8,353	\$ 44,182,930
4-6	7,189	112	0	379	7,680	\$ 32,986,826

TARGETED IMPROVEMENT GRANT (TIIG) AND TRANSPORTATION	
Targeted Instructional Improvement Block Grant	\$ 433,649
Home-to-School Transportation	\$ 386,614

2017-2018 LCFF TARGET	
<b>2017-2018 LCFF Target (total base grant plus TIIG and transportation)</b>	<b>\$ 77,990,019</b>

2016-2017 FLOOR	
2012-13 ADA Rate times by 17-18 ADA Rate	\$ 47,768,807
2012-13 Other RL ADA Rate times by 17-18 ADA Rate	\$ 472,406
2012-13 Categorical	\$ 7,602,571
2017-2018, prior year LCFF GAP funding per ADA * 2017-2018 ADA	\$ 18,243,563
<b>2017-2018 LCFF Floor</b>	<b>\$ 74,087,347</b>

2017-2018 GAP	
2017-2018 Total GAP Remaining (difference between target and floor)	\$ 3,902,672
<b>2017-2018 GAP Funding - 43.97% (per DOF)</b>	<b>\$ 1,716,005</b>

2017-2018 FUNDING	
<b>2017-2018 Total Phase-In-Entitlement</b>	<b>\$ 75,803,352</b>

COMPONENTS OF LCFF	
8011 State Aid	\$ 42,556,034
8012 EPA - (Proposition 30, based on adjusted revenue limit in floor calculation)	\$ 11,433,168
8021-8089 Property Taxes (based on P2 estimate tax report per LACOE)	\$ 21,814,150
<b>2017-2018 Total Phase-In-Entitlement</b>	<b>\$ 75,803,352</b>

## Education Protection Account (EPA)

Saugus Union Elementary

2017-2018 Budget  
Program by Resource Report  
Expenditures by Object - Summary

19 64998 0000000

**Expenditures through: July 1, 2017 – June 30, 2018**

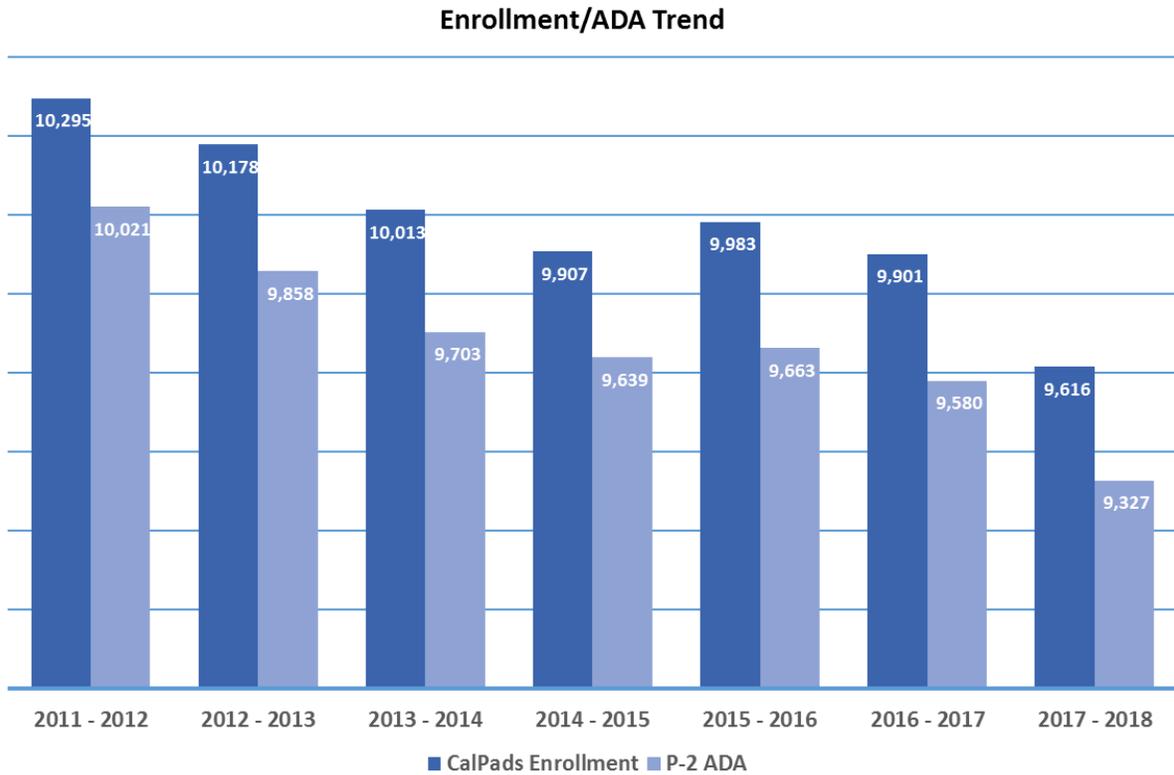
**For Fund(s), Resource(s), and Project Year(s):**

01 1400 0 Education Protection Account

Description	Object Codes	Amount
<b>AMOUNT AVAILABLE FOR THIS FISCAL YEAR</b>		
Adjusted Beginning Fund Balance	9791-9795	0.00
LCFF Sources	8010-8099	11,433,167.00
Federal Revenue	8100-8299	0.00
Other State Revenue	8300-8599	0.00
Other Local Revenue	8600-8799	0.00
All Other Financing Sources and Contributions	8900-8999	0.00
Unearned Revenue	9650	0.00
<b>TOTAL AVAILABLE</b>		<b>11,433,167.00</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Certificated Salaries	1000-1999	8,173,411.00
Classified Salaries	2000-2999	0.00
Employee Benefits	3000-3999	3,259,756.00
Books and Supplies	4000-4999	0.00
Services and Other Operating Expenditures	5000-5999, except 5100-5199	0.00
Subagreements for Services	5100-5199	0.00
Capital Outlay	6000-6999	0.00
Other Outgo (Excluding Indirect Costs)	7000-7299, 7400-7499	0.00
Indirect Costs	7310,7350	0.00
Other Financing Uses	7600-7999	0.00
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>		<b>11,433,167.00</b>
<b>BALANCE (Total Available minus Total Expenditures and Other Financing Uses)</b>		<b>0.00</b>
<b>INDIRECT COSTS AS A PERCENTAGE OF ELIGIBLE EXPENDITURES</b>		
Eligible Expenditures (Objects 1000-5999 except objects 5100-5199)		11,433,167.00
Indirect Costs (Objects 7310 and 7350)		0.00
Indirect Costs divided by Eligible Expenditures		0.00%

## Enrollment

In 2016-17 the California Longitudinal Pupil Achievement Data System (CalPADS) Census Day enrollment was 9,901. The 2016-17 P-2 ADA is 9,580. Because the District uses the highest of our previous year or current year ADA, the District funding is still based on our prior year ADA number of 9,580. The following chart displays the trend in the Districts annual enrollment (from CalPADS) and P-2 ADA from 2011-12 through enrollment projections for 2017-18.



## Multi-Year Budget

### Assumptions

Financial projections of the Combined General Fund for 2017-18 and the two subsequent years are a required component of the budget and fiscal reporting process. The Multi-Year Projection assumes that all revenues will be ongoing until informed otherwise and all one-time revenue has been removed.

Salary increases in future years beyond step and column are negotiated and therefore not factored into these projections (also does not include pending negotiations).

Following are the assumptions used in the multi-year projections:

The multi-year budget projections (MYP) and the estimated actuals Report utilize the recommended assumptions published by the Los Angeles County Office of Education (LACOE)\*. The multi-year revenue budget assumptions illustrate LCFF reducing the GAP funding in 2017-2018 and declining enrollment. Expenditure projections include step and column increases for salaries, pension increases per STRS and PERS, and CPI increases for non-salary related expenditures. The budget assumptions are as follows:

Budget Assumptions	2016-17	2017-18	2018-19
LCFF GAP Funding %*	55.03%	43.97%	71.53%
MBG - One time funding	\$214 per ADA	N/A	NA
Statutory COLA	0.00%	1.56%	2.15%
Projected Enrollment	9,901	9,616	9,616
P2 ADA	9,580	9,327	9,327
P2 Funded ADA	9,663	9,580	9,327
Attendance Factor	96.76%	96.99%	96.99%
Unduplicated Count % (3-year average)	26.25%	25.97%	25.94%
Lottery-Unrestricted; per ADA	\$144	\$144	\$144
Lottery-Restricted; per ADA	\$45	\$45	\$45
Certificated/Classified Step&Colum Increase	1.00%	1.00%	1.00%
General Ed FTEs	348	345	345
Special Ed FTEs	97.5	96.7	96.7
CalSTRS Employer Rate	12.58%	14.43%	16.28%
CalPERS Employer Rate	13.888%	15.53%	18.10%
CPI	2.26%	3.11%	2.86%
Site Allocation (per Pupil)	\$75	\$75	\$75

*\*There is no statutory guaranteed increase in funding in any given year until full implementation is reached. Therefore, LACOE states that if districts budget this increased revenue, they must have a contingency or alternative plan in place should these funds fail to materialize.*

Multi-Year Projections

Unrestricted General Fund MYP

table

DRAFT

table

DRAFT

table

DRAFT

## Other Funds (see descriptions below)

Other Funds	July 1, 2016 Beginning Fund Balance	2016-2017 Projected Revenue	2016-2017 Projected (Expenditures)	June 30, 2017 Projected Ending Fund Balance
SELPA Pass-Through (Fund 10)	237,946	37,947,329	(37,937,329)	247,946
Child Development Program (Fund 12)	7,388	621,534	(604,757)	24,165
Deferred Maintenance (Fund 14)	1,548,202	10,009	(368,770)	1,189,441
Special Reserve Other Than Capital Outlay Projects (Fund 17)	2,539,730	272,337	-	2,812,067
Building (Fund 21)	15,203,183	2,079,433	(9,237,502)	8,045,114
Capital Facilities (Fund 25)	10,153,048	1,291,734	(58,982)	11,385,800
Special Reserve for Capital Outlay Projects (Fund 40)	2,709,295	1,095	(2,709,783)	607
Capital Project Blended Component Units (Fund 49)	43,463,431	1,300,187	(23,694,500)	21,069,118
Debt Services for Blended Component Units (Fund 52)	27,285,949	10,654,200	(22,812,852)	15,127,297
Debt Services (Fund 56)	-	13,799,943	(1,594,286)	12,205,657
Other Enterprise/Child Development Program (Fund 63) *	7,757,731	6,273,633	(5,798,579)	8,232,785

\*Projected Ending Balance includes fixed assets of approximately \$4.5MM and cash of approximately \$3MM.

**FUND 10: SPECIAL EDUCATION PASS-THROUGH FUND:** The Saugus Union School District is the Administrative Unit (AU) for the Hart, Newhall, Sulphur Springs and Castaic school districts. This fund is used by the AU to account for Special Education revenue passed through to the other member LEAs.

Revenues budgeted in this fund includes State special education apportionments, Federal local assistance under the Individuals with Disabilities Education Act, Federal preschool funding and State mental health funding. It is projected \$8,355,472 will be from Federal and \$29,581,857 will be from State funding sources. The projected ending balance is \$247,946. Note: Special Education revenue that is not passed through to the other member LEAs, but rather is retained for use by the SELPA AU in accordance with the local plan is not accounted for in this fund; it is included in the General Fund.

**FUND 12: CHILD DEVELOPMENT FUND:** This fund is used to account separately for Federal, State, and local resources to operate Child Development Programs. The program includes three State Preschools located at Cedar creek, Rio Vista and Santa Clarita. The anticipated total revenues for the Child Development Programs are \$651,435, which includes \$620,435 from the State and \$1,099 from other local revenues. The total expenditures are estimated to be \$604,757. The ending balance is projected to be \$ 24,165 on June 30, 2018.

FUND 14: DEFERRED MAINTENANCE FUND: This fund is used to account separately for State apportionments and District matching contributions for deferred maintenance projects. Expenditures in this fund are for major building repairs such as HVAC, roofing, floor replacement, plumbing or other authorized replacements. The Deferred Maintenance account reflects no restricted revenue from State sources as a result of the State releasing the funding requirement and declaring those funds unrestricted. With implementation of the Local Control Funding Formula, funds are included in the base grant in the General Fund. The balance as of June 30, 2017 is projected to be \$1,189,441. Revenues in 2016-17 only include interest in the amount of \$10,000. Expenditures are for repairs and maintenance at the school site based on a priority listing maintained by the District Maintenance & Operations department in the amount of \$368,777. The ending balance is estimated to be \$835,941 on June 30, 2018.

FUND 17: SPECIAL RESERVE FOR OTHER THAN CAPITAL OUTLAY PROJECTS: This fund is used primarily to provide for the accumulation of general fund moneys for general operating purposes other than for capital outlay. These funds are accounted for in the overall fund balance. The June 30, 2017 projected balance is \$2,812,067. As this is a reserve fund, there are no anticipated expenditures for 2017-18. Interest income is anticipated at \$24,760.

FUND 21: BUILDING FUND: Also known as the G.O. Bond Fund. This fund exists primarily to account for proceeds from the sale of bonds and may not be used for any purposes other than those for which the bonds were issued. Current funds as of May 31, 2017 in the account include Lease Revenue Bond (\$1,771,136) Measure E (\$1,939,096), and Measure EE (\$8,448,262). Estimated expenditures for 2017-18 are projected to be \$5,698,500 from Measure EE for administrative management of the program and Phase 1 projects designated in the Measure EE Master Plan as well as \$1,412,459 from Lease Revenue Bond and \$500,000 from Measure E. The projected ending fund balance for June 30, 2018 is \$936,620.

FUND 25: CAPITAL FACILITY FUND: Also known as the Developer Fee Account, this fund is used to account for monies received from fees levied on developers or other agencies as a condition of approving a development. The District currently receives Level III residential fees of \$5.92 per square foot of habitable space and \$0.25 per square foot of commercial or industrial development. The interest earned in this fund is restricted to this fund. The expenditures in this fund are restricted to the purposes specified in agreements with the developer or specified in Government Code. The current balance is \$10,153,048 (a portion of these funds are set aside as they may be refundable to the developers). Anticipated collections (fees and interest) for 2017-18 are \$1,204,510, though dependent on may economic variables. Anticipated expenditures for 2017-18, which include overhead and administrative

expenses, consulting fees for SFNA's, fair share mitigation analysis, and other related research and analysis, are \$66,000. The ending balance is projected to be \$13,067,800 on June 30, 2018.

FUND 40: SPECIAL RESERVE FUND FOR CAPITAL OUTLAY PROJECTS: This fund is used to account for transfers authorized by the governing board from the General Fund and must be expended for capital outlay purposes. The use of the funds in this account are to support debt service payments for the Lease Revenue Bond. This fund will be closed at June 30, 2017, and fund balances have been transferred to Fund 56.0.

FUND 49: CAPITAL PROJECT FUND FOR BLENDED COMPONENT UNITS: This fund is used to account for capital projects financed by Mello-Roos Community Facilities Districts. The Mello-Roos Community Facilities Act of 1982 allows the District to establish a CFD upon approval of 2/3 of the voters in the District. A CFD is for the purpose of selling tax-exempt bonds to finance public improvements and services. The July 1, 2017 projected beginning balance is \$21,069,118 with anticipated revenues of \$117,175 and expenditures of \$9,754,300 for a projected net ending balance of \$10,724,993.

FUND 51: BOND INTEREST AND REDEMPTION FUND: The bond interest and redemption fund is used for the repayment of bonds used for the District. In addition to Measure E (2002), in 2014 the voters in the District passed Measure EE in the amount of \$148 million to be used for additions, repairs and modernization of district facilities. The full amount of the bond(s) have not been issued as they are scheduled to be issued gradually over the next 10 years. The Los Angeles County Treasurer deposits taxes levied by the County Auditor/Controller on property owners within the District into this fund. The District has no control over this account or the funds deposited into it. As the bonds reach maturity the county auditor controller will make payments from accumulated taxes and interest.

FUND 52: DEBT SERVICE FUND FOR BLENDED COMPONENT UNITS: This fund is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos Community Facility District. Revenue of \$11,957,243 represents tax and interest income. Expenditures of \$11,142,578 represent debt service payments. The projected ending balance is \$15,941,962 on June 30, 2018.

FUND 63 OTHER ENTERPRISE FUND: This fund is used to account for any activity for which a fee is charged to external users for goods or services. The Child Development Programs have been treated as an Enterprise Fund, since the programs are not subsidized by State or Federal funds and are operated

with the intent of recovering the costs of the program through tuition charges and registration and other related fees. The program has seen a 5% tuition increase in 2016-17. Total revenues for 2017-18 are projected to be \$6,271,823 which include interest income in the amount of \$21,500. The total expenditures are projected to be \$5,689,100. The largest expenditure is for certificated salaries, classified salaries, and employee benefits in the amount of \$4,059,455. The other expenditures in the amount of \$1,629,645 include operating fees, material and supplies, services, other operating expenditures, and \$250,540 transferred to Fund 01.0 for indirect costs. The ending net position is estimated to be \$8,232,785 which includes the value of the building and equipment at June 30, 2017. The projected cash balance is \$3,712,696.

DRAFT