



Tustin Unified School District

2016-17 Budget

June 29, 2016 Adoption

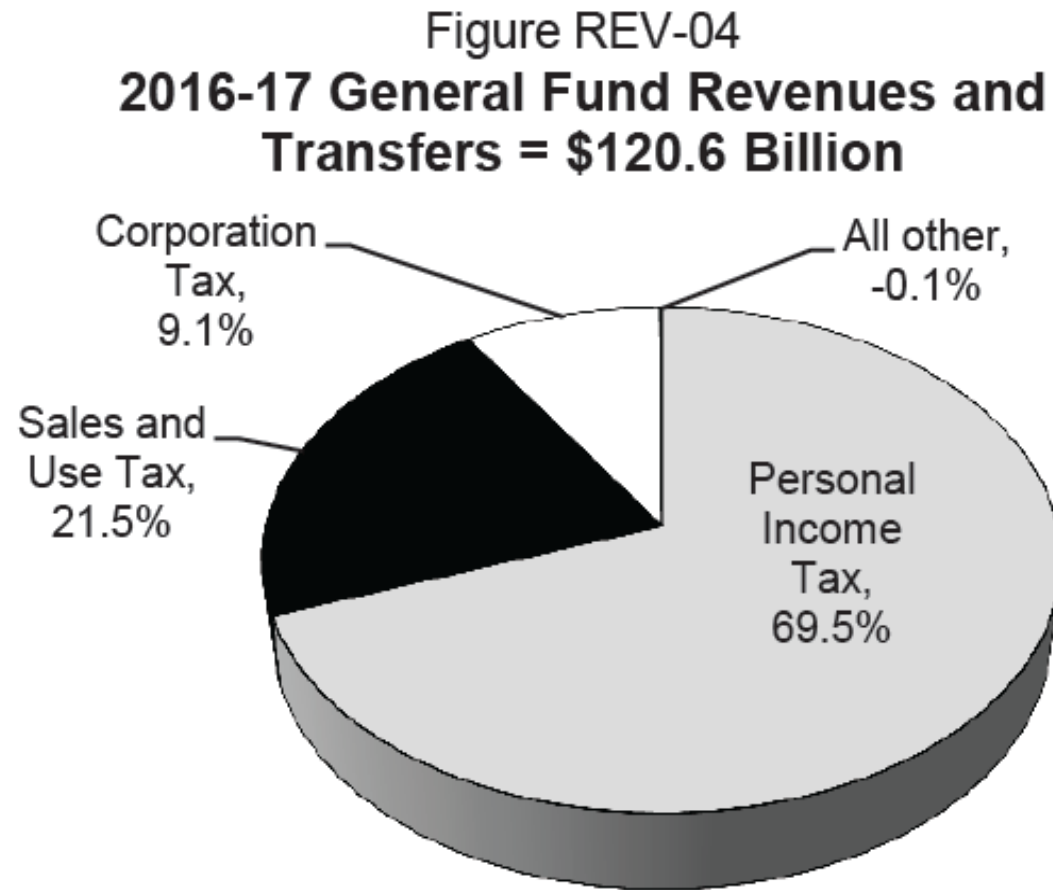
Agenda



- State Budget
- Education Budget
- The Budget Puzzle
- 2016-17 Projected Revenues
- 2016-17 Projected Expenditures
- Cash Flow
- Future Outlook
- Budget Timeline
- Multi-Year Projections
- Budget Uncertainties
- Certification

State Budget

Revenue Sources



State Budget

Revenue Sources

Figure REV-05

Long-Term Revenue Forecast - Three Largest Sources

(General Fund Revenue - Dollars in Billions)

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Average Year-Over- Year Growth
Personal Income Tax	\$76.1	\$81.4	\$83.8	\$86.4	\$84.5	\$86.4	2.6%
Sales and Use Tax	23.7	25.2	25.9	26.4	27.6	28.9	4.1%
Corporation Tax	9.0	10.3	11.0	11.6	12.1	12.7	7.2%
Total	\$108.8	\$116.9	\$120.7	\$124.4	\$124.2	\$128.0	3.3%
Growth	10.7%	7.5%	3.3%	3.0%	-0.1%	3.0%	

Note: Numbers may not add due to rounding.

State Budget

State Economy Indicators

➤ Unemployment

Unemployment Rate	May 2016	Month/Month	Year/Year
National	4.7%	-0.3	-0.8
California	5.2%	-0.1	-1.2

Unemployment Rate: California, National



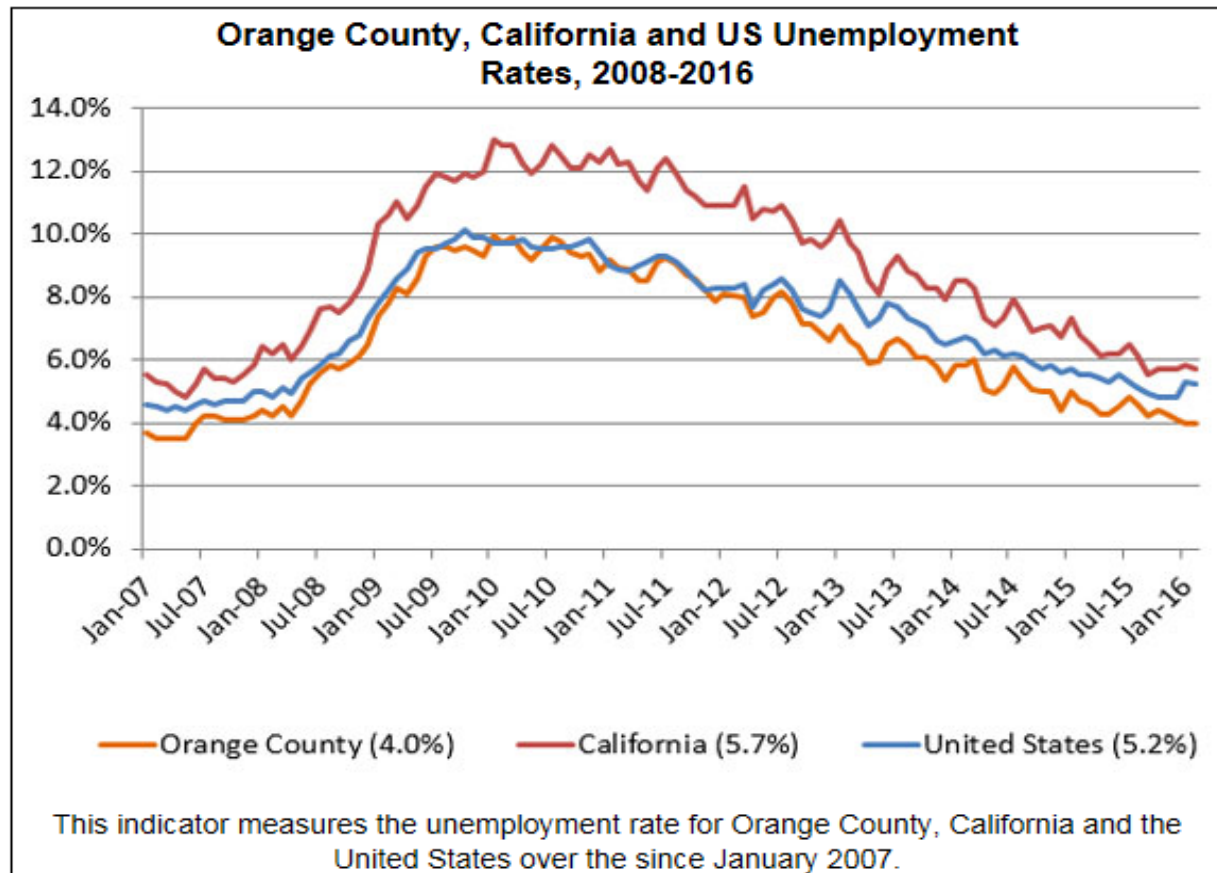
Note: Recessions shown in gray

<http://www.deptofnumbers.com/unemployment/california/>

State Budget

State Economy Indicators (Continued)

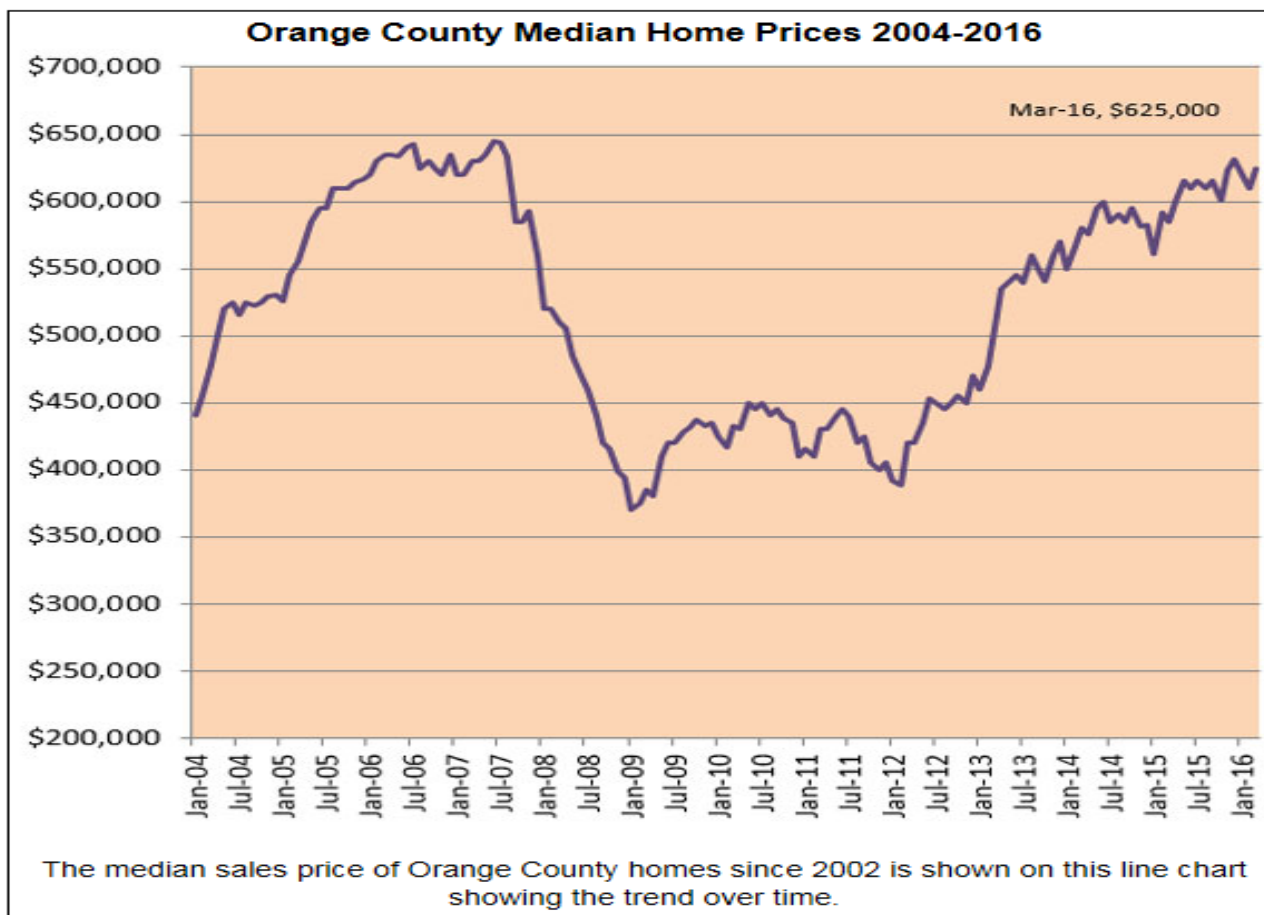
➤ Unemployment



State Budget

State Economy Indicators (Continued)

➤ Home Prices



Source: Dataquick

<http://www.dqnews.com/Charts/Monthly-Charts/OC-Register-Charts/ZIPOCR.aspx>

State Budget

State Economy Indicators (Continued)

- Oil Prices
- Stock Market

*** Global Economy – Britain Vote to Leave European Union**

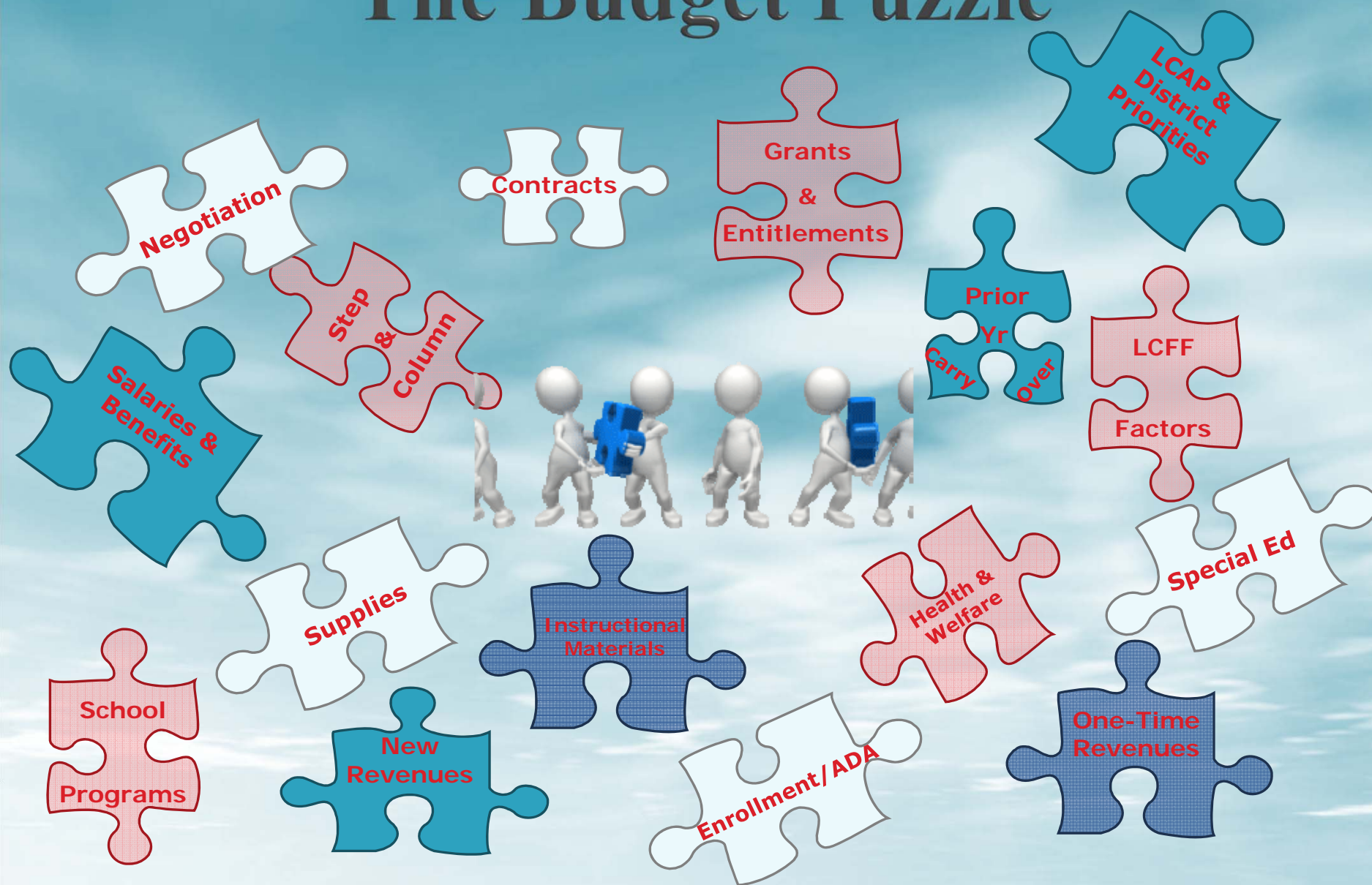


<https://www.bing.com/images>

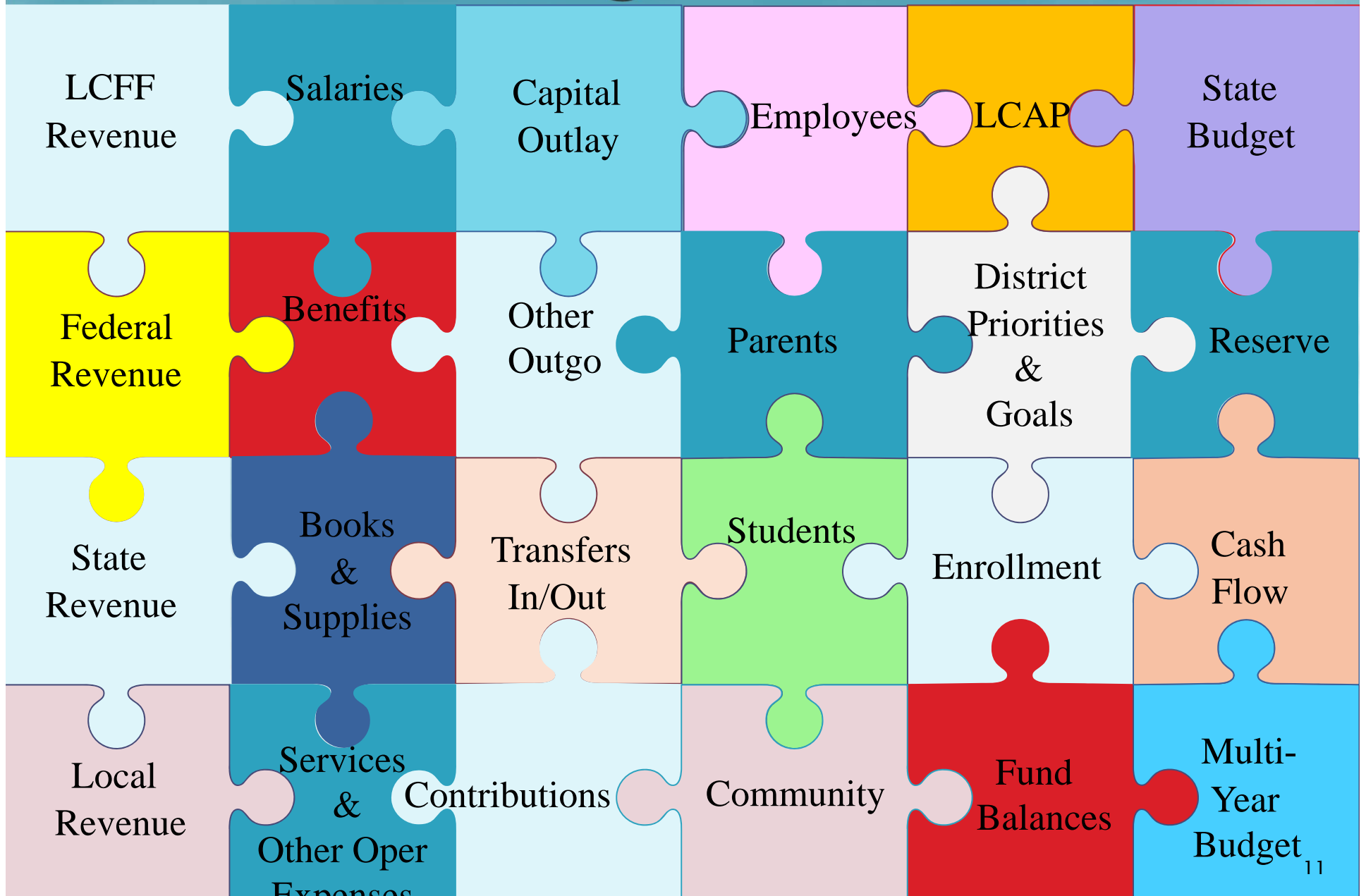
Education Budget

Item	January Budget	May Revision	Legislature
LCFF Gap Funding	49.08% or \$2.8 billion	54.84% or \$2.9 billion	54.84% or \$2.942 billion
Proposition 98 Minimum Funding Guarantee 2014-15 2015-16 2016-17	\$66.7 billion \$69.2 billion \$71.6 billion	\$67.2 billion \$69.1 billion \$71.9 billion	\$71.874 billion
2016-17 COLA	0.47%	0.00%	0.00%
One-Time Discretionary Funds for 2016-17	\$1.2 billion \$214 per ADA	\$1.4 billion \$237 per ADA	\$1.28 billion \$214 per ADA

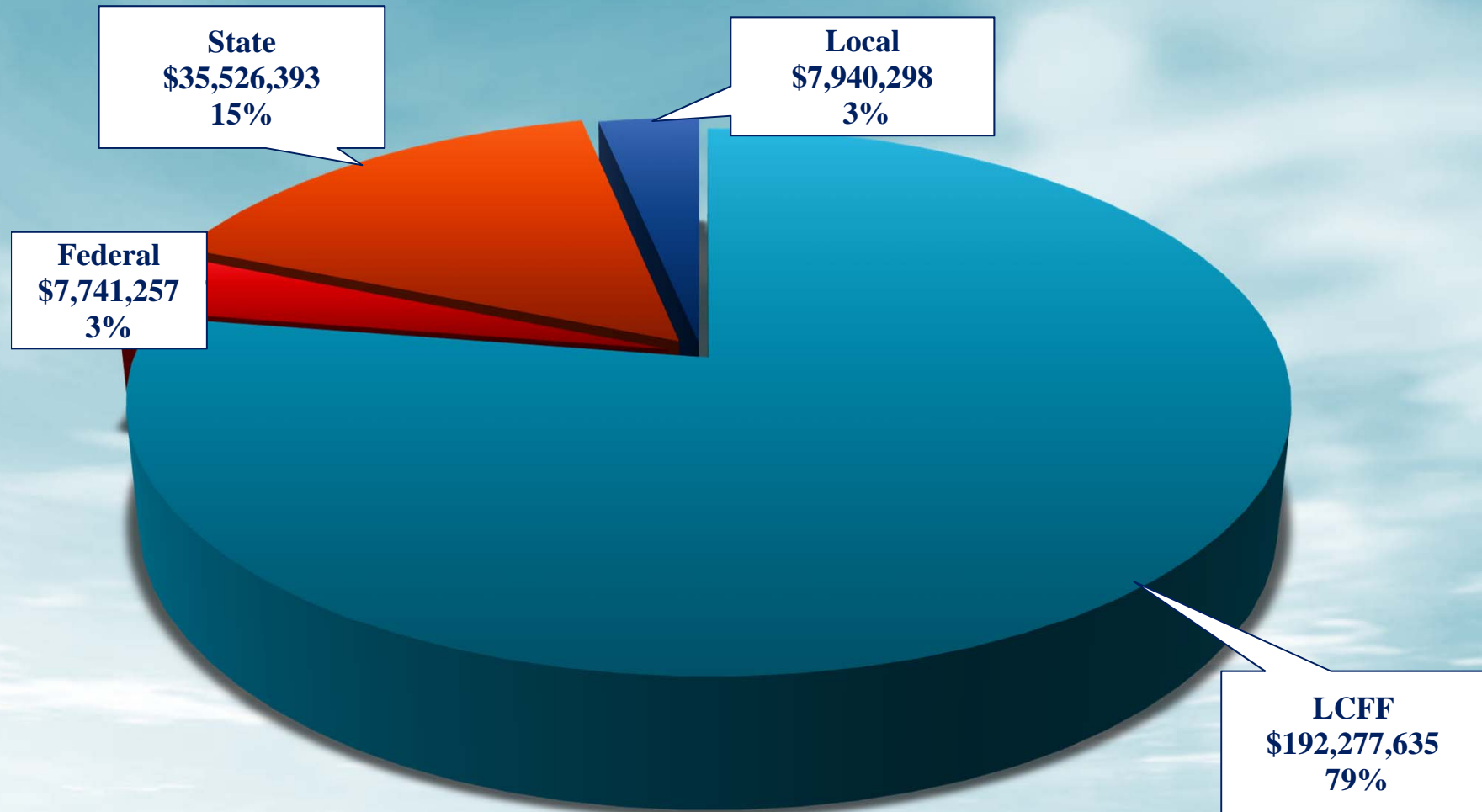
The Budget Puzzle



The Budget Puzzle



2016-17 Projected Revenues



Total Revenues: \$243,485,583

2016-17 Projected Expenditures

Salaries & Benefits: \$201,470,533 82.2%

Books & Supplies: \$ 13,370,162 5.5%

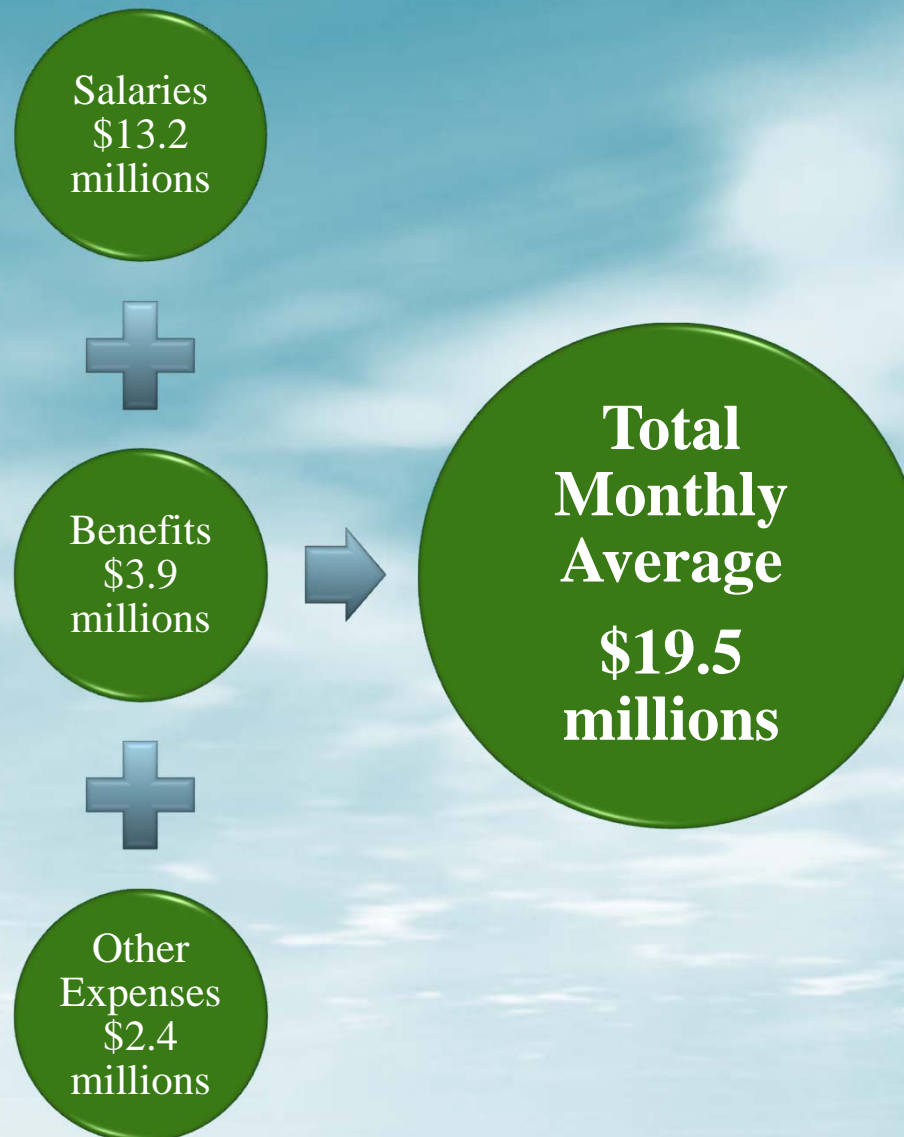
Services & Other Operating: \$ 23,588,465 9.6%

Capital Outlay: \$ 835,000 .3%

Other Outgo & Transfers: \$ 5,932,457 2.4%

Total Expenditures: \$245,196,617

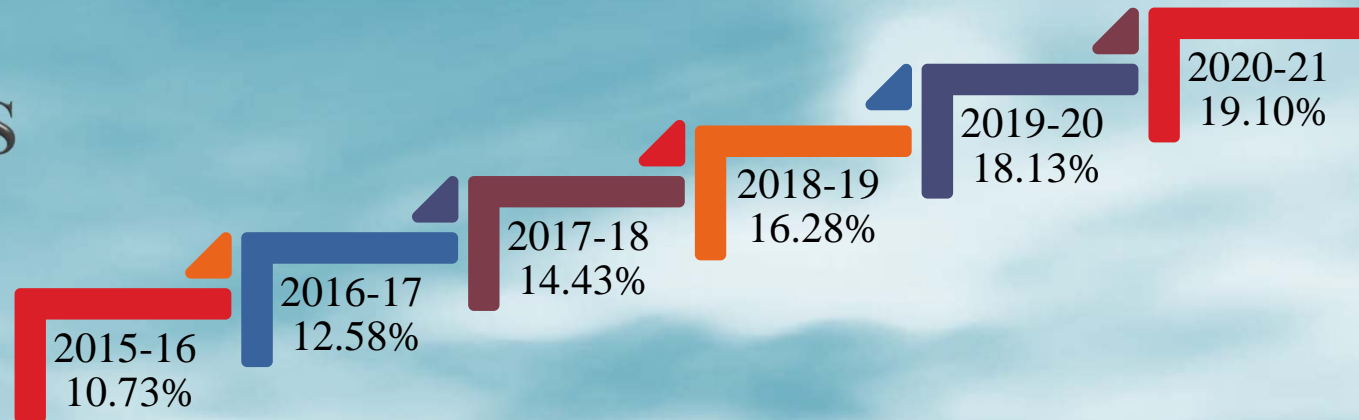
2016-17 Monthly Cash Flow



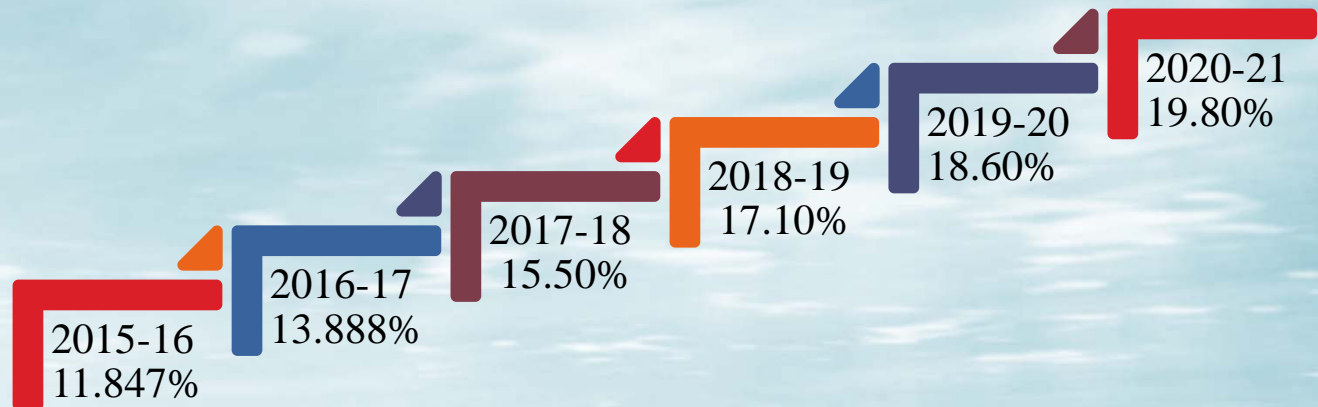
Future Outlook

Pension Rate Increases

STRS



PERS



Future Outlook

Return of Recession



Future Outlook

2016-17 LCFF Funding Target



**95.7%
Target**



Future Outlook

November Election



Future Outlook

November Ballot



- Proposition 30 – Income Tax Extension
- School Bond Initiatives

Budget Timeline

District Budget Calendar

**Close Fiscal
Year 2015-16**

July

**Update 2016-17
District Budget
to Governor's
Final Budget**

July

**Monitor
Enrollment**

October

**Monitor
Election Results**

November

**First Interim
Report**

December

Multi-Year Projections

	2015-16	2016-17	2017-18	2018-19
Revenues	\$240,191,166	\$243,485,583	\$ 238,803,664	\$ 244,348,519
Expenditures	\$221,060,279	\$242,096,617	\$ 245,694,519	\$ 254,117,469
Transfers Out	\$ 5,718,935	\$ 3,100,000	\$ 3,100,000	\$ 3,100,000
Net Change	\$ 13,411,952	(\$1,711,034)	(\$ 9,990,855)	(\$12,868,950)
Beginning Balance	\$ 60,047,307	\$ 73,459,259	\$ 71,748,225	\$ 61,757,370
Ending Balance	\$ 73,459,259	\$ 71,748,225	\$ 61,757,370	\$ 48,888,420
3% Economic Uncertainty	\$ 6,803,377	\$ 7,355,899	\$ 7,463,836	\$ 7,716,524

Multi-Year Projections

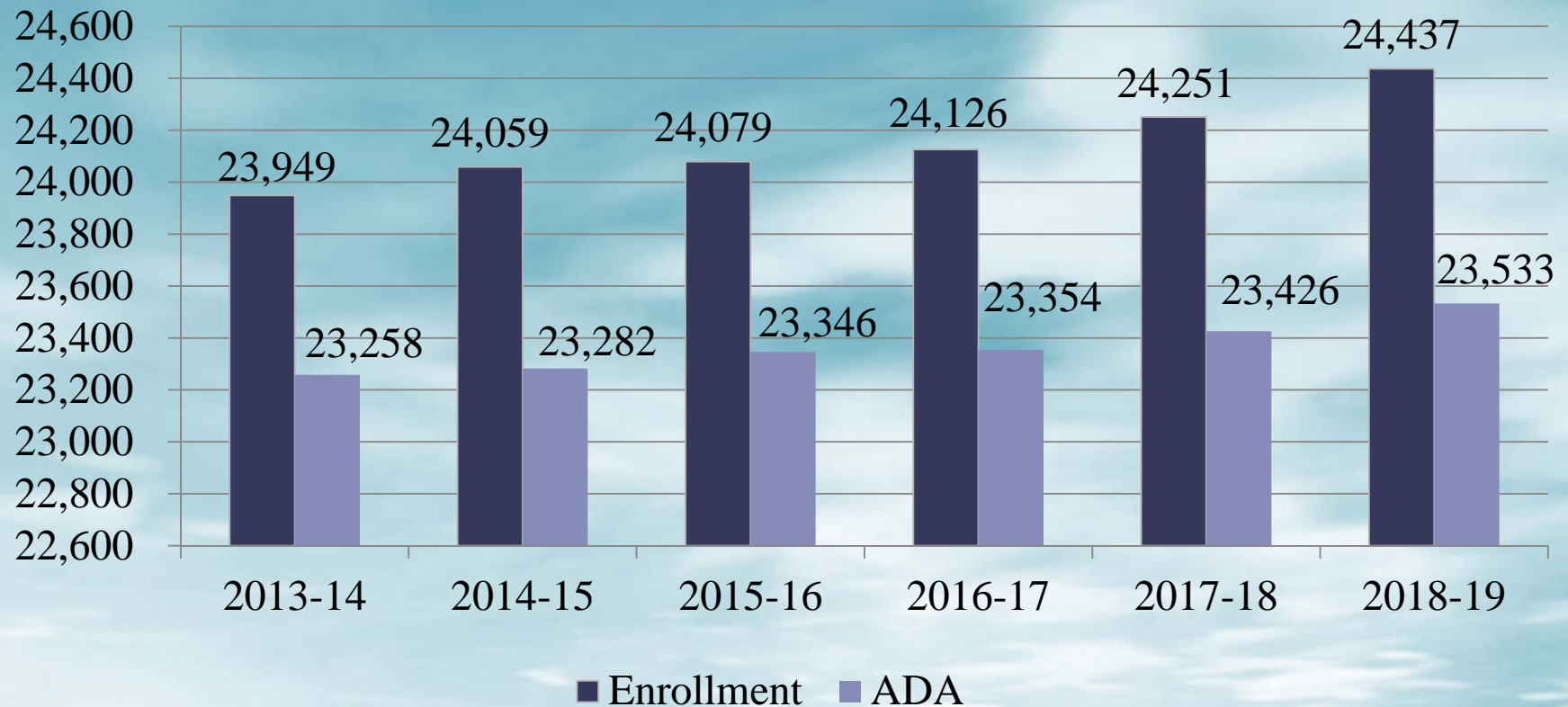
Components of Ending Fund Balance

	2015-16	2016-17	2017-18	2018-19
Non-Spendable:				
Revolving Cash	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Stores	\$ 269,799	\$ 269,799	\$ 269,799	\$ 269,799
Restricted	\$ 13,148,724	\$ 11,180,370	\$ 7,583,265	\$ 4,283,265
Commitments:				
• Benefit Accounts	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000
• Vacation Liability	\$ 1,266,931	\$ 1,266,931	\$ 1,266,931	\$ 1,266,931
• Local Protection	\$ 16,102,222	\$ 16,102,222	\$ 11,446,849	\$ 10,524,833
• Pension Liability	\$ 0	\$ 2,642,387	\$ 2,535,318	\$ 2,572,810
• Facilities Maintenance	\$ 3,900,262	\$ 3,900,262	\$ 4,400,262	\$ 4,900,262
• Technology	\$ 3,721,468	\$ 3,721,468	\$ 4,221,468	\$ 4,721,468
• Classroom Furniture	\$ 8,457,893	\$ 6,367,082	\$ 6,367,082	\$ 0
• Future School Opening	\$ 500,000	\$ 460,000	\$ 0	\$ 0
• One-Time Discretionary	\$ 12,261,808	\$ 14,329,364	\$ 12,175,784	\$ 8,605,752
• LCAP & District Priority	\$ 5,436,775	\$ 2,436,775	\$ 2,436,775	\$ 2,436,775
• School Local Programs	\$ 0	\$ 125,666	\$ 0	\$ 0
• Textbook Adoption	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000

Budget Uncertainties



Enrollment



Enrollment Changes	197	110	20	47	125	186
ADA Changes	123	24	64	8	72	107

Budget Uncertainties



Others

- Return of Recession
- Climate Change
- Increase in Health Insurance Premiums
- Increase in Minimum Wage
- School Facilities
- Other Expectations
 - ✓ Substitute Costs
 - ✓ Reserves



Certification



In certifying the 2016-17 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.