

LET'S TALK – JANUARY 2017

Explanation of School Budgets

Q: Can you briefly explain the District Budget? There is a General Fund, LCAP funds and Categorical funds? Are the categorical funds, Title 1, 2, 3, 4...9 etc.? Are there any other categorical funds? LCAP is supposed to meet the needs of foster youth, low income students and English language learners? Title 1 funds are to meet the needs of low income? What funding is used for Special Education? What funding is used for English language learners? To the nearest million or \$100,000, how much money does the district get for each of these areas, General Fund, LACP, Title 1, 2, 3, 4 etc.?

A: School budgets are very complex so it is not easy to give a brief explanation:

There is a General Fund that consists of both a Restricted and Unrestricted piece and contains most of our funding. Unrestricted can be spent on anything, where Restricted has guidelines that the funds can be spent on, like Title I.

There are also funds for: Adult Education, Child Development, Cafeteria, Deferred Maintenance, Building fund (GO Bond), Developer Fees, Special Reserves, Bond Clearing, Retiree Benefits Activity, Retiree Benefits Trust, and Warrant Pass Through. As for these funds, let me explain a little for each:

Adult Education receives funds from the State to fund that program's needs. In addition, the program charges some fees for classes, materials, etc. These funds and the expenses for this program are held in that fund.

Child Development contains the revenues and expenses received and paid for this program.

Cafeteria contains the revenues and expenses received and paid for this program.

Deferred Maintenance contains monies contributed from the General Fund to maintain facilities as best it can, but the contribution is only about \$615,000. The State used to match those contributions, but they stopped with LCFF was implemented. These funds can only be used as designated by the Board of Education under their adopted Deferred Maintenance Program. This includes things such as replacing carpets, painting, replacing HVAC units, etc.

GO Bonds are the funds and expenditures for Measure S.

Developer Fees are fees charged on new construction or renovation project where new square footage is added and built. It is about \$3.48 per square foot for residential and \$0.56 per square foot commercial. These funds are being used for the “construction or reconstruction of classrooms where there is a nexus of growth in student populations” (even as few as one student more counts as growth)

LET'S TALK – JANUARY 2017

Explanation of School Budgets

Special Reserves are contributions from what remains for Redevelopment programs and contributions from the General Fund for the future replacement of the track and fields at Burbank HS and Burroughs HS.

The Bond Clearing and Warrant Pass Through are both clearing accounts used for fund transfers between the county and district related to the named activities.

Retiree Benefits Activity and Retiree Benefits Trust are accounts related to Post-Employment Benefits. The activity account is for current payments due where the Trust account is for the Irrevocable Trust.

Back to the General Fund. The General Fund consists of both a Restricted and Unrestricted piece and contains most of our funding. Unrestricted can be spent on anything, where Restricted has guidelines that the funds can be spent on.

Unrestricted. Most of the unrestricted funding comes from the State through the LCFF program. Funding is based upon a formula which provides funding based upon Attendance of students and the funding is different by grade levels. There is different funding for grades:

For TK to 3rd grades, funding is supposed to be \$7,083 per Average Daily Attendance (ADA), plus an additional \$736 per ADA for Class Size Reduction (CSR), however, the State is not funding this amount, only 96% of it.

For 4th to 6th grades, funding is supposed to be \$7,189 per Average Daily Attendance (ADA), however, the State is only funding 96% of it.

For 7th and 8th grades, funding is supposed to be \$7,403 per Average Daily Attendance (ADA), however, the State is only funding 96% of it.

For 9th to 12th grades, funding is supposed to be \$8,578 per Average Daily Attendance (ADA), plus an additional \$223 per ADA for Career Technical Education (CTE), however, the State only funding 96% of it.

In addition, there is Supplemental and Concentration funding given per ADA, This is known as the LCAP funds.

Supplemental is given to support Free and Reduced lunch program students, foster youth and English language learners. These students cannot be duplicated (a student who is on the free and reduced lunch program and also an English language learner can only count as one student). Supplemental funding is about \$1,560 per Unduplicated ADA, but funded at 96% (This too is funded at different amounts per the same grade levels above, so this is an average amount).

LET'S TALK – JANUARY 2017

Explanation of School Budgets

Concentration money is for the same purpose, but the requirements are that the district must have 55% or more of its population under these programs or it does not receive these funds. Burbank Unified School District is at about 37% and therefore does not receive Concentration funding.

The District also receives funding from various sources for One-Time funding, the Mandated Costs reimbursements program, Lottery, donations, local revenues from the use of facilities, and from the leasing of property.

On the Restricted side, we receive funds from both State and Federal programs. There is funding for Special Education, Title I, Title II, Title III, restricted Lottery, educator effectiveness grant, Carl Perkins grant, ASES (after school), Career Tech Education grants, donations, and Prop 39 funding, all of which are Restricted.

Special Ed funds are to support special Ed student programs. Title I is for programs to support low socio-economic students, Title II is for professional development of class size reduction, and Title III is for English Language learners. Restricted Lottery is for instructional materials, mostly textbooks. The Educator Effectiveness grant is for professional development and is one-time funds. The Carl Perkins grant is for career training programs. ASES is for after school programs. The CTE grants are for high school career education programs (One-Time). Donations are for whatever they funds were given for; most of these are funds given to school sites, like the funds for outdoor science camp. The Prop 39 funds are for energy saving programs, such as LED lighting.

The Restricted General Fund also gets contributions from the Unrestricted General Fund for Special Education, and Restricted Maintenance to run those programs.

Here are revenues by category for the District General Fund (2016-17 1st Interim):

Unrestricted Revenues:	<u>Millions \$</u>
LCFF	\$114.172
LCAP	\$7.565
Federal Funds	\$0.036
One-Time	\$3.153
Other State Revenues	\$2.710
Gifts, Donations, Misc	<u>\$0.556</u>
Total Unrestricted Revenues	\$128.192

Restricted Revenues:	<u>Millions \$</u>
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LET'S TALK – JANUARY 2017

Explanation of School Budgets

Title I	\$2.065
Title I Program Improvement	\$0.350
Title II	\$0.422
Title III	\$0.211
Carl Perkins Grant	\$0.083
ASES	\$0.510
Restricted Lottery	\$0.250
CTE Grant – Pathways	\$0.223
CTE Grant	\$1.302
Gifts and local Revenues	\$3.105
Special Ed	\$12.642
Restricted Maintenance	<u>\$0.119</u>
Total Restricted Revenues	\$21.280

Now, for the expenditure side. For the General Fund, Unrestricted and Restricted expenditures includes: Teacher's salaries, Classified salaries, and Management salaries. Also included are benefits for Workers' Compensation, Health care, OASDI, OPEB, PERS, STRS, Medicare, and Social Security. All salaries and benefits total 83% of the total expenditures. These total \$134.693 million.

Other expenditures include Books and Supplies, Services and Other, Capital expenditures and Other. These total \$28.287 million. These costs include textbooks, supplies, insurance, maintenance & repairs, gas, rentals, leases, consultants, and other expenditures.

There are also contributions from the Unrestricted General fund for Monterey, CDS, ROP, ILA programs.

In all, total expenditures are \$162.980 million.

If there are unspent funds, those become what are called Reserves and flow through to the next fiscal year. For example, if revenues for the year were \$140 million and expenditures were \$130 million, then \$10 million would end up in reserves and flow into the next year as a beginning balance. In the 2016-17 fiscal year, the District expect \$149.472 million in revenues, \$162.980 in expenditures, and \$0.467 in transfers to other funds leaving a deficit of \$13.975 million reducing the reserves by that amount. Total reserves for the District are expected to be \$13,624 at the end of 2016-17. Reserves must be 3% of Total Expenditures by State mandate, and for Burbank Unified School District, they must be 6% of Total Expenditures.

LET'S TALK – JANUARY 2017

Explanation of School Budgets

Attached is the 1st Interim budget presented to the Board in December for your information.

LET'S TALK – JANUARY 2017

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	ADOPTED BUDGET 2016-2017			FIRST INTERIM 2016-2017			PROJECTED 2017-2018			PROJECTED 2018-2019		
	Unrestricted		Restricted	Total	Unrestricted		Restricted	Total	Unrestricted		Restricted	Total
A. REVENUES												
1) LCFF/Revenue Limit Sources	8010-8099	121,190,773	0	121,190,773	121,193,381	0	121,193,381	125,890,794	0	125,890,794	127,690,173	0
2) Federal Revenue	8100-8299	36,121	6,300,684	36,121	36,121	6,300,684	36,121	6,300,684	36,121	6,300,684	36,121	6,300,684
3) State Revenue	8300-8599	6,181,559	11,722,427	17,901,966	5,867,761	11,489,050	17,351,811	2,709,054	11,489,050	14,186,904	2,709,564	14,186,904
4) Local Revenue	8600-8799	460,939	3,385,762	1,061,601	552,639	3,350,392	3,810,231	555,839	3,284,352	3,810,231	555,839	3,284,352
5) TOTAL REVENUES	127,865,282	19,408,673	14,178,185	128,192,102	149,472,771	179,200,608	20,930,172	180,130,770	130,991,987	20,930,172	151,922,199	
B. EXPENDITURES												
1) Cert. Sal.	1000-1999	59,348,759	12,210,133	70,558,892	62,219,565	13,106,320	75,325,895	60,541,393	12,751,784	73,306,177	61,582,903	12,887,338
2) Class Sat.	2000-2999	14,990,772	8,256,438	22,246,260	16,332,386	8,220,291	25,660,577	15,935,900	9,073,284	25,099,194	16,136,262	9,193,287
3) Benefits	3000-3999	24,201,206	7,016,584	31,223,790	26,150,499	7,556,147	33,706,636	27,555,563	7,806,802	35,082,245	8,232,004	37,834,577
4) Bus/Supp	4000-4999	5,428,456	2,919,202	8,347,658	6,504,464	10,621,557	4,148,941	5,388,269	3,888,539	6,779,759	4,578,288	
5) Servs., othr	5000-5999	7,451,060	9,590,397	13,401,457	7,874,476	7,384,297	15,255,774	3,953,462	7,551,182	11,504,644	4,051,903	7,739,207
6) Capital	6000-6999	590	97,091	97,681	284,245	370,932	655,177	302,932	655,177	284,245	370,932	655,177
7) Other Orlgo (feed intact)	7100-7299	1,479,032	760,247	2,239,279	1,690,564	831,109	2,521,573	1,980,564	831,109	2,521,573	1,690,564	831,109
8) Other Orlgo (instruct):	7300-7399	{ 1,280,271 }	564,744	{ 175,527 }	{ 1,503,594 }	{ 734,312 }	{ 771,334 }	{ 1,505,644 }	{ 734,312 }	{ 771,334 }	{ 1,505,644 }	{ 734,312 }
9) TOTAL EXPENDITURES	110,625,604	37,778,886	149,402,480	117,164,224	45,812,782	162,280,000	112,717,174	40,328,823	153,045,937	115,731,255	40,667,938	156,319,232
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND USES												
FINANCING SOURCES AND USES												
D. OTHER FINANCING SOURCES AND USES												
1) Intended Transfers -	8900-8929	0	0	0	0	0	0	0	0	0	0	0
a) Transfers In	8900-8929	0	0	0	0	0	0	0	0	0	0	0
b) Transfers Out	7600-7699	0	0	0	0	0	0	0	0	0	0	0
2) Other Sources/Uses												
a) Sources	8930-8979	7630-7699										
b) Uses												
3) Contributions	8940-8999	{ 10,368,013 }	{ 10,368,013 }	0	{ 19,872,023 }	{ 19,872,023 }	0	{ 19,398,651 }	{ 19,398,651 }	0	{ 19,398,651 }	{ 19,398,651 }
E. TOTAL OTHER FINANCING SOURCES/USES	110,368,013	110,368,013	0	120,340,845	19,973,709	1467,136	0	{ 19,985,511 }	19,398,651	0	{ 19,398,651 }	19,398,651
F. INCREASE/(DECREASE) IN FUND BALANCE												
F1) FUND BALANCE RESERVES												
1) Beginning Fund Balance	9791	22,936,541	0	22,936,541	22,936,541	4,861,900	27,599,441	13,623,574	0	13,623,574	0	10,408,357
a) As of July 1 - Unaudited												
b) Audit Adjustments/Other Restatements	9791	0	0	0	0	0	0	0	0	0	0	0
c) Committed Carryover												
d) Adjusted Beginning Balance	9791	22,936,541	0	22,936,541	22,936,541	4,661,900	27,599,441	13,623,574	0	13,623,574	0	10,408,357
2) Ending Balance, June 30	21,812,216	0	21,812,216	13,623,574	13,623,574	10,408,357	0	10,408,357	0	10,408,357	0	5,781,264
F2) Components of Ending Fund Balance												
a) Nonspendable	9711	25,060	0	25,060	0	25,060	0	25,060	0	25,060	0	25,060
Revolving Cash	9712	75,000	0	75,000	75,000	0	75,000	0	75,000	0	75,000	0
Stores	9713	0	0	0	0	0	0	0	0	0	0	0
Prepaid	9719	0	0	0	0	0	0	0	0	0	0	0
All Others (Rounding)												
Committed Carryover	9740	0	0	0	0	0	0	0	0	0	0	0
b) Restricted												
c) Committed	9750	0	0	0	0	0	0	0	0	0	0	0
Stabilization Arrangements												
Other Commitments	9760	8,544,000	0	8,544,000	0	0	0	0	0	0	0	0
Dist. Aside compensation offer												
e) Assigned LCAP Supplemental												
One-time funds												
New One-time funds- Compensation	9763	3,293,188	3,293,188	0	3,293,188	0	3,293,188	0	3,293,188	0	3,293,188	0
Cur Yr Unused and Over Accrued Vac. Liab (where applicable)	9763	4,722,805	-	0	4,722,805	4,903,414	0	4,903,414	4,500,380	0	4,600,380	0
Unassigned/Unappropriated												
Economic Uncertainty	9763	4,722,805	0	4,722,805	4,903,414	0	4,903,414	4,500,380	0	4,600,380	0	4,600,380
Board Approved Reserves 9763	9763	3,293,188	3,293,188	0	3,293,188	0	3,293,188	0	3,293,188	0	3,293,188	0
Unassigned/Unappropriated Amount	9790	0	0	(f)	3,287,327	(f)	3,287,327	(f)	193,677	(f)	(f)	(f)
Total of Reserves and Non-Spendable		21,701,217	14,65%		13,512,575	8.3%		9,912,442	6.4%		5,114,897	3.3%
Percentage of Expenditures												
Def Maint Add-on		371,066	407,450	250,000	657,450			765,230			1,172,994	
		250,000									250,000	
		621,006									1,422,994	