



**Tustin Unified School District
General Fund
Revised Final Budget
2013-2014**

August 26, 2013

State Budget Briefing

- State economy is moving in the right direction
- State budget is legitimately balanced for the first time since 2002
- Even so, the level of funding for education is nearly last in the nation
- Interest rate increases or other events could derail recovery
- Affordable Care Act only delayed, implementation on the horizon



Education Budget Briefing

- Prop 30 ensures no cuts to education
- Education gets some restoration
 - However, level is still below 2007-08
- Changes in school finance are the most dramatic in 40 years
- Local Control Accountability Plan (LCAP)
- Local Control Funding Formula
 - Rules remain unclear
- Common Core State Standards implementation



Education Budget Briefing

- Adult Ed & ROP MOE requirements
- K-3 CSR requirements as a condition of receipt
 - Establishes 24:1 as a target
 - Collectively bargained or progress
 - Severe penalties for noncompliance
- Sequestration, 5.2% reduction
- Prop 39 funding for energy-savings; continued debate

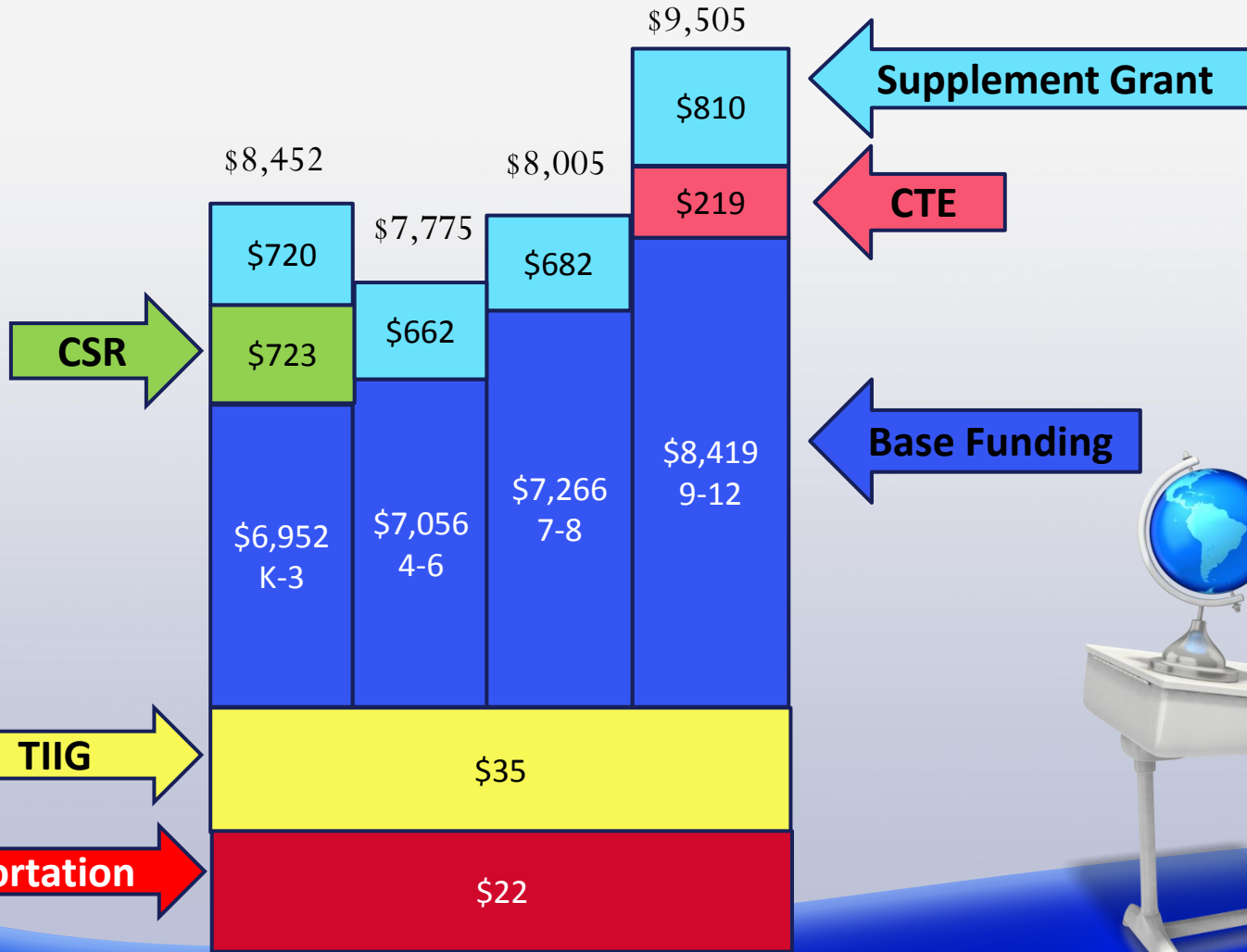


Local Control Funding Formula

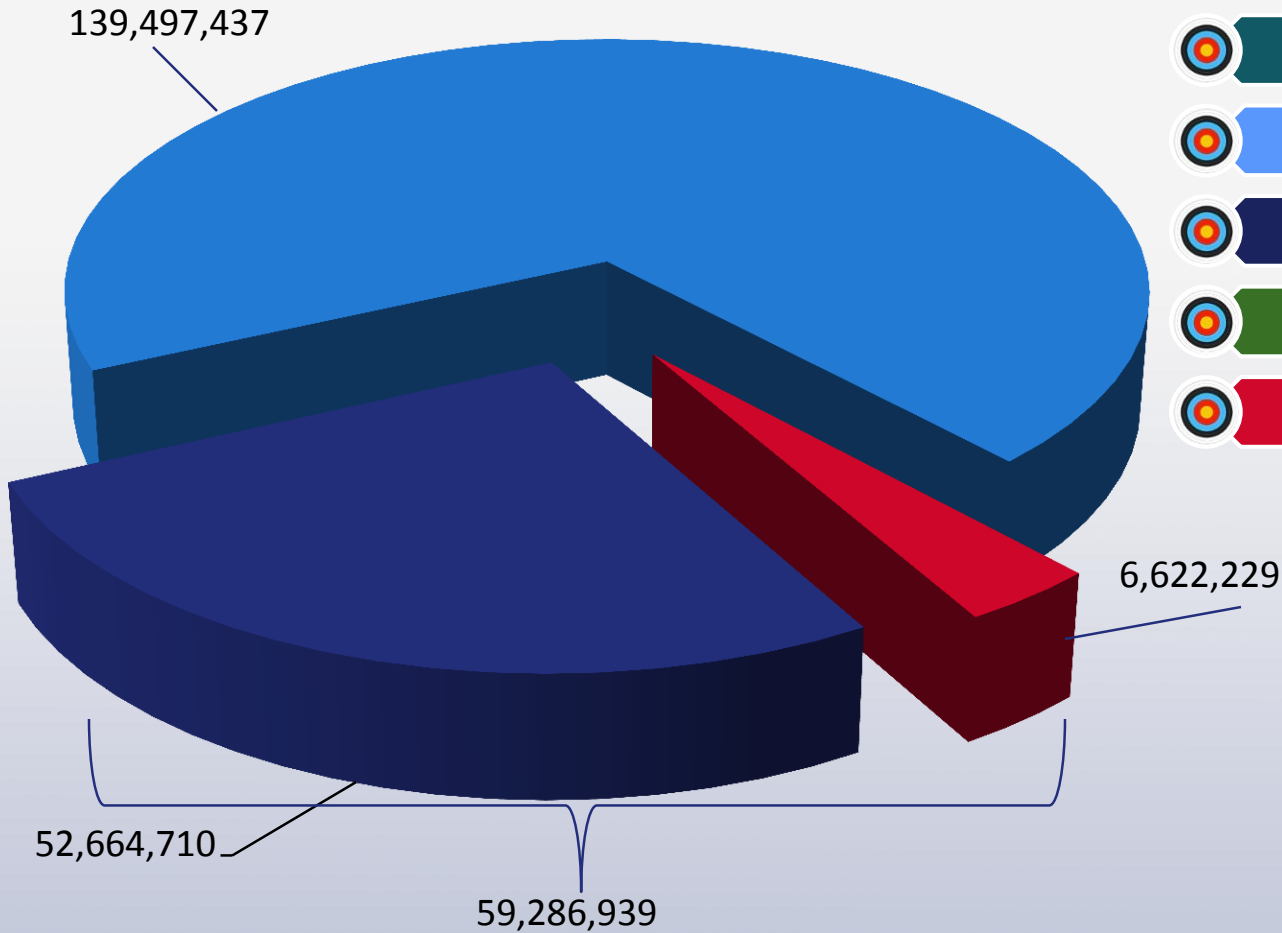
- It's complicated...
- Consolidates over 40 programs
- Establishes 2007-08 funding adjusted for inflation as the target
- Full implementation by 2020-21
- Driven by student poverty level and English Language Learners; CalPads reporting is crucial
- Base & supplemental grant; no concentration grant
- Accountability requirements



LCAP



Tustin Unified Target 2020/21

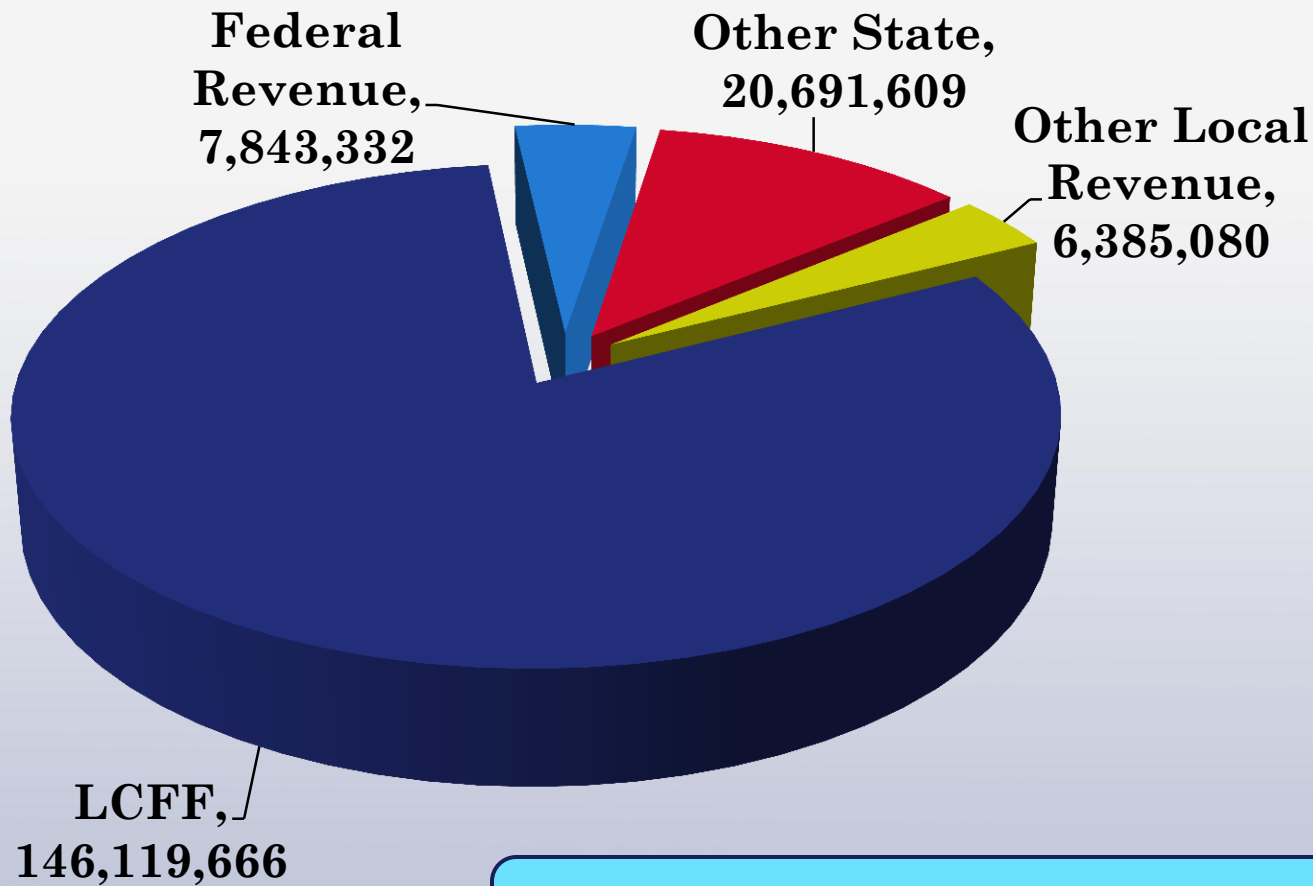


- 2020/2021 LCFF Target
- 2012/2013 Funding Base
- LCFF Funding Gap
- LCFF Funding Rate
- 2013/2014 Recovery Payment

\$198,784,376



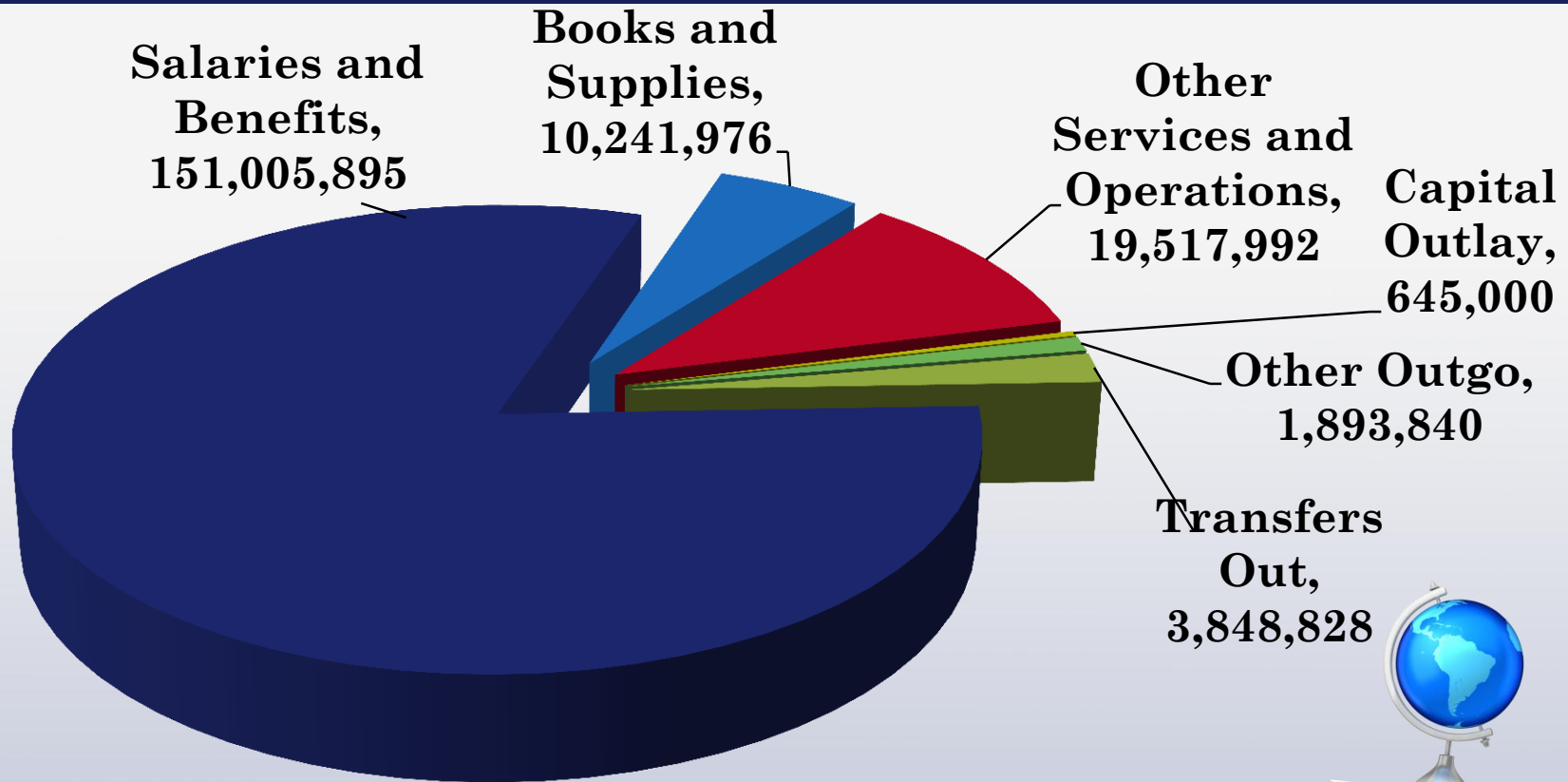
Revenues



Total Revenues 181,039,687



Expenditures

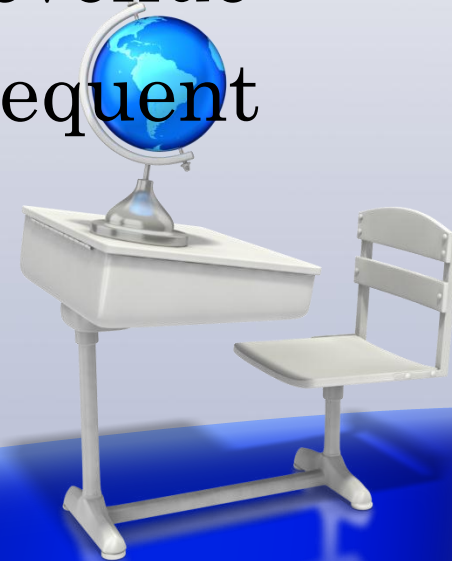


Total Expenditures/Transfers 187,153,531



Multi-Year Challenges

- Reserve protects against economic downturn
- CSR requirements
- Projected deceleration of enrollment growth
- Student demographics changes revenue
- COLA no longer determines subsequent years increases
- Prop 30 – Temporary Tax



General Fund Multi-Year Projection

	12-13	13-14	14-15	15-16
	Unaudited Actuals	Projected	Projected	Projected
Revenue	175,365,905	181,039,687	185,359,508	185,481,312
Expenditures	165,532,637	183,304,703	188,599,143	192,091,300
Transfers Out	4,486,952	3,848,828	3,008,488	3,019,230
Net Increase/Decrease in Fund Balance	5,346,316	-6,113,844	-6,248,123	-9,629,218
Beginning Balance	50,666,709	56,013,024	49,899,180	43,651,056
Ending Balance	56,013,024	49,899,180	43,651,056	34,021,839



Multi-Year Projections

Components of Ending Fund Balance

	12-13	13-14	14-15	15-16
	Unaudited Actuals	Projected	Projected	Projected
Ending Balance	56,013,024	49,899,180	43,651,056	34,021,839
Revolving Cash	150,000	150,000	150,000	150,000
Stores	287,406	287,406	287,406	287,406
Designated for Economic Uncertainties	28,128,604	16,065,973	10,897,382	6,099,138
Benefit Accounts	120,000	120,000	120,000	120,000
Accrued Vacation	1,236,882	1,236,882	1,236,882	1,236,882
Tier III/Categorical Reserves	12,471,565	0	0	0
Designated for Uncertain LCFF		12,471,565	12,471,565	9,471,565
Designated for ERRP	638,968	638,968	638,968	638,968
One-time Employee Agreement	1,873,760	1,873,760	1,873,760	1,873,760
Designated for Discretionary LCFF		6,622,229	6,738,118	6,856,035
Designated for School Site Fees	308,740	0	0	0
Designated for Facilities Maintenance	758,298	758,298	758,298	758,298
Designated for Technology Refresh	500,000	500,000	500,000	500,000
Restricted Fund Balance	9,538,801	9,174,100	7,978,677	6,029,787
Percent	16.54%	8.80%	5.69%	3.13%
Excess above 3% Minimum Reserve	23,028,016	10,451,367	5,149,153	245,822



A 3D rendering of a school desk and chair. The desk is white with a silver globe on top. The chair is also white with a silver frame. The background is a gradient of blue and white.

Closing Comments

- Opportunity for a “Switch”
- Forty Years of change in a single year
- Challenges still lie ahead

Certification

In certifying the 2013-14 Revised Final Budget as positive, the Board understands its fiduciary responsibility to maintain fiscal solvency for the current and subsequent two fiscal years. The District will implement the necessary budget adjustments to maintain a positive certification.





