

Fiscal Year 2013-14 Community Budget Forum

August 7, 2013

**Presented By
Ken A. Forrest
Chief Business Officer
Gerardo Castillo
Director of Fiscal Services**

Good Evening

Agenda

A. Short Presentation.

- Questions during the presentation are encouraged!

B. Interactive Response To Questions.

- We will utilize Escape when appropriate.
- Questions that can't be answered immediately will be recorded and an answer posted to the District website in an appropriate timeframe.

June 20, 2013 Adopted Budget

Adopted Revenue Limit Totals FY 2013-14 Budget		% of Type
Revenue		
Revenue Limit	\$ 223,357,740	58.6%
Federal Revenue	\$ 43,413,836	11.4%
Other State Revenue	\$ 112,872,978	29.6%
Other Local Revenue	\$ 1,476,660	0.4%
Total Revenue	\$ 381,121,214	

Adopted Total FY 2013-14 Budget Summary		
Revenue	\$ 381,121,214	+
Transfers In	\$ 1,617,168	+
Sub-Total Anticipated Available Funds	\$ 382,738,382	=
Less Expenditures	\$ 385,021,177	-
Net Increase (Decrease) In Fund Balance	\$ (2,282,795)	=

Adopted Expenditure Totals FY 2013-14 Budget		% of Type
Expenditures By Object		
Certificated Salaries	\$ 164,744,256	42.8%
Classified Salaries	\$ 48,498,232	12.6%
Employee Benefits	\$ 107,848,057	28.0%
Books & Supplies	\$ 14,496,788	3.8%
Services/Other Operating Expenses	\$ 48,701,731	12.6%
Capital Outlay	\$ 249,877	0.1%
Other Expenses	\$ 2,125,000	0.6%
Indirect Support	\$ (1,642,764)	-0.4%
Total Expenses	\$ 385,021,177	
Total Compensation 1+2+3	\$ 321,090,545	83.4%

Adopted Change In Ending Fund Balance		
Beginning Fund Balance July 1	\$ 11,807,817	+
Change In Fund Balance	\$ (2,282,795)	-
Projected Ending Fund Balance June 30	\$ 9,524,822	=

Adopted Components Of Ending Fund Balance		
Revolving Cash	\$ 225,000	+
Stores Inventory	\$ 320,000	+
Reserve For Economic Uncertainty	\$ 8,979,822	+
Total Non-Spendable	\$ 9,524,822	= +
Unappropriated Fund Balance	\$ -	+
Projected Ending Fund Balance June 30	\$ 9,524,822	=

Elements of the Formula

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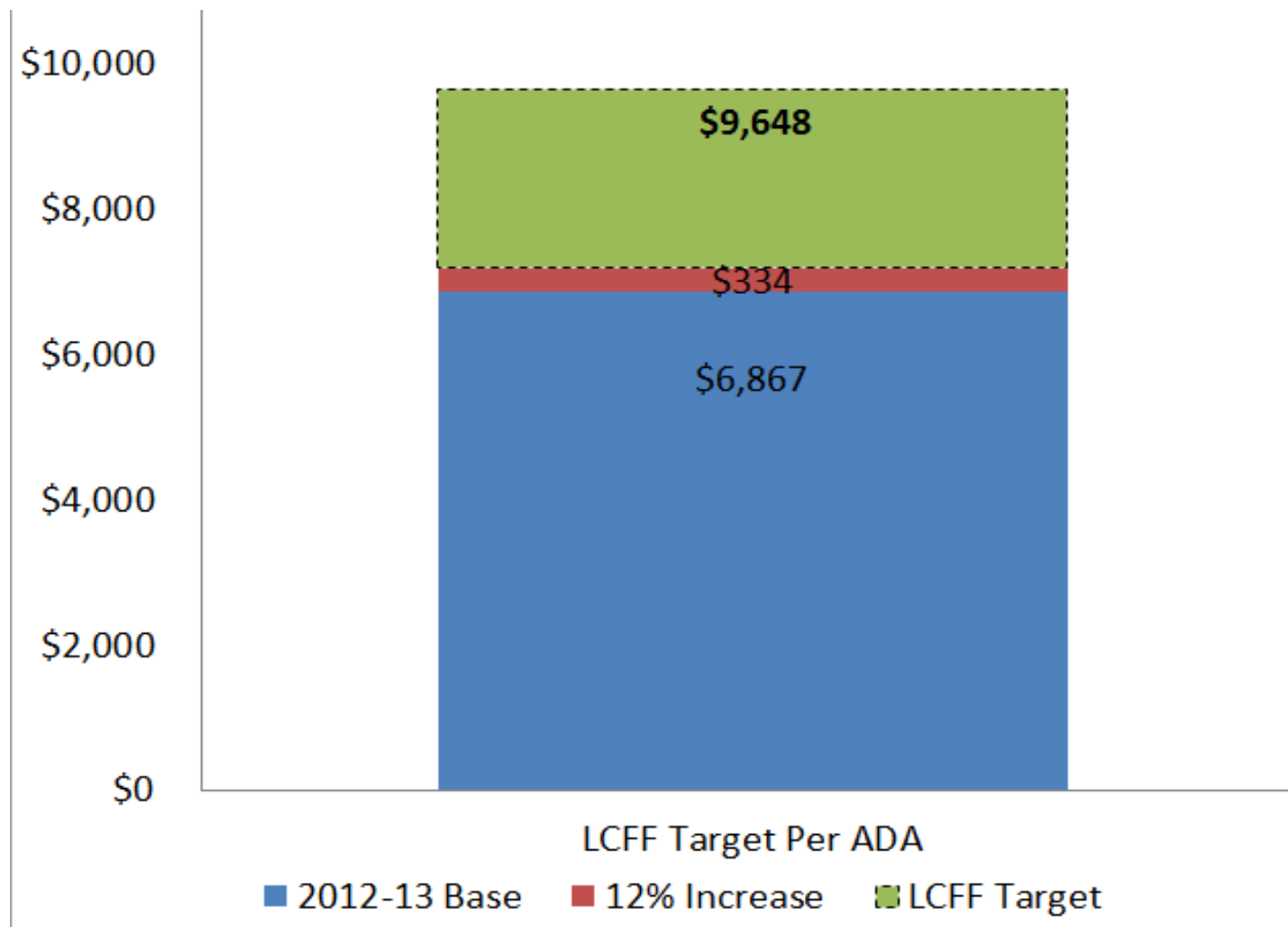


- Additional funding based on the demographics of the school district:
 - English learners
 - Pupils eligible for free and reduced-price meals program
 - Foster youth
- An unduplicated count
 - The number of unduplicated pupils enrolled for each school district and charter school as a percentage of total enrollment
- A three-year rolling average of California Longitudinal Pupil Achievement Data System (CALPADS) reported counts
 - 2013-14 uses one year of data; 2014-15 uses the average of two years of data; 2015-16 and future years use three years of data

2013-14 District LCFF Entitlement

FACTORS	SCUSD
2012-13 Base	\$6,867
LCFF Target	\$9,648
Difference	\$2,781
State Factor	12%
2013-14 Increase	\$334

2013-14 Growth Toward Target

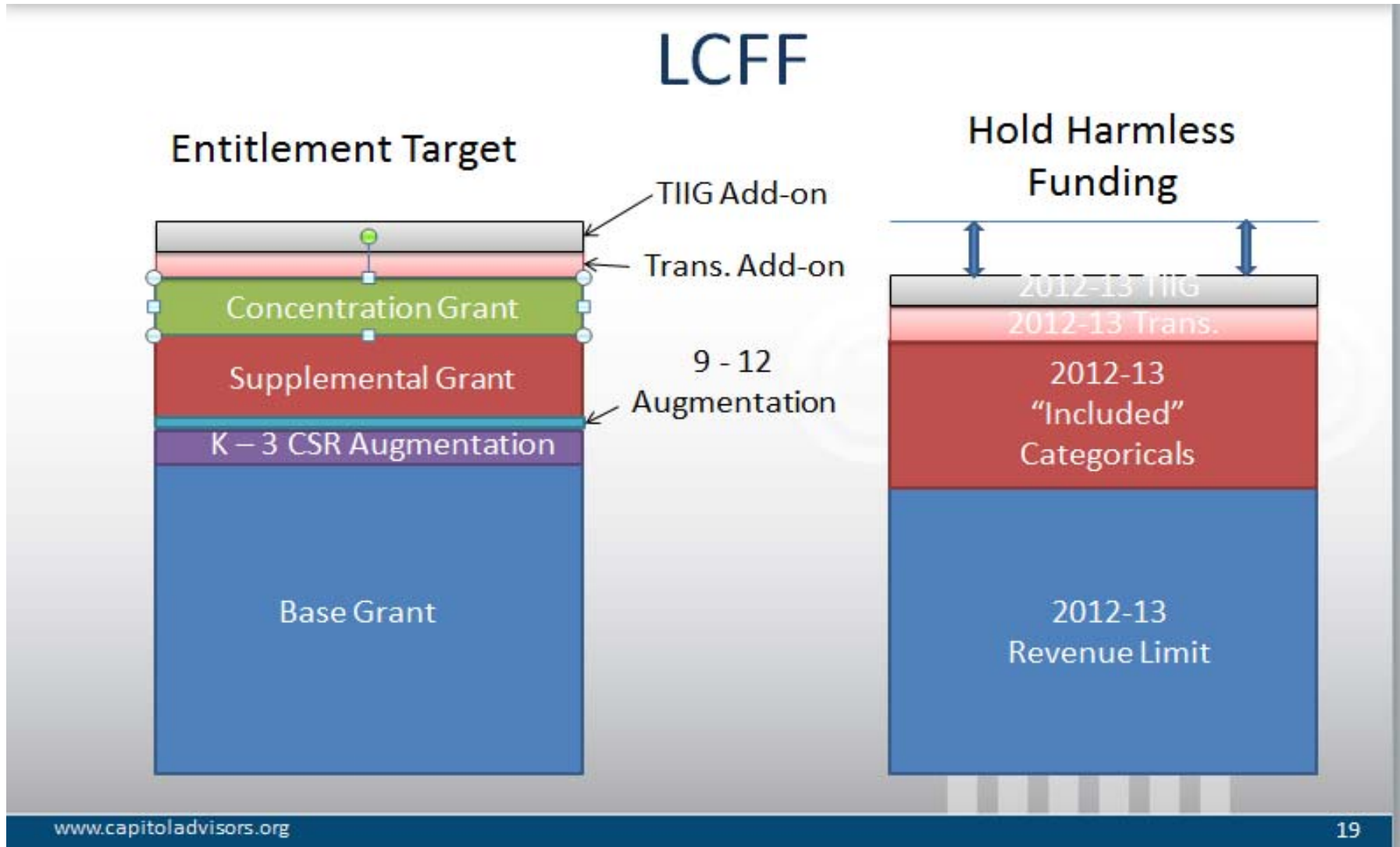


LCFF Excluded Categoricals

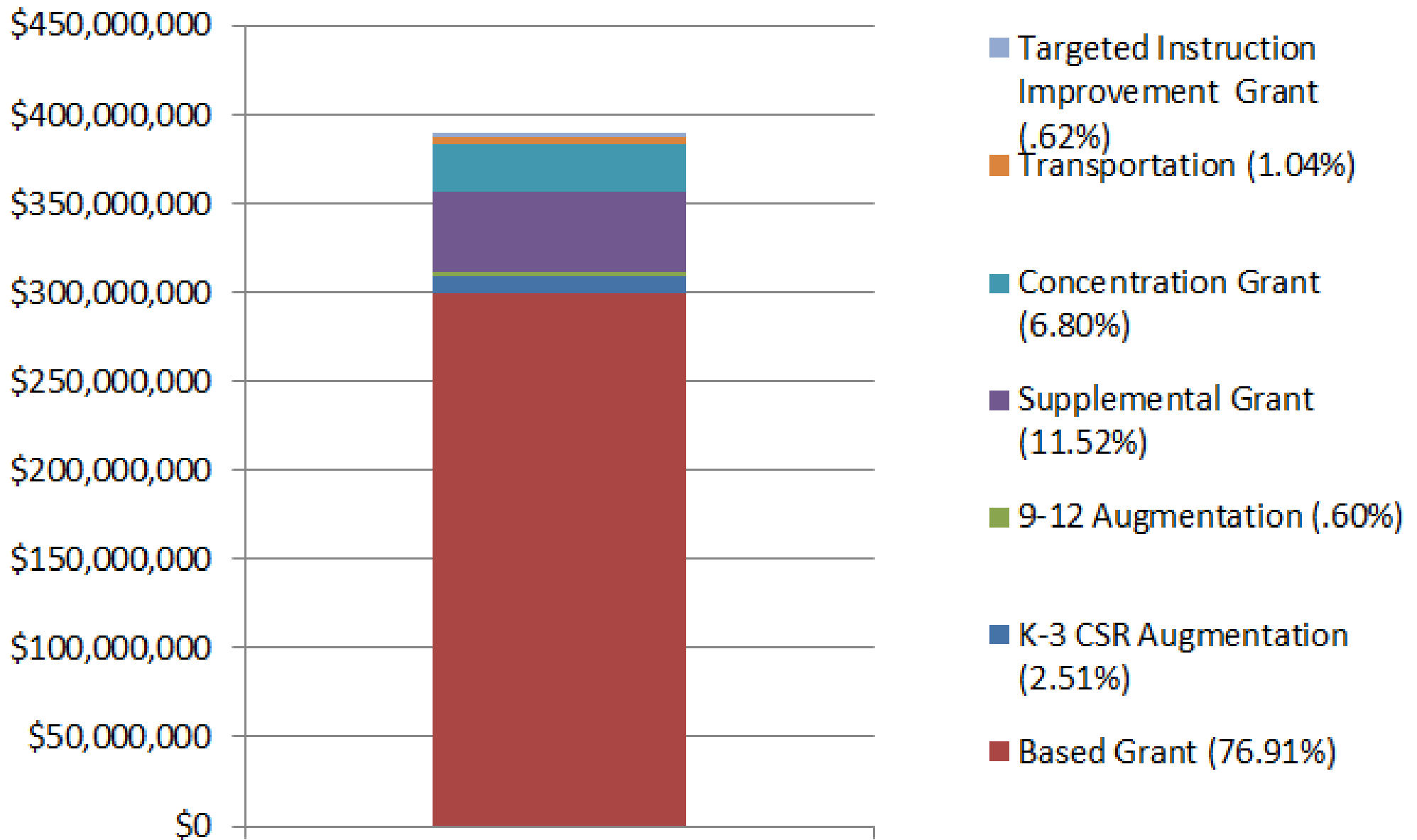
- Special Education
- After School Education and Safety Program
- State Preschool
- Quality Education Investment Act
- State Testing Program
- American Indian Education Centers
- Early Childhood Education Programs
- Specialized Secondary Programs
- California Partnership Academies
- Agricultural Education Incentive Program
- Foster Youth Programs
- Adults in Correctional Facilities

- 2013-14 Target Entitlement Calculation**

FACTORS	K-3	4-6	7-8	9-12
Adjusted grant per ADA	\$7,675	\$7,056	\$7,266	\$8,638
% Enrollment eligible	72%	72%	72%	72%
72% of Supplemental	\$1,105	\$1,016	\$1,046	\$1,244
17% of Concentration (percentage above 55%)	\$652	\$600	\$618	\$734
Total 2013-14 LCFF target grant per ADA	\$9,432	\$8,672	\$8,930	\$10,616



LCFF Continued



Sacramento City Unified School District	Summary
Current funding	\$277,758,567
Target funding (8 years)	<u>\$390,274,789</u>
Increase target	\$112,516,222
2013-14 Projected progress - est 12%	<u><u>\$13,501,947</u></u>
Amount per ADA	\$333.80
Adopted Budget Increase	\$267.00
ADDITIONAL FUNDING PER ADA	\$66.80
INCREASE FROM FY 2013-14 ADOPTED	\$2,701,967.50
Total Additional Funding from FY 2012-13	\$ 13,501,946.62
Percentage increase	4.861%

Adopting and Updating the LCAP



• **Changes from the May Revision:**



Consultation with:

- District Assistance and Intervention Team
- Teachers
- Principals
- School personnel
- Pupils

Present for review and comment to:

- Parent advisory committee
- English learner parent advisory committee
- The superintendent must respond in writing to comments received

Opportunity for public input:

- Notice of the opportunity to submit written comment
- Public hearing
- The superintendent must respond in writing to comments received

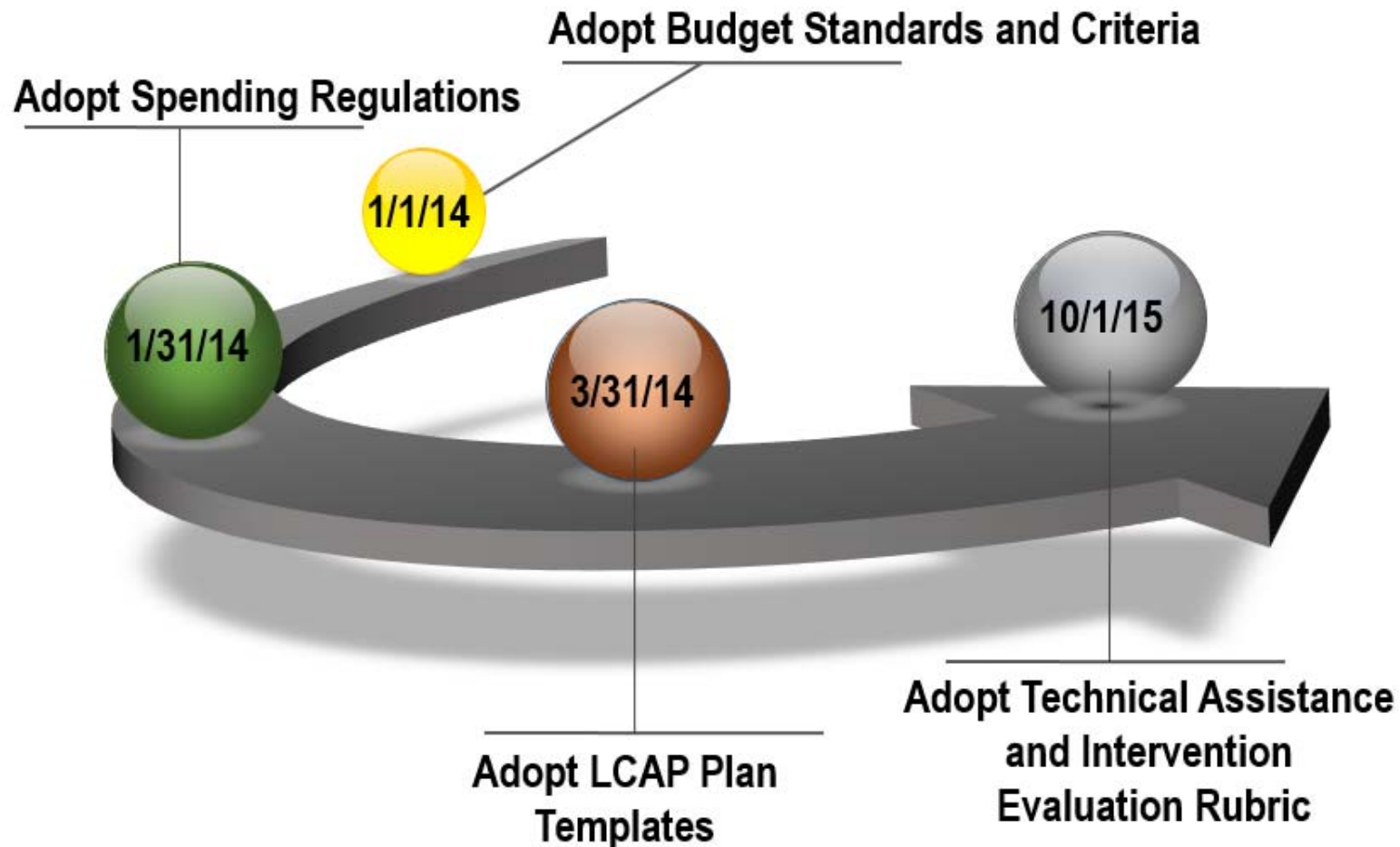
Adoption of the plan:

- Adopted concurrent with the LEA's budget
- Submitted to COE for approval
- Posted on district website
- COE posts LCAP for each district/school or a link to the LCAP

SBE Actions and Timeline



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Current Revised Budget

Current Revised Revenue Totals FY 2013-14 Budget		% of Type
Revenue		
Revenue Limit	\$ 226,059,707	59.3%
Federal Revenue	\$ 42,693,836	11.2%
Other State Revenue	\$ 112,872,978	29.6%
Other Local Revenue	\$ 1,476,660	0.4%
Total Revenue	\$ 383,103,181	

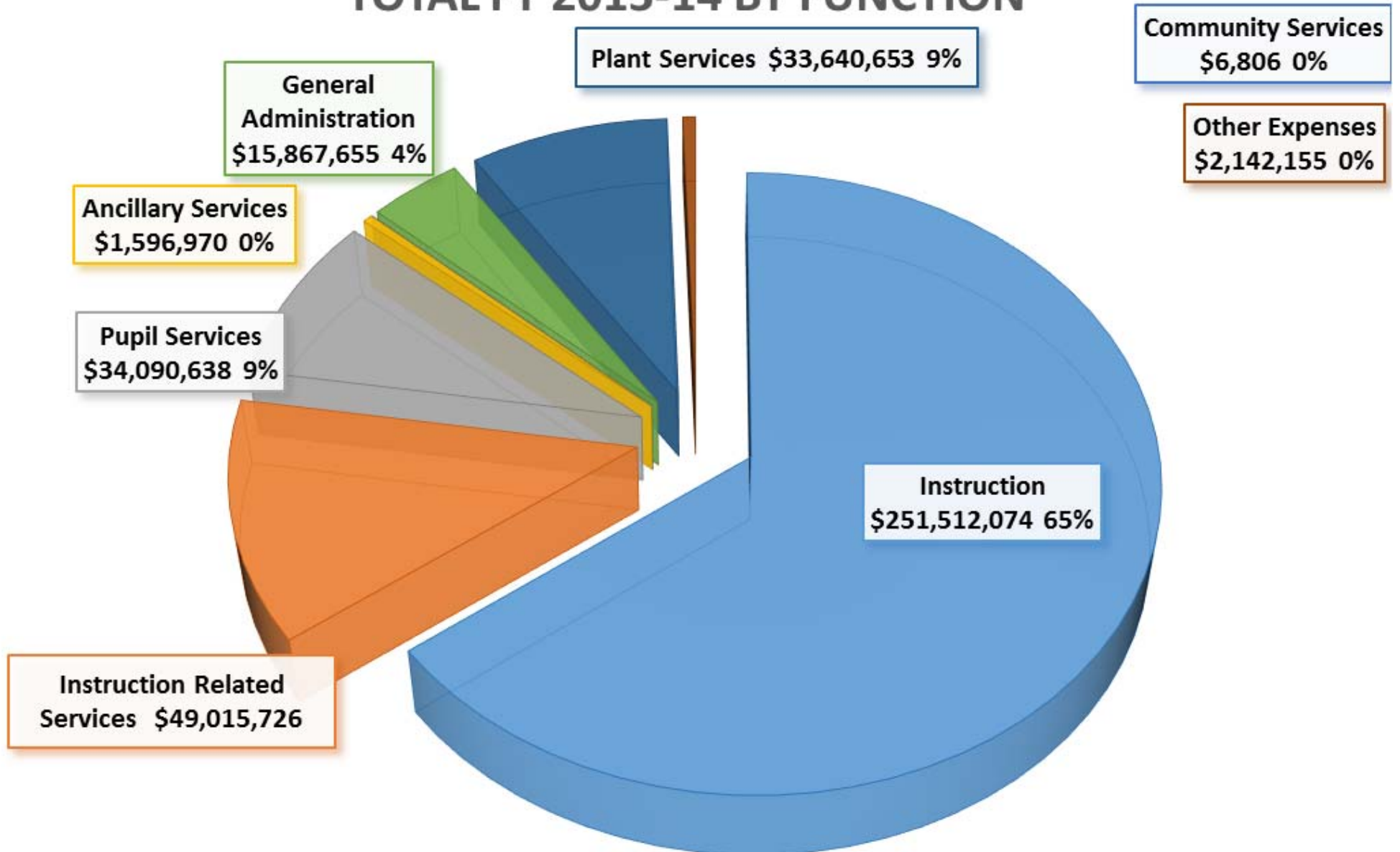
Current Revised Expenditure Totals FY 2013-14 Budget		% of Type
Expenditures By Object		
Certificated Salaries	\$ 165,475,708	42.7%
Classified Salaries	\$ 48,862,985	12.6%
Employee Benefits	\$ 109,203,432	28.2%
Books & Supplies	\$ 13,735,144	3.5%
Services/Other Operating Expenses	\$ 49,714,701	12.8%
Capital Outlay	\$ 371,775	0.1%
Other Expenses	\$ 2,125,000	0.5%
Indirect Support	\$ (1,616,068)	-0.4%
Total Expenses	\$ 387,872,677	
Total Compensation 1+2+3	\$ 323,542,125	83.4%

Revised Total FY 2013-14 Budget Summary		
Revenue	\$ 383,103,181	+
Transfers In	\$ 1,617,168	+
Sub-Total Anticipated Available Funds	\$ 384,720,349	=
Less Expenditures	\$ 387,872,677	-
Net Increase (Decrease) In Fund Balance	\$ (3,152,328)	=

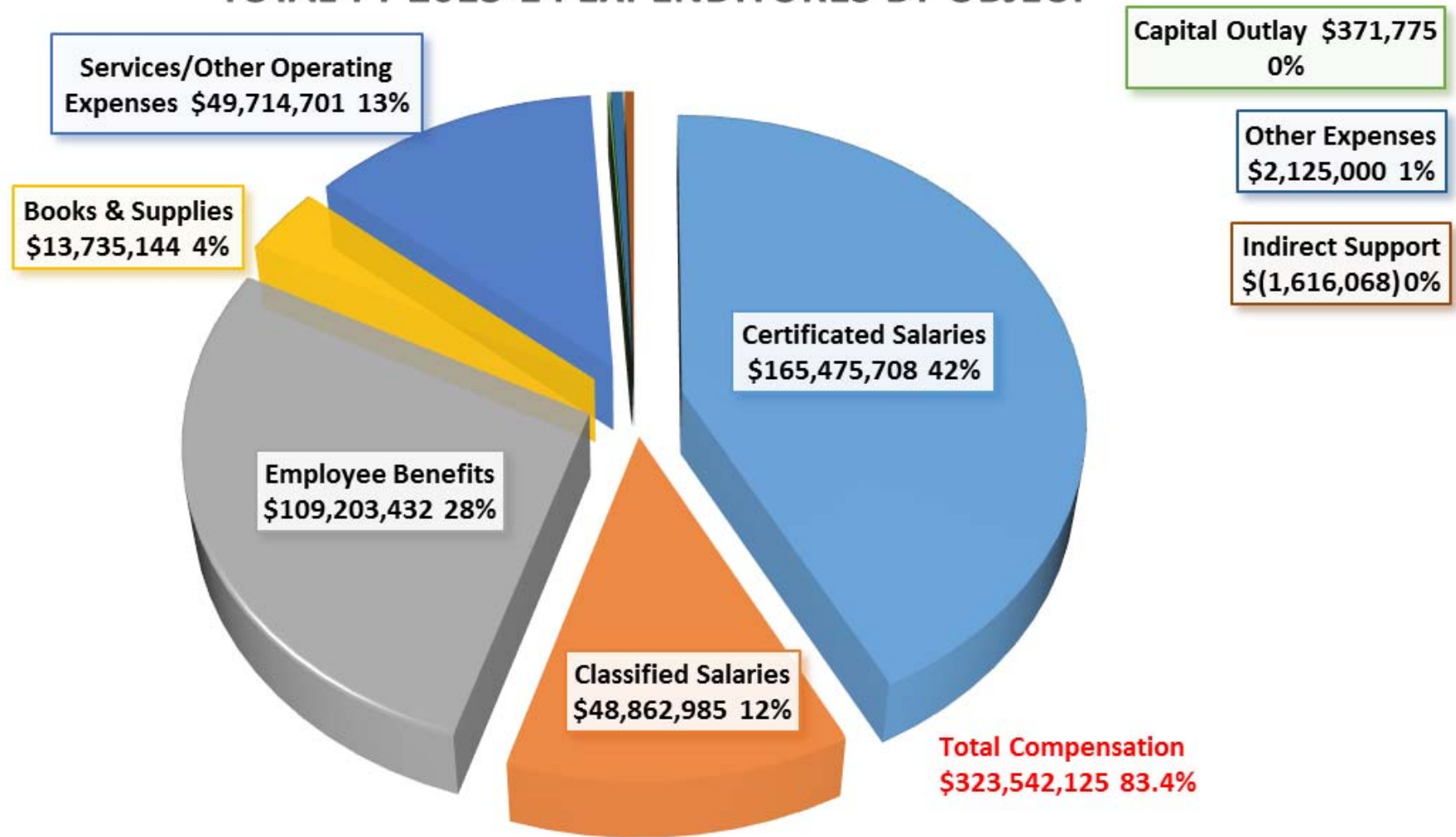
Current Revised Change In Ending Fund		
Beginning Fund Balance July 1	\$ 11,807,617	+
Change In Fund Balance	\$ (3,152,328)	-
Projected Ending Fund Balance June 30	\$ 8,655,289	=

Current Revised Components Of Ending Fund Balance Ending Fund Balance		
Revolving Cash	\$ 225,000	+
Stores Inventory	\$ 320,000	+
Reserve For Economic Uncertainty	\$ 8,007,454	+
Total Non-Spendable	\$ 8,552,454	= +
Unappropriated Fund Balance	\$ 102,835	+
Projected Ending Fund Balance June 30	\$ 8,655,289	=

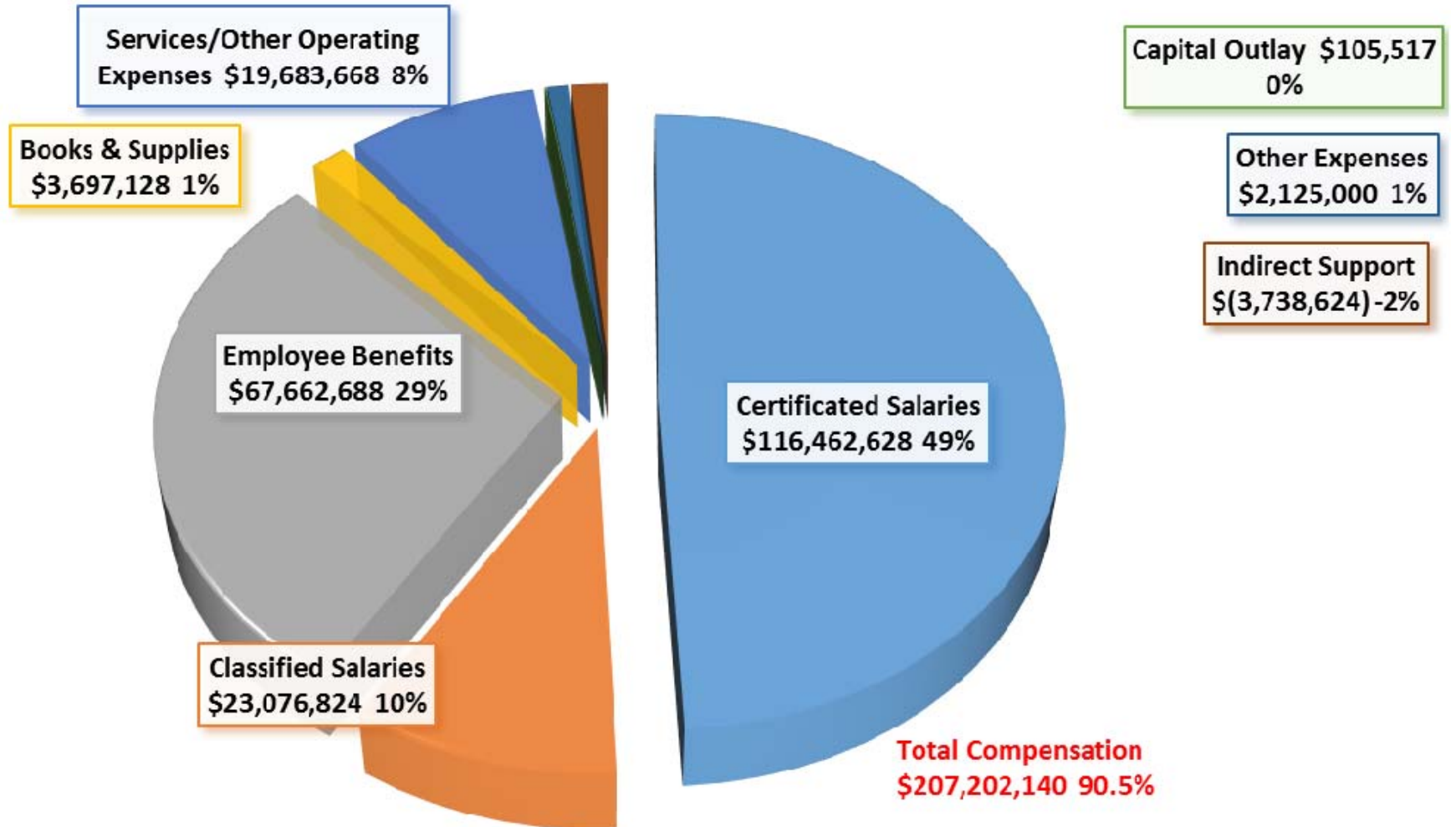
TOTAL FY 2013-14 BY FUNCTION



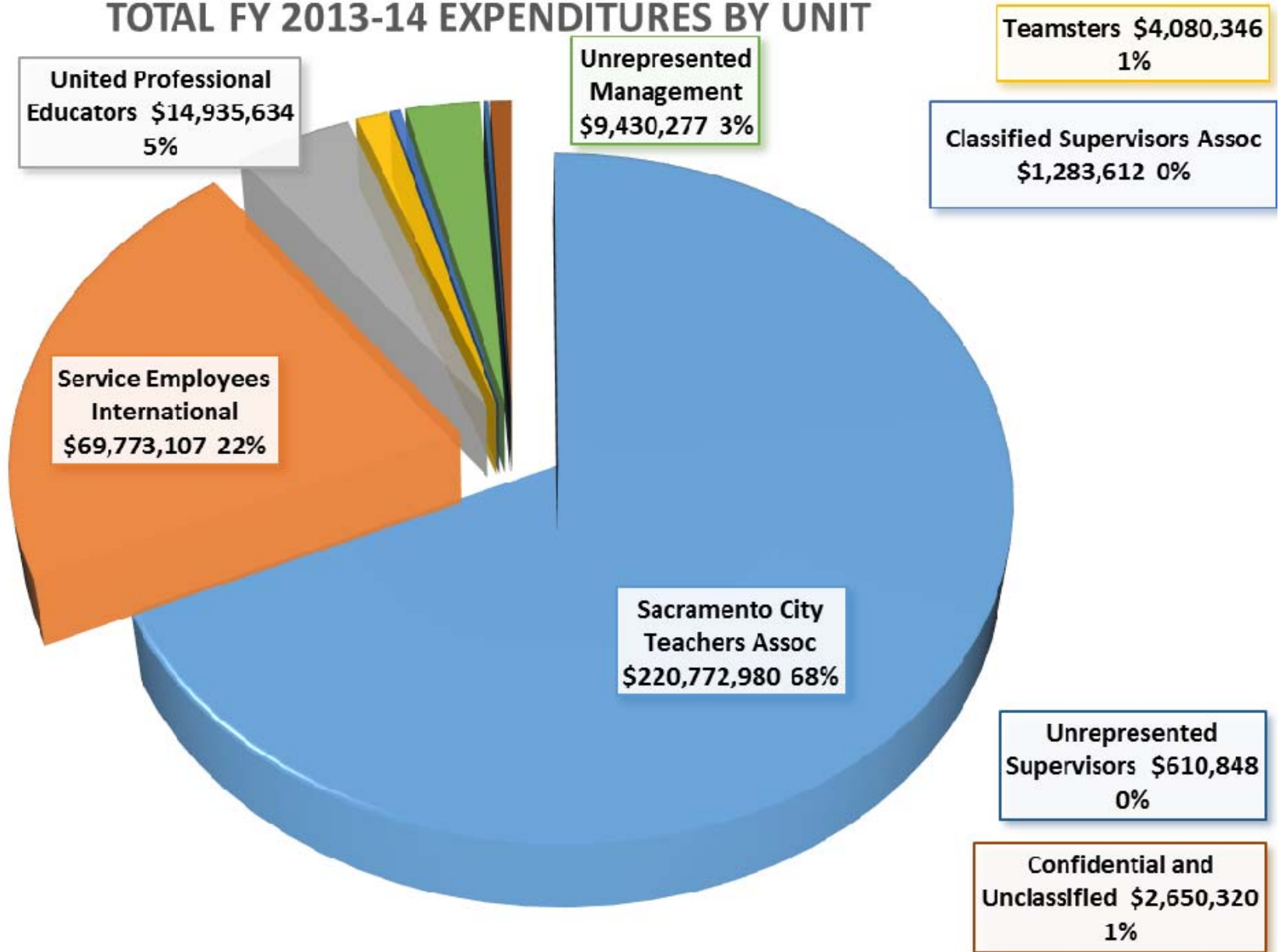
TOTAL FY 2013-14 EXPENDITURES BY OBJECT



TOTAL FY 2013-14 UNRESTRICTED EXPENDITURES BY OBJECT



TOTAL FY 2013-14 EXPENDITURES BY UNIT



- The current revised budget is a balanced budget.
- Unencumbered Fund Balance is only \$102,835.
- Does not utilize any of the State required Reserve for Economic Uncertainty.
- **Budget has no room for error!**
 - As part of our “Zero” based approach to reviewing all budgets more current year reductions will occur.
 - Realignment of the budget will take time but should be accomplished by the end of this calendar year.
- The rules for how LCFF supplemental funds must be spent will not be published until the Spring of 2014.
 - We will be making a good faith effort to comply with the intent of the legislation.

- ✓ In order to meet requested Sacramento County Office of Education (SCOE) budget reduction targets we will be required to determine and have the Board adopt these FY 2014-15 **budget reduction goals**:
- **\$1 million** in ongoing reductions by the October 17, 2013, Board meeting.
 - **Additional \$2 million** in ongoing reductions by the December 19, 2013, Board meeting.
 - **Additional \$2 million** in ongoing reductions by the January 23, 2014, Board meeting.
 - **Total of \$5 million**
 - Identify and report to the Board current estimates of projected revenue for FY 2014-15 and remainder of budget reductions required to maintain state mandated reserves, establish additional reserves recommended by Board fund balance and reserve policy, and designate funds necessary to balance the budget by the February 20, 2014, Board meeting.

CCSS Program Update Common Core State Standards

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- CCSS is a nationwide initiative to establish a single set of standards for K-12 education in English language arts and mathematics to ensure college and career readiness
 - California adopted the CCSS in 2010
- The CCSS require changes to the existing educational and assessment program
 - To date, no funding for CCSS implementation had been provided to LEAs to defray the costs of technology updates, professional development, or instructional materials
 - Some resources for professional development have been provided through the CDE and COEs
 - Assessment and technology readiness information has been provided by the Smarter Balanced Consortium, including practice tests

CCSS Expenditure Rules

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- LEAs can spend the funds for the following allowed purposes:
 - Professional Development
 - For teachers, administrators, and paraprofessional educators or other classified employees involved in the direct instruction of pupils that is aligned to the CCSS academic content standards
 - Instructional materials and supplemental instructional materials aligned to the CCSS academic content standards
 - Technology
 - Funds can be used for the integration of the content standards through technology-based instruction for the purposes of improving the academic performance of pupils including, but not limited to:
 - The administration of computer-based assessments and providing adequate Internet connectivity to support the computer-based assessments

CCSS Funding

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- The State Budget provides \$1.25 billion statewide in one-time funds from 2012-13 for the implementation of the CCSS
 - Funds will be allocated based upon prior-year enrollment to school districts, COEs, charter schools, and special state schools
 - Estimated to be about \$200 per student
 - Funds will be apportioned in July 2013 (50%) and August 2013 (50%)
 - LEAs can encumber funds any time during the 2013-14 and 2014-15 school years

Our current estimate for SCUSD is approximately \$8,089,800

- Remember: this is one-time money – plan accordingly!!

✓ District has been granted a waiver from some NCLB requirements.

Waivers

By submitting this flexibility request, the CORE Districts and Participating LEAs request flexibility through waivers of the six ESEA requirements listed below and their associated regulatory, administrative, and reporting requirements by checking each of the boxes below. The provisions below represent the customized areas of flexibility requested.

1. To relieve requesting LEAs and their schools from the requirements in ESEA section 1116(b) to take currently required improvement actions. This waiver would not relieve LEAs of the obligation to identify schools for improvement, corrective action, or restructuring, as appropriate, but would relieve LEAs and schools of the obligation to take the currently required actions associated with those identifications.

Note: By continuing to identify schools for improvement, corrective action, and restructuring, the schools will remain eligible to receive funds that are contingent on that identification, such as SIG funds and funds reserved by the SEA under ESEA section 1003(a).

2. To request a waiver of ESEA section 1116(c)(7), so that an LEA that is identified for improvement under ESEA section 1116(c)(3) would not be required to take improvement actions required by ESEA section 1116(c)(7).

3. To allow a priority or focus school to operate a school_wide program even if it doesn't meet the 40 percent poverty threshold for operating a school_wide program under ESEA section 1114(a)(1)).

✓ District has been granted a waiver from some NCLB requirements. -- Continued

Waivers

- 4. To request a waiver of ESEA section 2141(a), so that an LEA that does not meet its HQT targets for two consecutive years would no longer have to develop an improvement plan under ESEA section 2141(a) and would have flexibility in how it uses its Title I and Title II funds.
- 5. To request a waiver of ESEA sections 6123(b)(1) and 6123(d)(2), to lift the limits on the amount of funds an LEA may transfer from certain ESEA programs to other ESEA programs and to relieve an LEA of its obligations to modify plans related to transferred funds and to notify the SEA regarding the transfer.
- 6. To permit an LEA to serve with Title I funds a Title I-eligible priority school with a graduation rate below 60 percent, even if the school does not rank sufficiently high to be served (ESEA section 1113(a)(3)-(4) and (c)(1)).

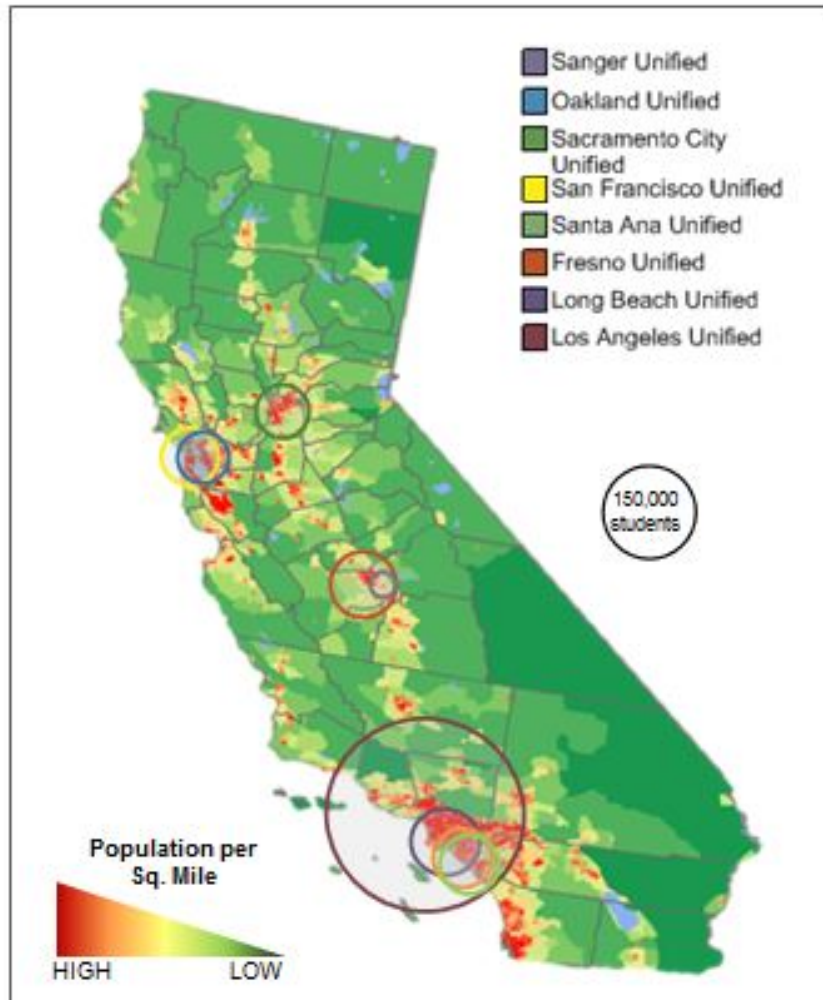
Eight California school districts: Fresno, Long Beach, Los Angeles, Oakland, Sacramento City, San Francisco, Santa Ana, and Sanger unified school districts, representing more than a million students, have come together to form a learning cooperative called the **California Office to Reform Education (CORE)**. The Districts are focused on deep learning and sharing practices in the two critical areas: effective implementation of the Common Core State Standards and building social capital. In order

The CORE waiver proposal is built upon four foundational goals that align to, and extend beyond the three principles of the waiver guidelines:

1. College- and Career-Ready Expectations for All Students;
2. A focus on collective responsibility, accountability, and action that emphasizes capacity-building over accountability;
3. The development of Intrinsic Motivation for Change through Differentiated Recognition, Accountability, and Support for Schools; and
4. Focused capacity-building for Effective Instruction and Leadership.

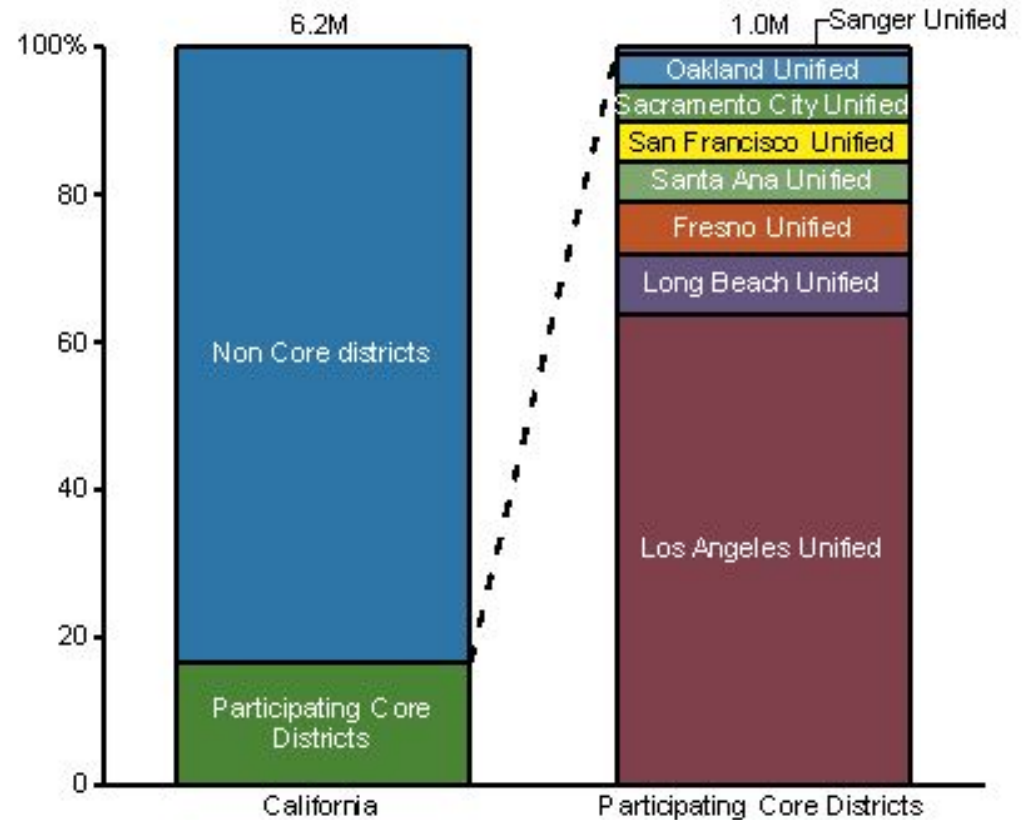
Participating CORE LEAs represent 17% of all California students

Participating Districts in CORE

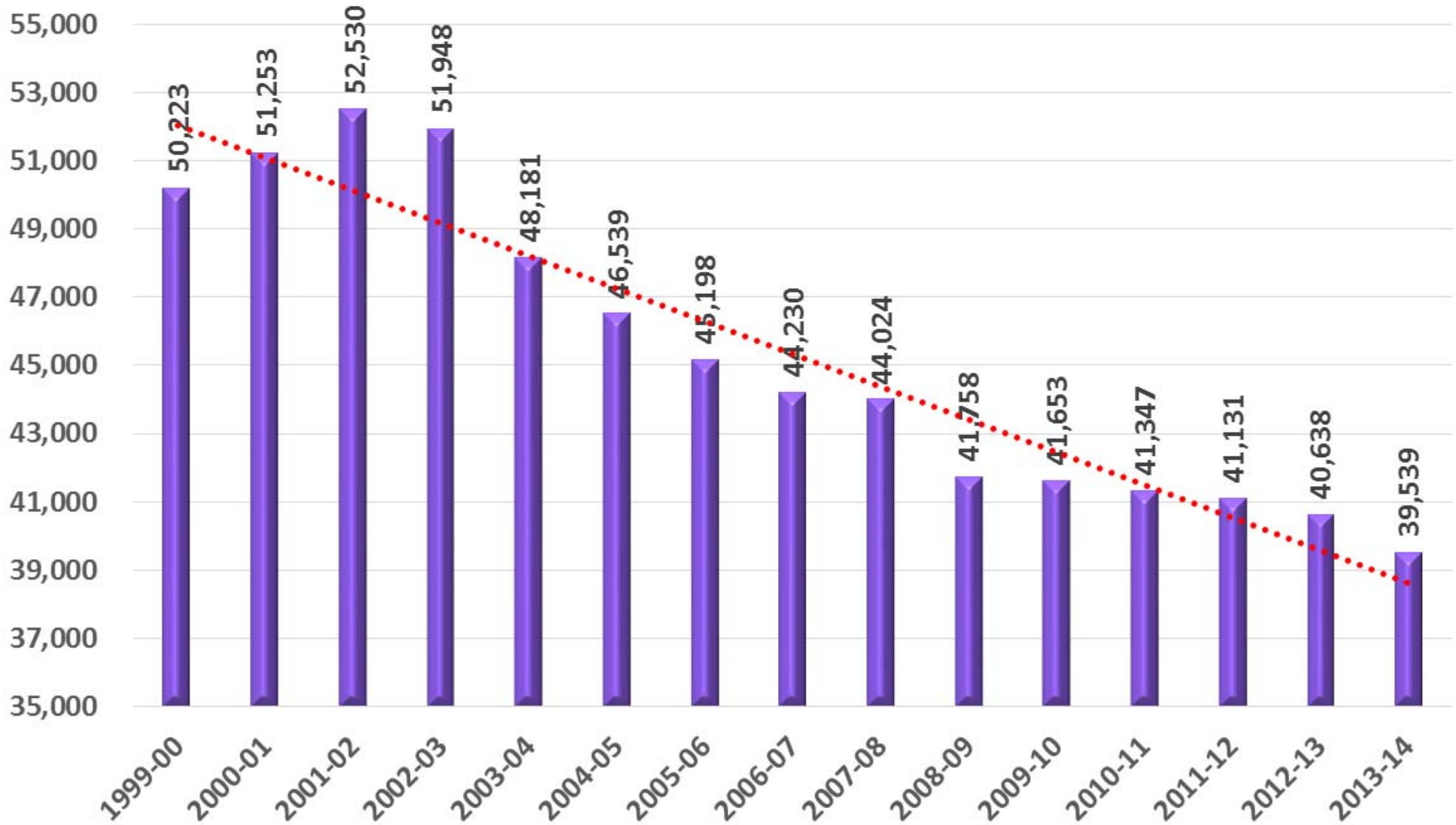


Note: High >1000, Low <100
Source: California Department of Education

Number of Students
Participating CORE Districts SY 2011-2012



Declining Average Daily Attendance (ADA)



Balances, Reserves, and Planning

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- The LCFF revenue model leads to an entirely new way of thinking about revenues, reserves, balances, and planning for the future
 - Gone are the anchors of the past: base revenue limit, deficit factor, current-year COLA, etc.
 - They are replaced with a “commitment” by the state to make a contribution to “closing the gap” each year
 - But there is no statutory calculation for how much the state will contribute – and no obligation to fund any certain amount
- This has huge implications for districts
 - Many districts will need to maintain much larger reserves
 - Much of the “new money” will still be tied to expenditures for specific programs
 - Our SSC Dartboard will be more subjective than in the past, but more relevant than ever for conservative and reasonable planning
- This new section is intended to address all of these issues

There Is No Such Thing as a Good Budget That Does Not Have an Adequate Reserve!

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- **Good budgets have good reserves; but how much is really needed?**
 - **Under revenue limits, the State Board of Education (SBE) set reserve levels as a percentage of expenditures based on district size – that won't work anymore**
 - **Some districts will have much more risk and volatility than similar-sized districts – they may need ten times the amount of the state's recommended reserves**
 - **All state-recommended reserve levels will now be too low**
 - **As we will explain, both calculation and contribution risks will increase with the LCFF**
 - **We may not see the consequences of low reserves immediately because the state is providing an increase, but we will see it in the first downturn**
- **So, what constitutes an adequate reserve?**

What Constitutes a Reasonable Reserve?

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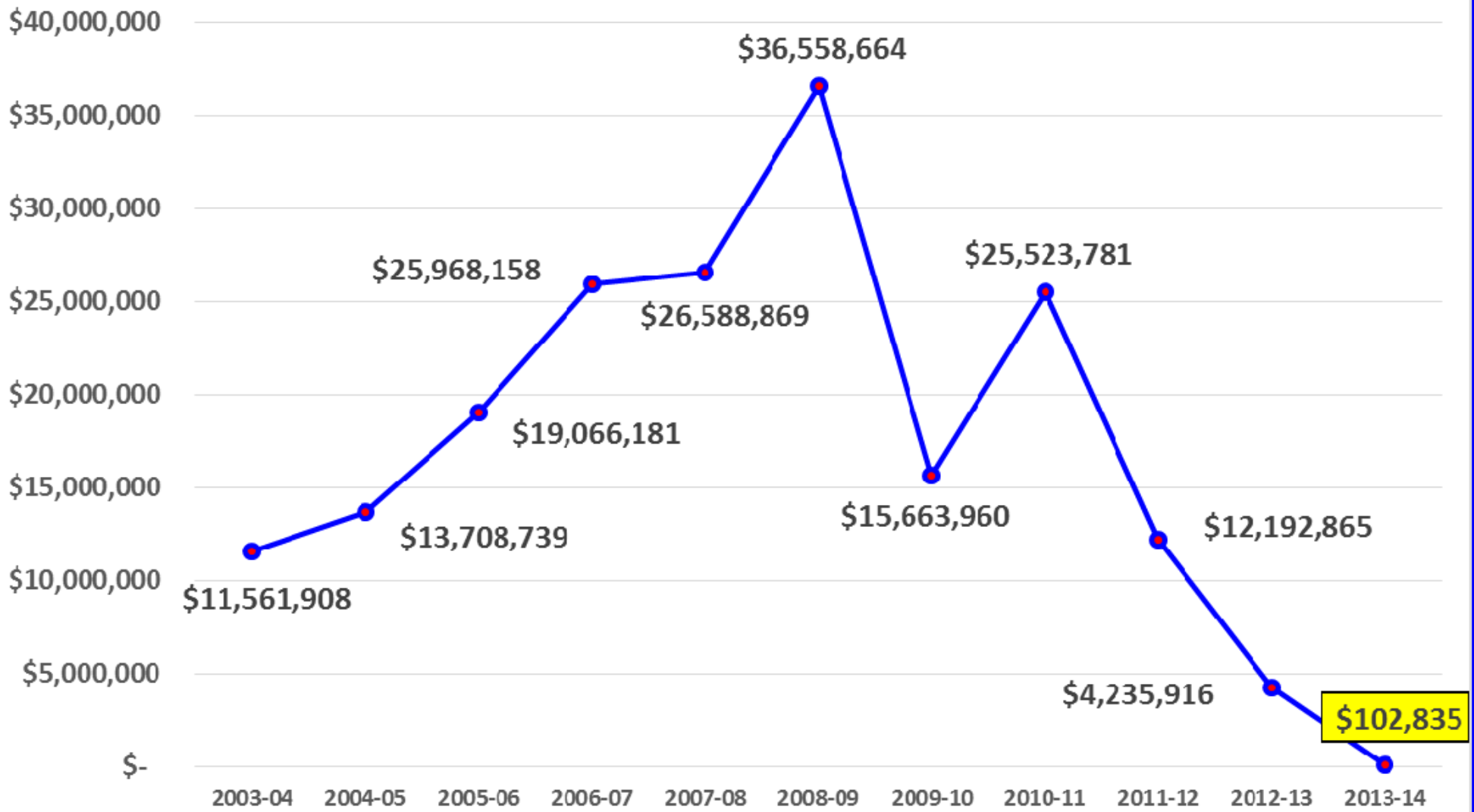
- We have already concluded that a reserve level dictated solely by district size is no longer relevant when volatility and exposure is disparate
- We recommend that every district first observe the current SBE-required reserve level for the traditional economic uncertainties
- Then we recommend the establishment of a separate LCFF reserve
 - We recommend that districts develop a plan to bring the level of the LCFF reserve to at least one year's revenue growth in the multiyear projection (MYP)
- The purpose of this reserve is to provide a “softer landing” when the next downturn occurs, as it surely will
- This is a similar methodology to what we have recommended for basic aid districts due to their reliance on local property tax revenues above the revenue limit

Fund Balance Analysis

Fiscal Year	Average Daily Attendance	Average		Excess (Deficiency) Of Revenues Over Expenditures		Other Financing Sources	Ending Fund Balance	Ending Fund Balance As A % Of Expenditures
		Revenue	Expenditures	Of Revenues Over Expenditures	Other Financing Sources			
1999-00	50,223	\$ 320,821,412	\$ 317,485,562	\$ 3,335,850	\$ (4,910,235)			
2000-01	51,253	\$ 370,008,605	\$ 353,410,279	\$ 16,598,326	\$ (4,952,640)			
2001-02	52,530	\$ 378,733,395	\$ 376,989,436	\$ 1,743,959	\$ (5,459,977)			
2002-03	51,948	\$ 386,504,867	\$ 384,777,142	\$ 1,727,725	\$ 3,111,338			
2003-04	48,181	\$ 370,874,078	\$ 380,704,516	\$ (9,830,438)	\$ 1,962,040	\$ 19,970,998	5.25%	
2004-05	46,539	\$ 383,478,608	\$ 382,196,844	\$ 1,281,764	\$ 894,914	\$ 22,147,676	5.79%	
2005-06	45,198	\$ 386,961,308	\$ 382,805,406	\$ 4,155,902	\$ 1,213,710	\$ 27,517,289	7.19%	
2006-07	44,230	\$ 408,859,700	\$ 402,137,965	\$ 6,721,735	\$ 566,894	\$ 34,805,917	8.66%	
2007-08	44,024	\$ 414,691,669	\$ 412,900,869	\$ 1,790,800	\$ (954,831)	\$ 35,641,886	8.63%	
2008-09	41,758	\$ 413,081,928	\$ 408,003,168	\$ 5,078,760	\$ 4,793,081	\$ 45,513,727	11.16%	
2009-10	41,653	\$ 387,307,431	\$ 395,081,555	\$ (7,774,124)	\$ (13,379,013)	\$ 24,360,591	6.17%	
2010-11	41,347	\$ 412,911,347	\$ 404,032,147	\$ 8,879,200	\$ 1,159,632	\$ 34,399,424	8.51%	
2011-12	41,131	\$ 389,906,122	\$ 406,281,495	\$ (16,375,373)	\$ 3,089,445	\$ 21,113,495	5.20%	
2012-13	40,638	\$ 390,530,733	\$ 400,547,180	\$ (9,305,879)	\$ 710,568	\$ 13,041,860	3.26%	
2013-14	40,449	\$ 384,720,349	\$ 387,872,677	\$ (1,535,160)	\$ 1,617,168	\$ 8,655,289	2.23%	
2013-14	State Required Minimum>>		\$ 8,007,454	Amount Above Minimum>>		\$ 647,835	0.17%	
2013-14	School Services of California Recommends Separate LCFF Reserve Above Required State 2% Reserve of \$9,000,000 For Our District This Plus Required 2% Is:					\$ 17,007,454	4.38%	
State Average For California Unified School Districts 2011-2012>>						\$ 59,887,541	15.44%	
GFOA Recommended Reserve TWO Months of Operating Capital>>						\$ 66,520,164	17.15%	

Fund Balance Analysis Continued

Ending Fund Balance After Required Reserves



Multi-Year Projections

Multi-Year Forecast - No Use of Reserve 3% Annual Increase					
Enrollment Average Daily Attendance	FY 2013-14	FY 2014-15		FY 2015-16	
	42,149	41,749		41,620	
	40,449	39,539		39,539	
Revenue Description	Amount	Amount	% Change	Amount	% Change
All Revenue Objects Adopted Budget and Transfers In	\$ 384,720,349	\$ 389,463,959	1.2%	\$ 401,147,878	3.0%
Anticipated Beginning Fund Balance	\$ 11,807,617	\$ 8,655,289	-26.7%	\$ 8,619,282	-0.4%
Total Anticipated Revenue & Beginning Fund Balance	\$ 396,527,966	\$ 398,119,248	0.4%	\$ 409,767,160	2.9%
Expenditure Description	Amount	Amount		Amount	
Certificated Salaries	\$ 167,263,601	\$ 167,936,237	0.4%	\$ 169,615,599	1.0%
Classified Salaries	\$ 48,605,232	\$ 49,494,074	1.8%	\$ 49,890,026	0.8%
Employee Benefits	\$ 108,513,742	\$ 115,157,483	6.1%	\$ 122,465,598	6.3%
Books & Supplies	\$ 14,037,258	\$ 14,496,788	3.3%	\$ 14,496,788	0.0%
Services & Other Operating Expenses	\$ 48,720,731	\$ 47,083,271	-3.4%	\$ 48,083,271	2.1%
Capital Outlay	\$ 249,877	\$ 249,877	0.0%	\$ 249,877	0.0%
Other Outgo/Indirect Costs	\$ 482,236	\$ 482,236	0.0%	\$ 482,236	0.0%
	Expenditure Reduction From Previous Year			\$ (5,400,000)	
Expenditure Reduction/Additional Revenue Increase Above 3% To Balance		\$ (5,400,000)		\$ -	
Amount Available To Build Reserves & Address Expenditure Requirements		\$ -		\$ 1,000,000	
Total Adopted Budget Expenditures	\$ 387,872,677	\$ 389,499,966	0.4%	\$ 400,883,396	2.9%
Anticipated Ending Fund Balance	\$ 8,655,289	\$ 8,619,282	-0.4%	\$ 8,883,764	3.1%
Required Reserves	Amount	Amount		Amount	
Reserve For Economic Uncertainties	\$ 8,007,454	\$ 8,039,999	0.4%	\$ 8,267,668	2.8%
Revolving Cash	\$ 225,000	\$ 225,000	0.0%	\$ 225,000	0.0%
Stores Inventory	\$ 320,000	\$ 320,000	0.0%	\$ 320,000	0.0%
Total Required Reserves	\$ 8,552,454	\$ 8,584,999	0.38%	\$ 8,812,668	2.65%
Anticipated Unreserved Ending Fund Balance	\$ 102,835	\$ 34,283	-66.7%	\$ 71,096	107.4%
Salaries include step and column increase for FY 2014-15 and FY 2015-16					
Health Benefits are projected to increases by 10% for FY 2014-15 and FY 2015-16.					
Utilities increase by 10% for FY 2014-15.					

Multi-Year Projections Continued

Multi-Year Forecast - No Use of Reserve 4% Annual Increase					
Enrollment Average Daily Attendance	FY 2013-14	FY 2014-15		FY 2015-16	
	42,149	41,749		41,620	
	40,449	39,539		39,539	
Revenue Description	Amount	Amount	% Change	Amount	% Change
All Revenue Objects Adopted Budget and Transfers In	\$ 384,720,349	\$ 393,245,163	2.2%	\$ 408,974,969	4.0%
Anticipated Beginning Fund Balance	\$ 11,807,617	\$ 8,655,289	-26.7%	\$ 9,000,485	4.0%
Total Anticipated Revenue & Beginning Fund Balance	\$ 396,527,966	\$ 401,900,452	1.4%	\$ 417,975,455	4.0%
Expenditure Description	Amount	Amount		Amount	
Certificated Salaries	\$ 167,263,601	\$ 167,936,237	0.4%	\$ 169,615,599	1.0%
Classified Salaries	\$ 48,605,232	\$ 49,494,074	1.8%	\$ 49,890,026	0.8%
Employee Benefits	\$ 108,513,742	\$ 115,157,483	6.1%	\$ 122,465,598	6.3%
Books & Supplies	\$ 14,037,258	\$ 14,496,788	3.3%	\$ 14,496,788	0.0%
Services & Other Operating Expenses	\$ 48,720,731	\$ 47,083,271	-3.4%	\$ 48,083,271	2.1%
Capital Outlay	\$ 249,877	\$ 249,877	0.0%	\$ 249,877	0.0%
Other Outgo/Indirect Costs	\$ 482,236	\$ 482,236	0.0%	\$ 482,236	0.0%
		Expenditure Reduction From Previous Year		\$ (2,000,000)	
Expenditure Reduction/Additional Revenue Increase Above 4% To Balance		\$ (2,000,000)		\$ -	
Amount Available To Build Reserves & Address Expenditure Requirements		\$ -		\$ 5,500,000	
Total Adopted Budget Expenditures	\$ 387,872,677	\$ 392,899,966	1.3%	\$ 408,783,396	4.0%
Anticipated Ending Fund Balance	\$ 8,655,289	\$ 9,000,485	4.0%	\$ 9,192,059	2.1%
Required Reserves	Amount	Amount		Amount	
Reserve For Economic Uncertainties	\$ 8,007,454	\$ 8,107,999	1.3%	\$ 8,425,668	3.9%
Revolving Cash	\$ 225,000	\$ 225,000	0.0%	\$ 225,000	0.0%
Stores Inventory	\$ 320,000	\$ 320,000	0.0%	\$ 320,000	0.0%
Total Required Reserves	\$ 8,552,454	\$ 8,652,999	1.18%	\$ 8,970,668	3.67%
Anticipated Unreserved Ending Fund Balance	\$ 102,835	\$ 347,486	237.9%	\$ 221,391	-36.3%
Salaries include step and column increase for FY 2014-15 and FY 2015-16					
Health Benefits are projected to increases by 10% for FY 2014-15 and FY 2015-16.					
Utilities increase by 10% for FY 2014-15.					

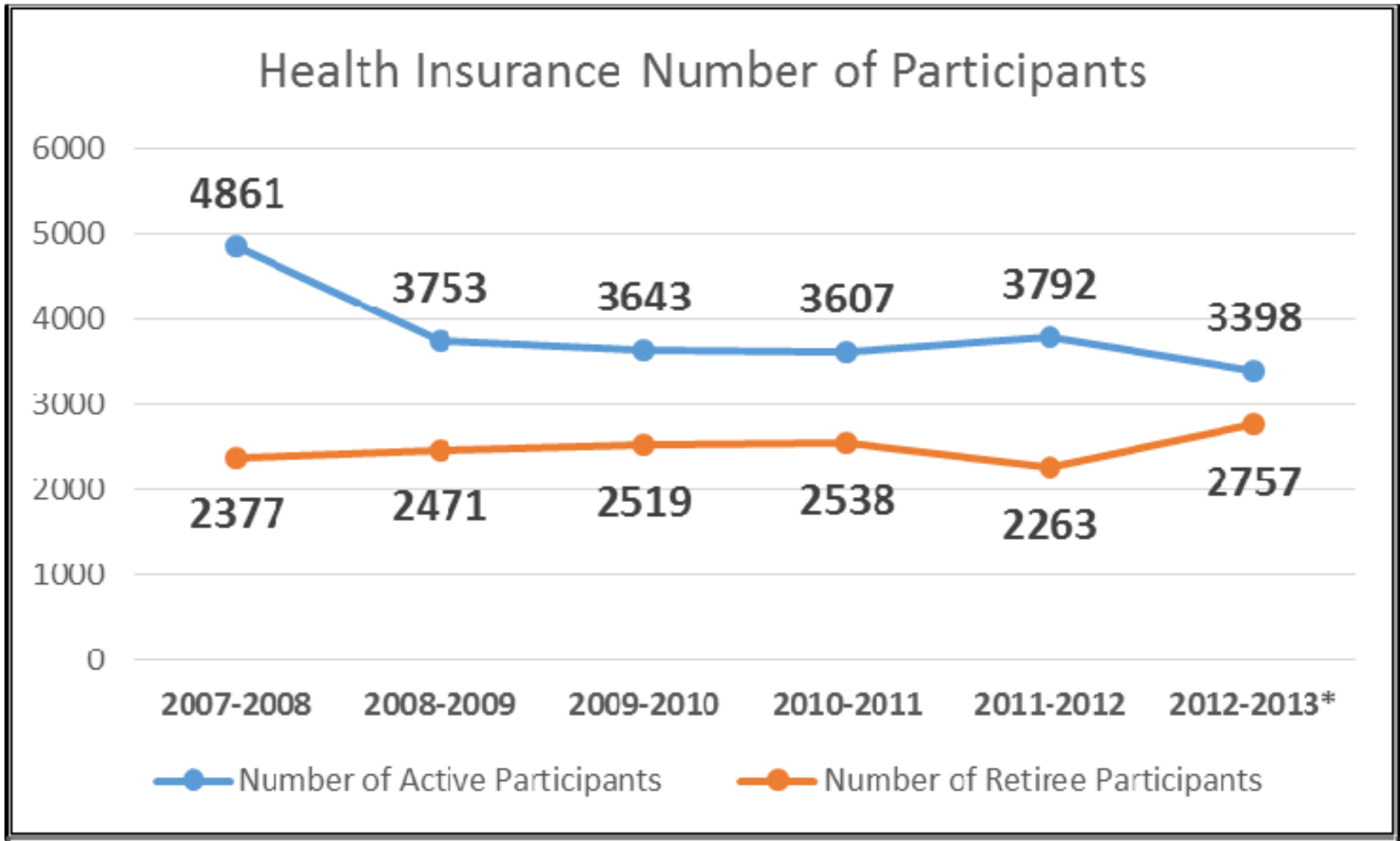
Multi-Year Projections Continued

Multi-Year Forecast - No Use of Reserve 6% Annual Increase					
Enrollment Average Daily Attendance	FY 2013-14	FY 2014-15		FY 2015-16	
	42,149	41,749		41,620	
	40,449	39,539		39,539	
Revenue Description	Amount	Amount	% Change	Amount	% Change
All Revenue Objects Adopted Budget and Transfers In	\$ 384,720,349	\$ 400,807,570	4.2%	\$ 424,856,024	6.0%
Anticipated Beginning Fund Balance	\$ 11,807,617	\$ 8,655,289	-26.7%	\$ 8,862,892	2.4%
Total Anticipated Revenue & Beginning Fund Balance	\$ 396,527,966	\$ 409,462,859	3.3%	\$ 433,718,917	5.9%
Expenditure Description	Amount	Amount		Amount	
Certificated Salaries	\$ 167,263,601	\$ 167,936,237	0.4%	\$ 169,615,599	1.0%
Classified Salaries	\$ 48,605,232	\$ 49,494,074	1.8%	\$ 49,890,026	0.8%
Employee Benefits	\$ 108,513,742	\$ 115,157,483	6.1%	\$ 122,465,598	6.3%
Books & Supplies	\$ 14,037,258	\$ 14,496,788	3.3%	\$ 14,496,788	0.0%
Services & Other Operating Expenses	\$ 48,720,731	\$ 47,083,271	-3.4%	\$ 48,083,271	2.1%
Capital Outlay	\$ 249,877	\$ 249,877	0.0%	\$ 249,877	0.0%
Other Outgo/Indirect Costs	\$ 482,236	\$ 482,236	0.0%	\$ 482,236	0.0%
	Expenditure Additions From Previous Year			\$ 5,700,000	
Amount Available To Build Reserves & Address Expenditure Requirements	\$ 5,700,000			\$ 13,400,000	
Total Adopted Budget Expenditures	\$ 387,872,677	\$ 400,599,966	3.3%	\$ 424,383,396	5.9%
Anticipated Ending Fund Balance	\$ 8,655,289	\$ 8,862,892	2.4%	\$ 9,335,520	5.3%
Required Reserves	Amount	Amount		Amount	
Reserve For Economic Uncertainties	\$ 8,007,454	\$ 8,261,999	3.2%	\$ 8,737,668	5.8%
Revolving Cash	\$ 225,000	\$ 225,000	0.0%	\$ 225,000	0.0%
Stores Inventory	\$ 320,000	\$ 320,000	0.0%	\$ 320,000	0.0%
Total Required Reserves	\$ 8,552,454	\$ 8,806,999	2.98%	\$ 9,282,668	5.40%
Anticipated Unreserved Ending Fund Balance	\$ 102,835	\$ 55,893	-45.6%	\$ 52,852	-5.4%
Salaries include step and column increase for FY 2014-15 and FY 2015-16					
Health Benefits are projected to increases by 10% for FY 2014-15 and FY 2015-16.					
Utilities increase by 10% for FY 2014-15.					

- **Our three scenarios highlight the fiscal challenges that the District continues to face.**
- **School Services of California is recommending that districts establish a separate reserve to deal with the uncertainty associated with LCFF.**
 - **Based on their recommendations we have calculated that we would need to establish a reserve of approximately \$9 million.**
- **School Services also recommends that districts use only an anticipated funding increase of 1.95% for FY 2014-15, and a 2.46% increase for FY 2015-16. Many of the political LCFF presentations are assuming a 6% annual increase in funding.**

- In our discussions with the Sacramento County Office of Education (SCOE) they have agreed to allow our District to use an anticipated LCFF funding increase of 3% in our multi-year projections for planning purposes.
- When you compare the FY 2014-15 budget challenges between the three presented scenarios you have the following results:
 - 3% funding increase translates into a \$5.4 million shortfall
 - 4% funding increase translates into a \$2.0 million shortfall
 - 6% funding increase translates into \$5.7 million available to address District needs.

- ✓ **Because only a 6% anticipated funding increase would completely solve our anticipated budget shortfall for FY 2014-15 we are recommending that we immediately take the following steps to begin reducing expenditures:**
 - **Begin a “zero based” review of all FY 2013-14 budgets to determine what reductions can be made in the current and subsequent fiscal years.**
 - **Begin a review of all non-core General Fund programs to determine where reductions or eliminations can be made.**
 - **As part of the FY 2014-15 budget development process, involve all stakeholder groups in the discussions related to budget reductions.**



Budget Realities Health Care Cost

Fiscal Year	Number of Active Participants	Number of Retiree Participants	Difference
2007-2008	4861	2377	2484
2008-2009	3753	2471	1282
2009-2010	3643	2519	1124
2010-2011	3607	2538	1069
2011-2012	3792	2263	1529
2012-2013*	3398	2757	641

COMBINED COST			
Fiscal Year	Number of Covered Employees Month of Each Year	Employer Paid Amount For Month of Each Year	Calculated Employer Paid Amount For Fiscal Year
2007-2008	7238	\$ 5,821,070.00	\$ 68,939,706.24
2008-2009	6224	\$ 2,633,800.00	\$ 56,707,641.66
2009-2010	6162	\$ 3,163,914.72	\$ 68,366,256.30
2010-2011	6145	\$ 3,986,368.05	\$ 80,079,187.92
2011-2012	6055	\$ 3,277,990.19	\$ 77,134,286.76
2012-2013*	6155	\$ 3,446,997.25	\$ 74,486,462.82

- ❖ **There continues to be significant areas that can't be addressed under these fiscal conditions. These areas must always be remembered as we attempt to reduce expenditures now to ensure the future fiscal health of the District:**
 - **Funds to address adequate funding of our employee benefits. Impact of the Affordable Care Act under study currently.**
 - **Funds to address salary increases for our employees.**
 - **Funds to address retiree health care costs, unfunded liability in excess of \$550 million.**
 - **Funds to address unfunded accrued leave, unfunded liability of approximately \$7 million.**
 - **Funds to address increasing our fund balance.**
 - **Funds to address unanticipated budget and operational emergencies. There is no such reserve in this revised budget!**
 - **Example-three destroyed playgrounds have unfunded insurance deductible of \$25,000 each - \$75,000 that must be funded.**

- ❖ **The Escape reports that are presented:**
 - Are presented without modification.
 - IT IS EXTREMELY IMPORTANT** that everyone realizes that the actual data presented for the FY 2012-13 is not complete!
 - Data is only current as of the moment the report was generated.
 - In accordance with Governmental Accounting Standards Board Rule 33 (GASB 33) we are required to continue to process and record transactions for 60 days beyond the end of the fiscal year.
 - Presently we are still processing FY 2012-13 transactions.

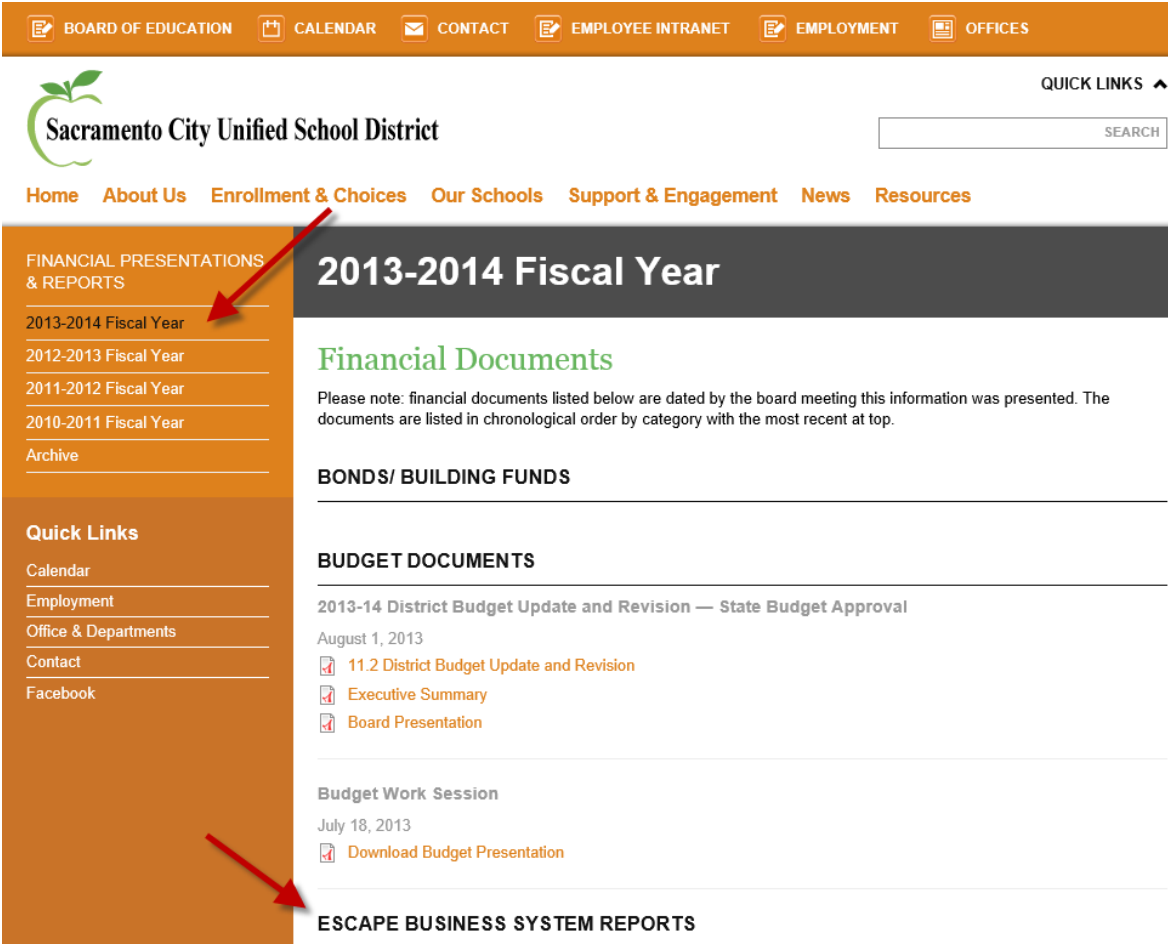
- ❖ Some of the Escape reports provided consolidate all objects at the major object level. Below are the major object descriptions.

Major Object	Description
1000	Certificated Salaries
2000	Classified Salaries
3000	Employee Benefits
4000	Books and Supplies
5000	Services
6000	Equipment
7000	Other Outgo/Indirect Cost

- ❖ **Some of the Escape reports provided are broken down into the following categories:**

Category	Description
Restricted Resource 2000-9999	Must be used for a specific purpose, must be carried over for specific purpose.
Unrestricted Resource 0000-1999	May be used for all General Education Services
Discretionary Objects 4000-5499,5600-6999	Funds within the General Fund that are controlled at the school or department level.
Non-Discretionary Objects 1-3,5500-5599,7000-7999	Funds within the General Fund that are controlled at the District level.

Website



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FINANCIAL PRESENTATIONS & REPORTS

- 2013-2014 Fiscal Year
- 2012-2013 Fiscal Year
- 2011-2012 Fiscal Year
- 2010-2011 Fiscal Year
- Archive

2013-2014 Fiscal Year

Financial Documents

Please note: financial documents listed below are dated by the board meeting this information was presented. The documents are listed in chronological order by category with the most recent at top.

BONDS/ BUILDING FUNDS

BUDGET DOCUMENTS

2013-14 District Budget Update and Revision — State Budget Approval

August 1, 2013

- 11.2 District Budget Update and Revision
- Executive Summary
- Board Presentation

Budget Work Session

July 18, 2013

- Download Budget Presentation

ESCAPE BUSINESS SYSTEM REPORTS

Escape System Detail Currently Posted On Our Website

As We Enhance Our System More Information Will Be Posted

ESCAPE BUSINESS SYSTEM REPORTS

Escape Business System Reports

August 7, 2013

- 01 Gen Fund Multi Yr. Function-Object All Resources
- 02 Gen Fund Multi Yr Function-Object Unrestricted
- 03 Gen Fund Multi Yr Function-Object Restricted
- 04 Gen Fund Multi Yr Function-Object Discretionary
- 05 Gen Fund Multi Yr Function-Object Non-Discretionary
- 06 Gen Fund Multi Yr by Bargaining Unit
- 07 Gen Fund Multi Yr Function-Object Prop 30 (EPA)
- 08 Gen Fund Staffing Report

ESCAPE BUSINESS SYSTEM REPORTS

August 1, 2013

- Important Escape Information
- Gen Fund Multi-Year DISCRETIONARY RESTRICTED
- Gen Fund Multi-Year DISCRETIONARY UNRESTRICTED
- Gen Fund Multi-Year NON-DISCRETIONARY RESTRICTED
- Gen Fund Multi-Year NON-DISCRETIONARY UNRESTRICTED
- Gen Fund Multi-Year RESTRICTED
- Gen Fund Multi-Year UNRESTRICTED
- Gen Fund Multi-Year TOTAL

Please remember Escape reports are “As Is” and we are still in the processing of updating and validating our system. We have a ways to go to ensure consistent information.