



# TUSTIN UNIFIED SCHOOL DISTRICT

## **2016-17 FIRST INTERIM REPORT** **December 12, 2016**

FOCUS



# AGENDA



- State/Education Budget
- Budget Planning Detail
- 2016-17 Projected Revenues
- 2016-17 Projected Expenditures
- Cash Flow
- Multi-Year Projections
- Enrollment
- Budget Challenges
- Budget Timeline
- Certification

# THE POLITICS OF EDUCATION

## *Impact of November Election*

- Prop. 51 – School Bonds (passed 54%)
- Prop. 55 – California Children’s Education and Healthcare Protection Act of 2016 (passed 62.60%)
- Prop. 58 – California Multilingual Education Act (passed 72.77%)
- Newly Elected President

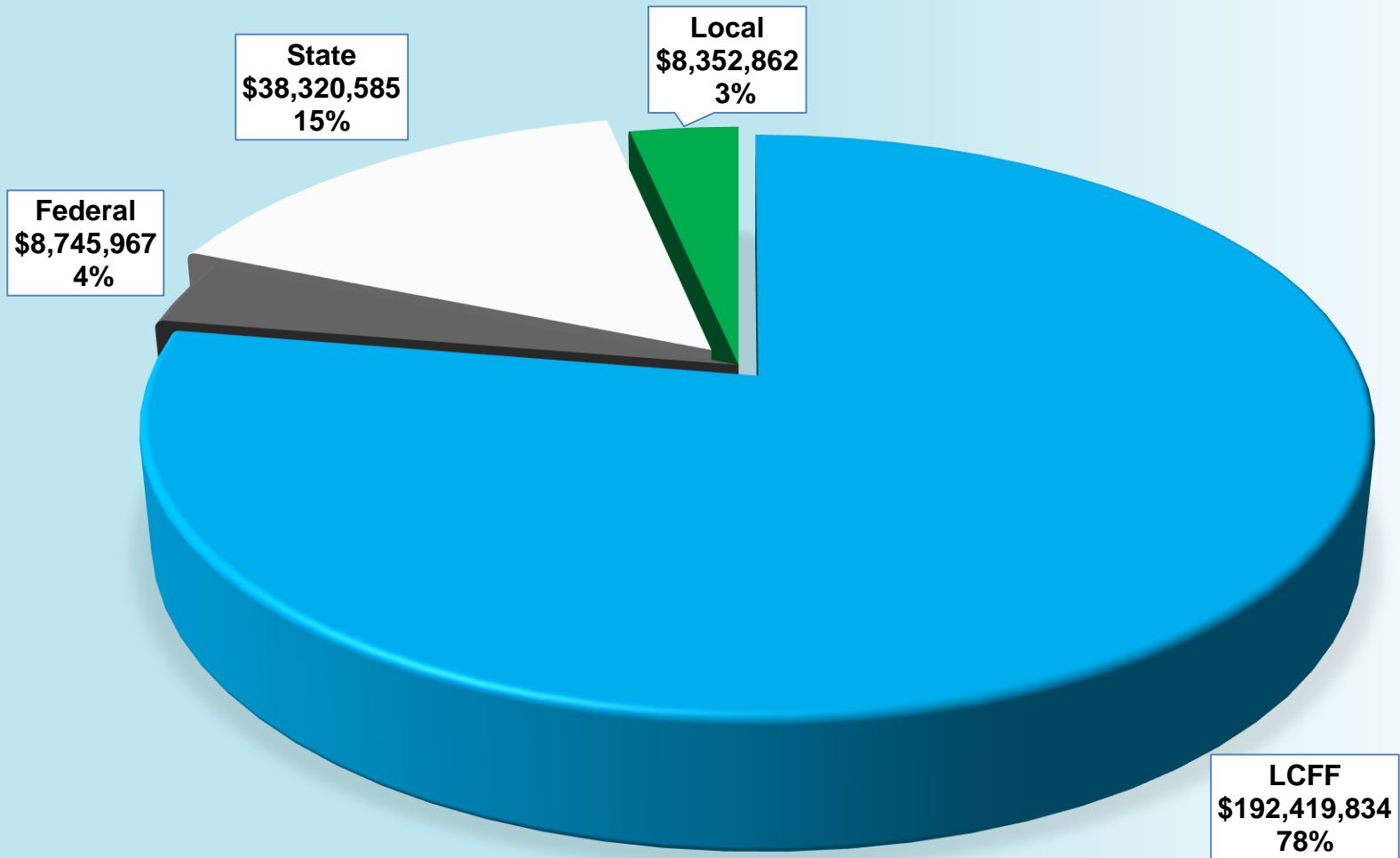
# STATE BUDGET & ECONOMY

- Revenue Shortfall
- California's Inflation is up & Ahead of the Nation
- Unemployment Rate Remains at 5.5%
- Residential Construction Fell 11.6% in September
- Housing Median Price Increase 6%

# BUDGET PLANNING DETAIL

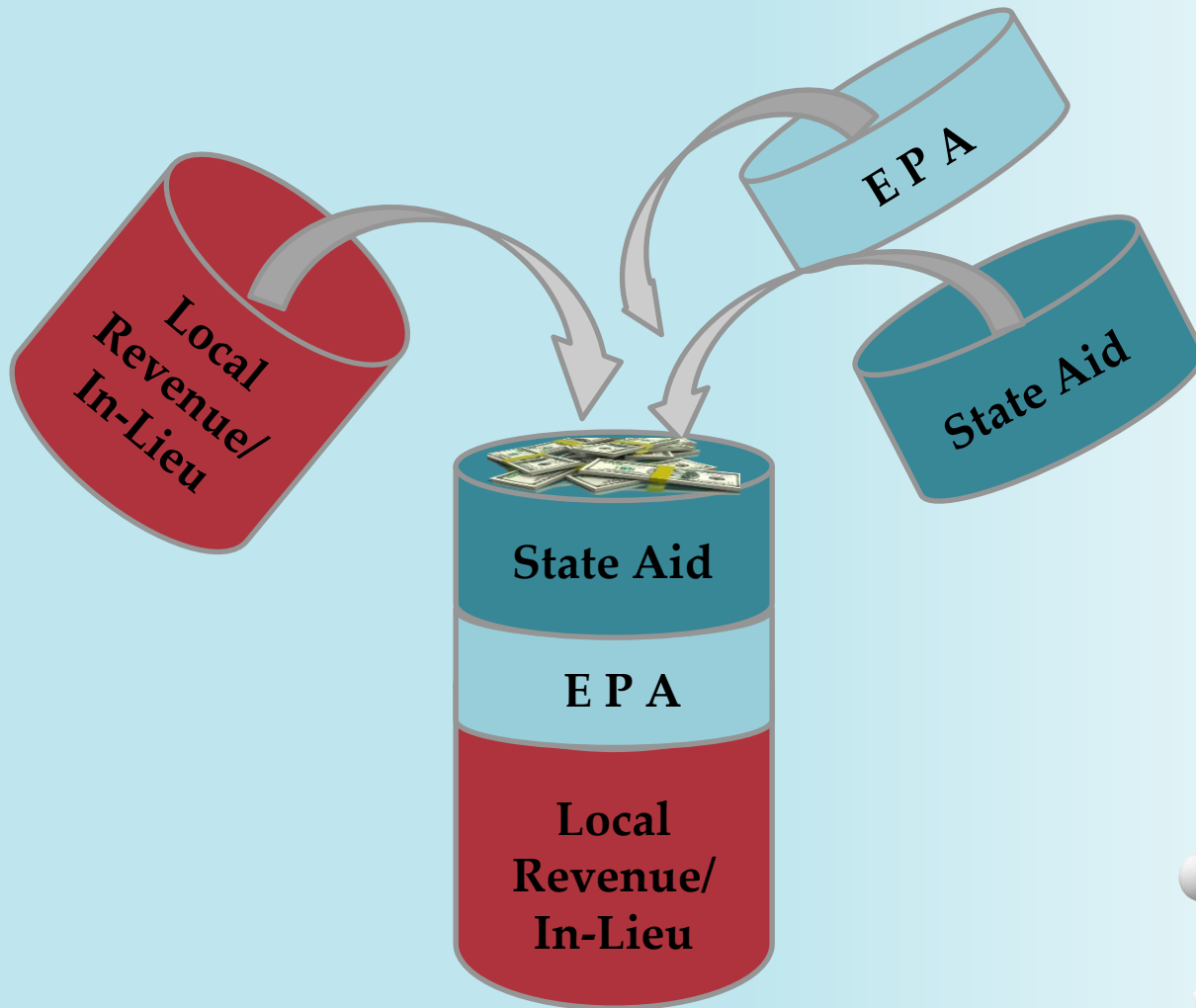
<b>Step &amp; Column</b>	<b>Salaries &amp; Benefits</b>	<b>Grants &amp; Entitlements</b>	<b>LCAP &amp; Priorities</b>
<b>Contracts</b>		<b>Special Education</b>	<b>LCFF Factors</b>
<b>Negotiation</b>		<b>Health &amp; Welfare</b>	
<b>Enrollment</b>	<b>Stakeholders</b>		<b>One-Time Revenues</b>
<b>Supplies</b>		<b>Prior Year Carry Over</b>	<b>School Programs</b>

# 2016-17 PROJECTED REVENUES



**Total Revenues: \$247,839,248**

# LCFF FUNDING SOURCES





# 2016-17 PROJECTED EXPENDITURES

Salaries & Benefits: \$207,870,775 81%

Books & Supplies: \$ 16,513,959 6%

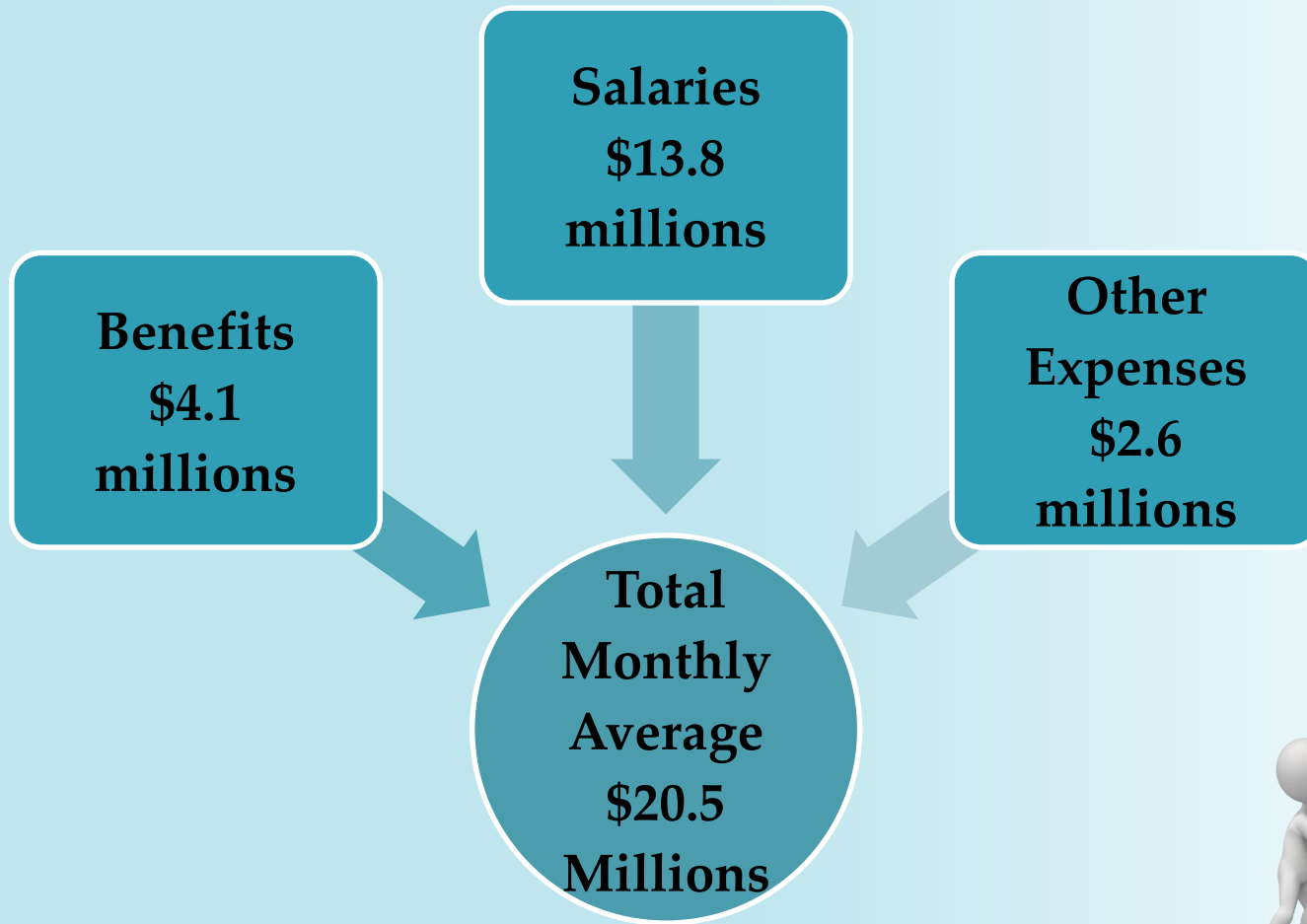
Services & Other Operating: \$ 24,323,964 10%

Capital Outlay : \$ 2,098,126 1%

Other Outgo & Transfers: \$ 6,093,487 2%

**Total Expenditures: \$256,900,311**

# 2016-17 MONTHLY CASH FLOW



# MULTI-YEAR PROJECTIONS

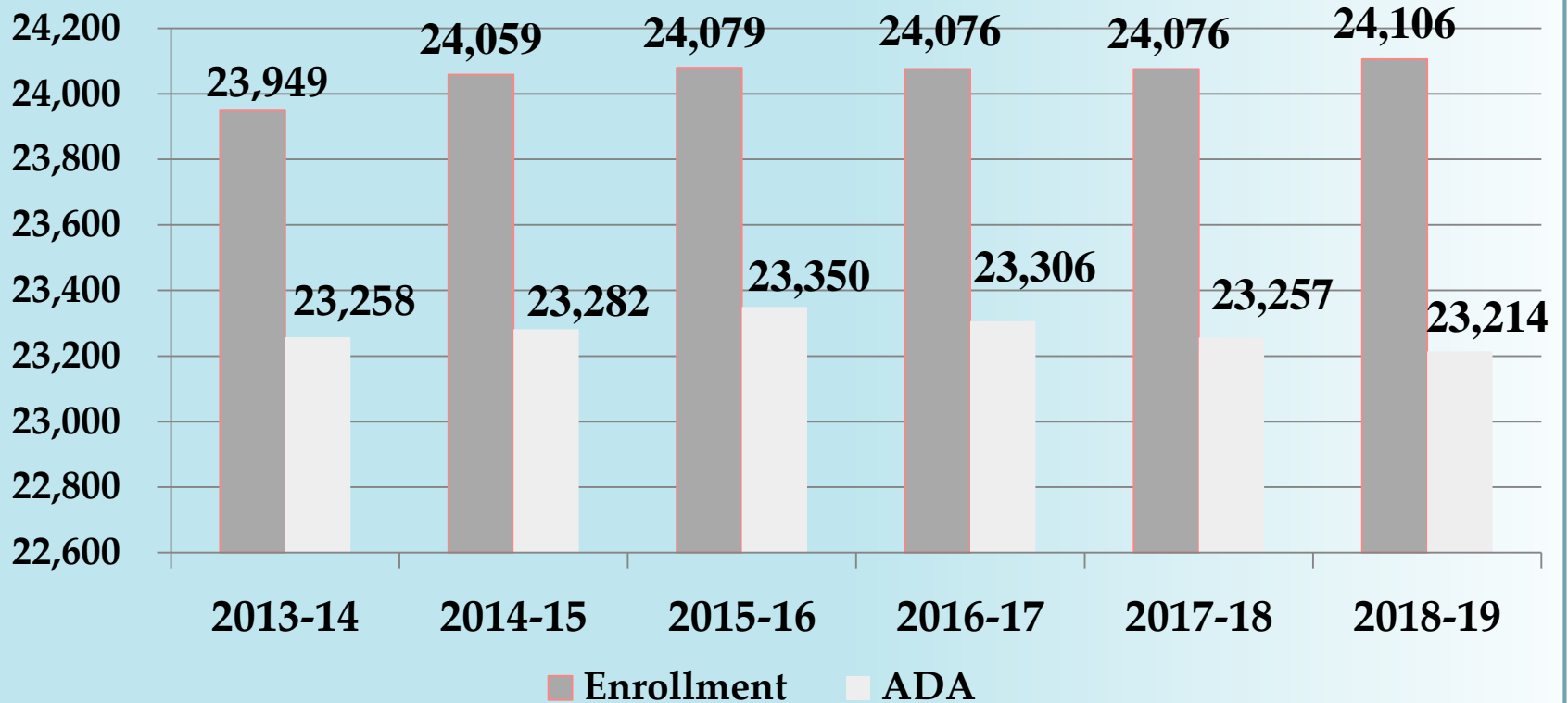
	2016-17	2017-18	2018-19
Revenues	\$247,839,248	\$ 238,905,906	\$ 242,913,142
Expenditures	\$253,740,140	\$ 249,914,896	\$ 254,019,345
Transfers Out	\$ 3,160,171	\$ 3,100,000	\$ 3,100,000
Net Change	( \$9,061,063)	(\$14,108,990)	(\$14,206,203)
Beginning Balance	\$ 80,020,656	\$ 70,959,593	\$ 56,850,603
Ending Balance	\$ 70,959,593	\$ 56,850,603	\$ 42,644,398
3% Economic Uncertainty	\$ 7,707,010	\$ 7,590,447	\$ 7,713,580

# MULTI-YEAR PROJECTIONS

## *Components of Ending Fund Balance*

	2016-17	2017-18	2018-19
<b>Non-Spendable:</b>			
Revolving Cash	\$ 150,000	\$ 150,000	\$ 150,000
Stores	\$ 381,367	\$ 381,367	\$ 381,367
Restricted	\$ 12,238,553	\$ 9,038,553	\$ 5,738,553
<b>Commitments:</b>			
• Benefit Accounts	\$ 140,000	\$ 140,000	\$ 140,000
• Vacation Liability	\$ 1,472,759	\$ 1,472,759	\$ 1,472,759
• Local Protection	\$ 16,102,222	\$ 13,435,610	\$ 9,178,283
• Pension Liability	\$ 0	\$ 2,592,568	\$ 2,624,901
• Facilities Maintenance	\$ 4,400,262	\$ 4,400,262	\$ 4,400,262
• Technology	\$ 4,221,468	\$ 4,221,468	\$ 4,221,468
• Classroom Furniture	\$ 9,846,272	\$ 1,582,900	\$ 0
• Future School Opening	\$ 460,000	\$ 0	\$ 0
• One-Time Discretionary	\$ 12,539,680	\$ 10,544,668	\$ 5,323,225
• Textbook Adoption	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000

# ENROLLMENT



<b>Enrollment Changes</b>	197	110	20	-3	0	30
<b>ADA Changes</b>	123	24	68	-44	-49	-43

# BUDGET CHALLENGES



- Potential Return of the Recession
- Volatility of State General Fund Revenues
- Deficit Spending in the “Out” Years
- Declining Enrollment
- Potential Change to Special Education Funding Model



# BUDGET CHALLENGES (Cont.)

## *Planning for the Future*

- Ongoing Cost Increases
  - LCAP Programs
  - Annual Salary Step & Column
  - Maintain Current Staffing
  - STRS and PERS Pension
  - Health & Welfare Insurance Premiums
  - Transportation
  - Other Costs (Utilities, Supplies, Contracts, etc..)

# 2016-17 BUDGET TIMELINE

*December  
15 – File  
First  
Interim  
Report*

**Monitor  
Enrollment**

**January –  
Governor’s  
Budget  
Proposal  
for  
2017-18**

**Monitor  
Changes  
from  
Election**

**Prepare  
Second  
Interim  
Report**

**March 13 –  
Present  
Second  
Interim  
Report**



# CERTIFICATION



In certifying the 2016-17 First Interim Report 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.