

Mt. Diablo Unified School District

Second Interim Budget Report 2014-15
Presented March 2, 2015

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California School District Financial Reporting Requirements

- ▶ Education Code 42130 – requires the school district to file their financial condition for TWO reporting periods, October 31 and January 31, including projections of the budget through June 30.
- ▶ Education Code 42131 – requires the Board of Education to certify, based on current projections, whether or not the school district is able to meet its financial obligations for the current fiscal year and subsequent two fiscal years.
- ▶ Education Code 33127 – requires a district that has received a negative certification of its interim report(s) to file a third report as of April 30.



Financial Reporting Certifications

▶ Types of Certification

(Based on Multi-Year Projections at time of reporting)

- ▶ Positive Certification ~ District can meet its financial obligations for current and two subsequent years.
- ▶ Qualified Certification ~ borderline, may not meet financial obligations during one of the three years of the Multi Year Projection (MYP).
- ▶ Negative Certification ~ cannot meet financial obligations in two or more of the three years as shown by negative fund balance, insufficient Reserves for Economic Uncertainty.



2nd Interim Projected LCFF Funding

Summary of Funding					
		2013-14	2014-15	2015-16	2016-17
Target		\$ 262,940,696	\$ 265,538,071	\$ 270,085,892	\$ 277,409,520
Floor		196,337,255	204,544,464	222,797,079	239,398,852
CY Gap Funding		7,993,542	17,779,636	15,222,269	4,181,173
ERT		-	-	-	-
Minimum State Aid		-	-	-	-
Total Phase-In Entitlement		\$ 204,330,797	\$ 222,324,100	\$ 238,019,348	\$ 243,580,025
Components of LCFF By Object Code					
	2012-13	2013-14	2014-15	2015-16	2016-17
8011 - State Aid	\$ 34,750,482	\$ 77,342,804	\$ 94,499,544	\$ 109,290,107	\$ 113,769,373
8011 - Fair Share	-	-	-	-	-
8311 & 8590 - Categoricals	34,433,388	-	-	-	-
8012 - EPA (Prop 30)	34,629,634	34,051,136	34,093,959	34,179,784	34,411,387
<i>Local Revenue Sources:</i>					
8021 to 8048 - Property Taxes net of in-lieu	92,523,824	92,936,857	93,730,597	94,549,456	95,399,266
8096 - Charter's In-Lieu Taxes	-	-	-	-	-
TOTAL FUNDING	\$ 196,337,328	\$ 204,330,797	\$ 222,324,100	\$ 238,019,348	\$ 243,580,025



Changes from 1st Interim to 2nd Interim

- ▶ Beginning balance decreased for audit adjustment.
- ▶ Revenue increases in proposed additional State LCFF funding and local grants.
- ▶ Salaries & benefits decreased to capture vacancy savings.
- ▶ Benefits decreased due to employees changing to lower cost health plans.
- ▶ Decrease in the contributions to restricted funds (Special Ed).



Unrestricted GF 2nd Interim Budget Compared to 1st Interim Budget

2014-15 2nd Interim Budget Mt. Diablo Unified	1st Interim Unrestricted	2nd Interim Unrestricted	Change
BEGINNING BALANCE	51,968,714.77	46,888,980.77	-5,079,734.00
		*audit adjustment	
Revenues			
LCFF	219,624,468.00	222,324,100.00	2,699,632.00
Federal	0.00	17,501.00	17,501.00
State	7,049,909.00	7,049,909.00	0.00
Local	4,395,762.25	4,811,760.58	415,998.33
TOTAL REVENUE	231,070,139.25	234,203,270.58	3,133,131.33
Expenditures			
Certificated	98,388,197.00	96,327,943.71	-2,060,253.29
Classified	25,555,205.21	25,242,046.92	-313,158.29
Benefits	39,033,799.38	34,822,755.52	-4,211,043.86
Books & Supplies	12,129,160.94	18,155,246.82	6,026,085.88
Other Services & Operating Exp	11,308,608.26	12,766,529.01	1,457,920.75
Capital Outlay	507,679.00	1,903,185.88	1,395,506.88
Direct Support/Indirect Costs	-3,118,970.15	-3,324,427.88	-205,457.73
Other Outgo	521,765.00	521,765.00	0.00
TOTAL EXPENDITURE	184,325,444.64	186,415,044.98	-762,859.32
Contributions to Restricted Program	-50,911,271.00	-48,527,340.00	2,383,931.00
Interfund Transfers In	0.00	0.00	0.00
Interfund Transfers Out	-3,355,047.00	-3,355,047.00	0.00
TOTAL OTHER	-54,266,318.00	-51,882,387.00	2,383,931.00
Increase/Decrease to Fund Balance	-7,521,623.39	-4,094,161.40	3,842,956.57
COMPONENTS OF EFB			
Nonspendable	599,908.00	595,868.00	-4,040.00
Assigned/Committed	0.00	1,195,377.00	1,195,377.00
Reserve for Economic Uncertainties	9,389,400.00	9,428,142.00	38,742.00
TOTAL COMPONENTS	9,989,308.00	11,219,387.00	1,230,079.00
Unassigned/Unappropriated	34,457,783.38	31,575,432.37	
ENDING FUND BALANCE	34,457,783.38	31,575,432.37	2,882,351.01



2nd Interim Projected Entitlement per ADA

LCFF Entitlement per ADA					
	2012-13	2013-14	2014-15	2015-16	2016-17
Funded ADA	30,819.33	30,533.90	30,572.30	30,649.26	30,856.94
Estimated LCFF Sources per ADA	\$ 6,370.59	\$ 6,691.93	\$ 7,272.08	\$ 7,765.91	\$ 7,893.85
Net Change per ADA		\$ 321.34	\$ 580.14	\$ 493.83	\$ 127.94
Net Percent Change		5.04%	8.67%	6.79%	1.65%

- ▶ As we get closer to the LCFF funding target, the increase of funding plateaus. By 2020, we will be at the 2008 rates.



2nd Interim Unrestricted GF Multi Year Projection

Mt. Diablo Unfied School District				
2014-15 2nd Interim		2014-15	2015-16	2016-17
Based on SSC percentages		Projected	Projected	Projected
		UNRESTRICTED	UNRESTRICTED	UNRESTRICTED
A. REVENUE	OBJECT			
1. LCFF Sources	8010-8099	222,324,100.00	238,019,347.00	243,580,026.00
2. Federal Revenues	8100-8299	17,501.00	17,545.00	17,664.00
3. Other State Revenues	8300-8599	7,049,909.00	7,179,325.00	7,243,151.00
4. Other Local Revenues	8600-8799	4,811,760.58	3,606,801.00	3,606,801.00
TOTAL REVENUE		234,203,270.58	248,823,018.00	254,447,642.00
B. EXPENDITURES				
1. Base Salaries	1000 - 1999	96,327,943.71	96,327,943.71	100,328,607.71
Step & Column - 1.50%		-	1,444,919.00	1,504,929.00
all 4% mid 15/16		-	2,555,745.00	1,794,150.00
Total Certificated Salaries		96,327,943.71	100,328,607.71	103,627,686.71
2. Base Salaries	2000 - 2999	25,242,046.92	25,242,046.92	25,974,100.92
Step & Longevity - 1.50%		-	378,631.00	389,612.00
all 4% mid 15/16		-	353,423.00	358,724.00
Total Classified Salaries		25,242,046.92	25,974,100.92	26,722,436.92
	TOTAL SALARIES:	121,569,990.63	126,302,708.63	130,350,123.63
3. Employee Benefits	3000-3999	21,914,111.00	21,344,643.00	24,580,310.00
Health benefits		12,908,645.00	12,908,645.00	15,692,880.00
current MDEA to 2P 10K 2015 3P 2016		-	1,088,699.00	196,389.00
bal of MDEA to 2P 10K 2015 3P 2016		-	1,695,536.00	176,529.00
Total Employee Benefits		34,822,756.00	37,037,523.00	40,646,108.00
4. Books and Supplies	4000-4999	18,155,247.00	18,488,524.00	18,613,803.00
Total Books & Supplies		18,155,247.00	18,488,524.00	18,613,803.00
5. Services, Other Op.	5000-5999	12,766,529.00	13,034,626.00	13,360,492.00
Total Service & Other Operating		12,766,529.00	13,034,626.00	13,360,492.00
6. Capital Outlay	6000-6999	1,903,186.00	1,943,153.00	1,991,732.00
7. Other Outgo	7100-7299	-	-	-
8. Direct/Indirect Costs	7300-7399	(3,324,428.00)	(2,735,395.00)	(2,598,098.00)
9. Debt Service	7400-7499	521,765.00	521,765.00	521,765.00
TOTAL EXPENDITURES		186,415,045.63	194,592,904.63	202,885,925.63
C. EXCESS/DEFICIENCY		47,788,224.95	54,230,113.37	51,561,716.37

2nd Interim Unrestricted GF Multi Year Projection, continued

Mt. Diablo Unfied School District				
2014-15 2nd Interim Based on SSC percentages		2014-15 Projected UNRESTRICTED	2015-16 Projected UNRESTRICTED	2016-17 Projected UNRESTRICTED
D. OTHER SOURCES				
1. Interfund Transfers In	8910-8929	-	-	-
2. Interfund Transfers Out	7610-7629	(3,355,047.00)	(3,355,047.00)	(3,355,047.00)
3. Other Sources In	8930-8979	-	-	-
4. Other Uses Out	7630-7699	-	-	-
5. Contrib./Restricted Programs	8980-8999	(48,527,340.00)	(52,761,417.00)	(56,053,548.00)
TOTAL SOURCES/USES		(51,882,387.00)	(56,116,464.00)	(59,408,595.00)
Change to Fund Balance		(4,094,162.05)	(1,886,350.63)	(7,846,878.63)
F. FUND BALANCE, RESERVES				
NET BEGINNING BALANCE:		51,968,713.63	42,794,819.37	40,908,468.74
Audit Adjustment		(5,182,465.21)		
Restatements		102,733.00		
ENDING BALANCE:		42,794,819.37	40,908,468.74	33,061,590.11
COMPONENTS OF ENDING BALANCE:				
REVOLVING CASH		305,000.00	305,000.00	305,000.00
STORES		290,868.00	290,868.00	290,868.00
OPEB Commitment		1,195,377.00	-	-
REQUIRED RESERVE - 3.00%		9,428,142.00	9,015,648.00	9,326,842.00
UNAPPROPRIATED		31,575,432.37	31,296,952.74	23,138,880.11



Supplemental Information

- ▶ Form AI: Average Daily Attendance – Although enrollment appears to be flat, attendance has increased.
- ▶ Form CASH: Cash Flow – Ending General Fund cash will be positive. State intends to pay off one remaining deferral by June 2015.
- ▶ Form MYP: Multiyear Projections – Provides three-year budget projections. All three show positive ending fund balances.
- ▶ Form CSI: Criteria and Standards Review includes additional information that impacts the fiscal condition of the district.



Positive Certification

- ▶ Form CI: Certification – summarizes Criteria and Standards. The multi-year projections show that we can meet our financial obligations for the current fiscal year and two subsequent fiscal years.



Changes to State Budget since Budget Adoption

- ▶ The Governor's Budget proposal significantly increases funding to education in 2015-16. However, there is a substantial amount of one-time funding proposed.
- ▶ The Legislative process carries out over the next few months and may likely change the details of the budget proposal.
- ▶ The Legislative Analyst Office concluded the Legislature could improve local planning and make district budgets more responsive to local needs if it would repeal the Senate Bill 858 reserve caps.



What's next?

- ▶ Assembly Bill 1522-Paid sick leave to all employees who work 30 or more days in a calendar year, including substitutes becomes effective July 1, 2015.
- ▶ Continue implementing the Affordable Care Act (ACA) requirement for providing benefits to certain part-time employees.
- ▶ Discussion of funding our Other Pension Employee Benefits (OPEB) liability for retiree dental, vision and health payments.
- ▶ 1st annual revision of our Local Control Accountability Plan (LCAP) to review progress on the district Goals and Actions.



2014-15 2nd Interim

- ▶ Questions?
- ▶ A special thank you to the fiscal staff. With their help and dedication I present the MDUSD 2nd Interim Report with a Positive Certification.

