



Mt. Diablo Unified School District

2016-17 Second Interim Budget Report

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California School District Financial Reporting Requirements

- Education Code 42130 – requires the school district to file their fiscal 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

There are three types of certification based on the multi-year projections at each reporting period.

- Positive Certification ~ District can meet it's financial obligations for the current and two subsequent years.
- Qualified Certification ~ borderline, may not meet financial obligations during one of the three years of the 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 Summary GF Multi Year Projection

MYP General Fund Unrestricted & Restricted	2016-17	2017-18	2018-19
Revenues	\$ 324,038,145	\$ 326,098,591	\$ 329,412,383
Expenditures	355,302,713	356,010,443	354,684,134
Increase (Decrease) to Fund Balance	(31,264,568)	(29,911,852)	(25,271,751)
BEGINNING BALANCE	98,020,753	66,756,185	36,844,333
ENDING FUND BALANCE	66,756,185	36,844,333	11,572,583
COMPONENTS OF EFB			
Nonspendable	625,000	625,000	625,000
Restricted	12,173,476	6,532,331	295,212
Committed	9,940,377	16,691,879	-
Assigned	36,826,633	2,314,809	-
Reserve for Economic Uncertainties*	7,190,699	10,680,314	10,652,371
TOTAL COMPONENTS	\$ 66,756,185	\$ 36,844,333	\$ 11,572,583
Unassigned/Unappropriated	0	0	0
*Required reserve is 2% in 2016-17 and 3% in 2017-18 & 2018-19			

Significant Changes Since 1st Interim

- District enrollment to remain flat with slight decline due to opening/expansion of charter schools.
- Budgets have been adjusted for the impact of all the settlements with our bargaining units.
- Adjustments made for increase in state and local grants due to awards and donations.



Governor's Budget Update

- State Budget looks stable but flat for the next few years
- One time money less than half of last year
- Federal support is stable but the future is uncertain
- Ongoing challenge of allocating limited resources to maximize results.
- Upcoming increases to retirement plans (STRS & PERS)

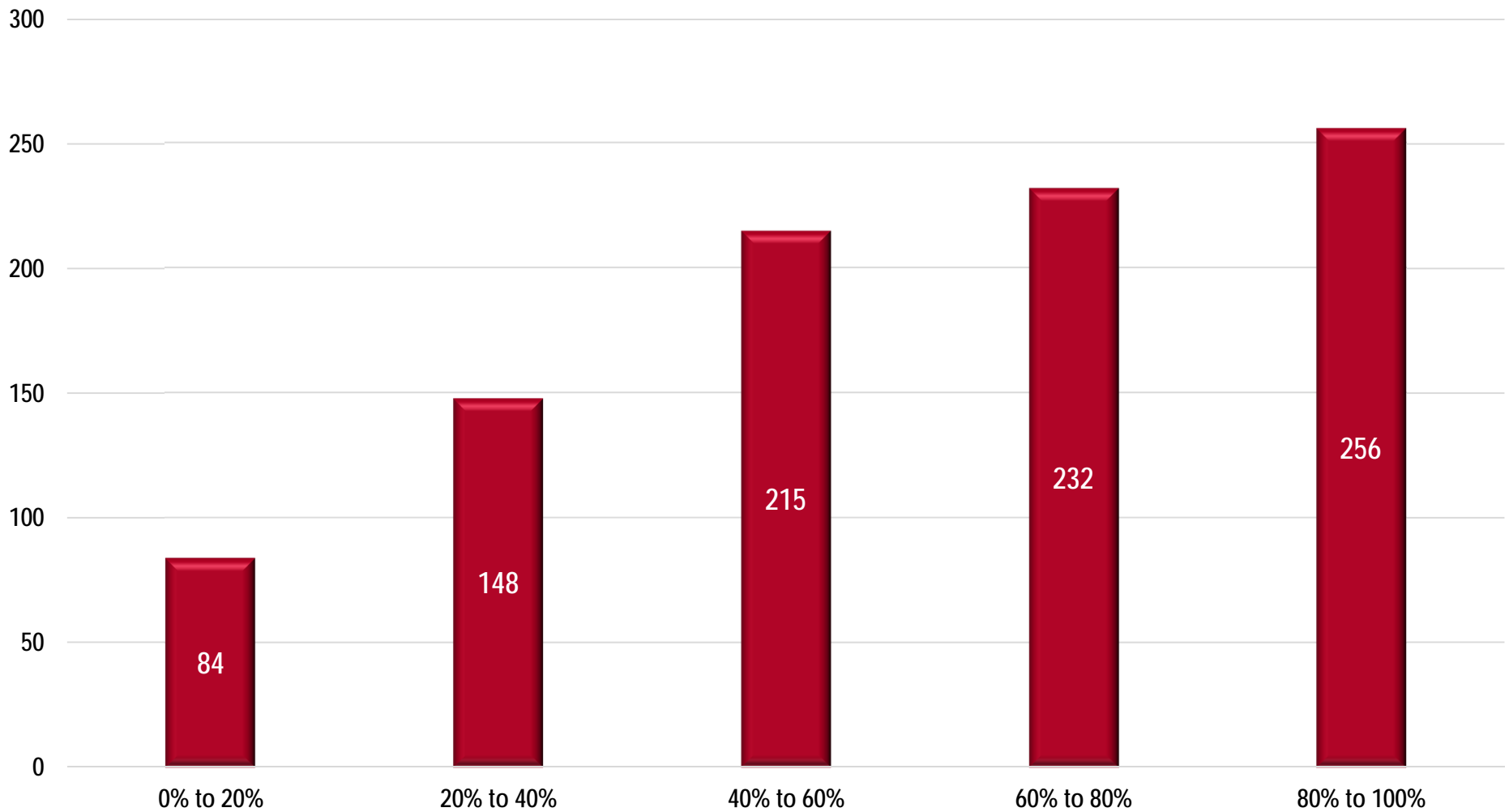


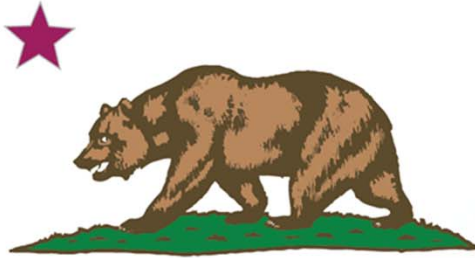
Transitioning to Full Funding of LCFF Entitlements

C-17

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Number of School Districts by Unduplicated Pupil Percentage



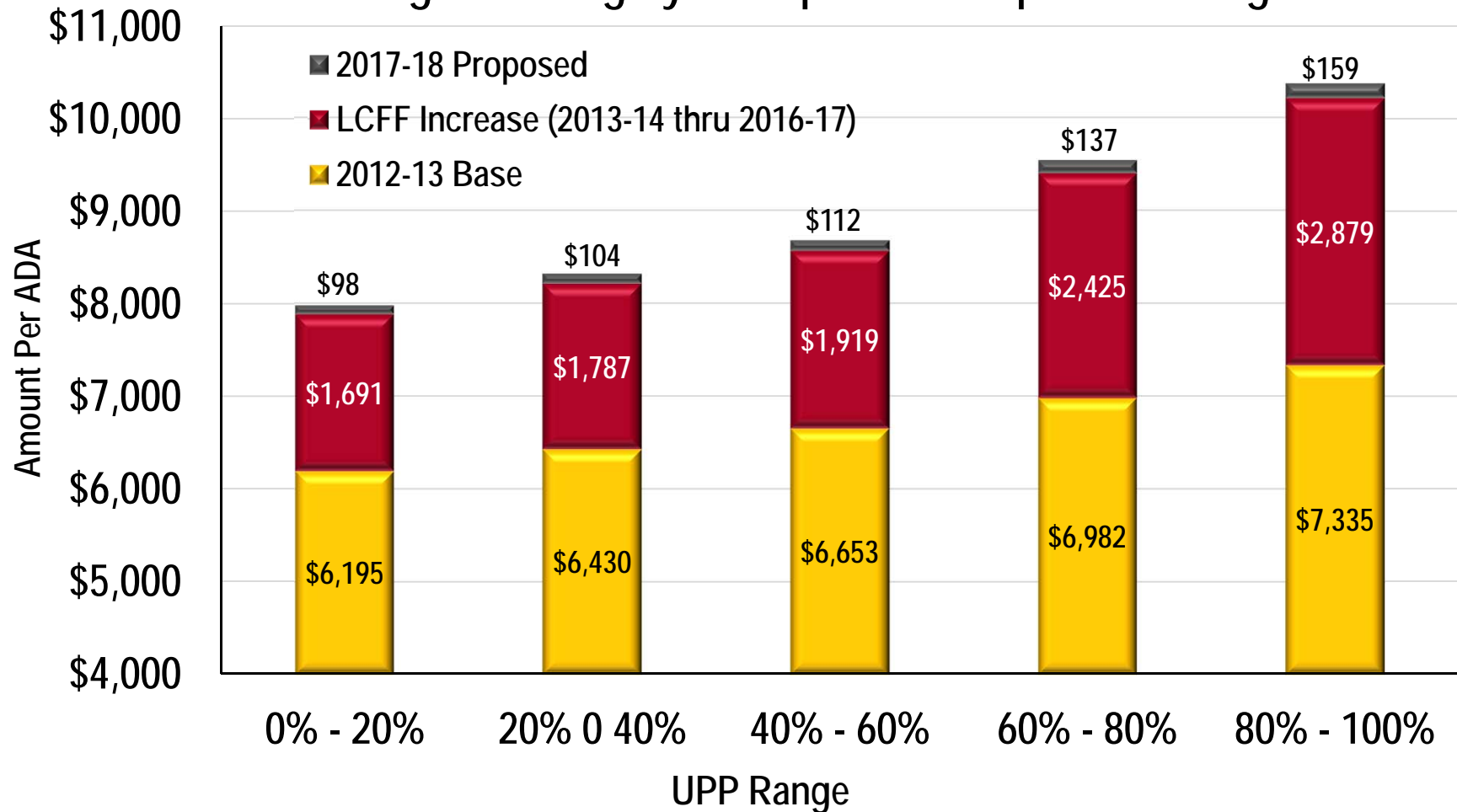


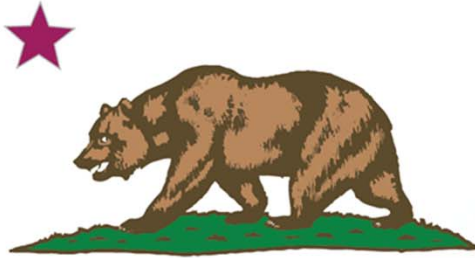
Transitioning to Full Funding of LCFF Entitlements

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Average Funding by Unduplicated Pupil Percentage



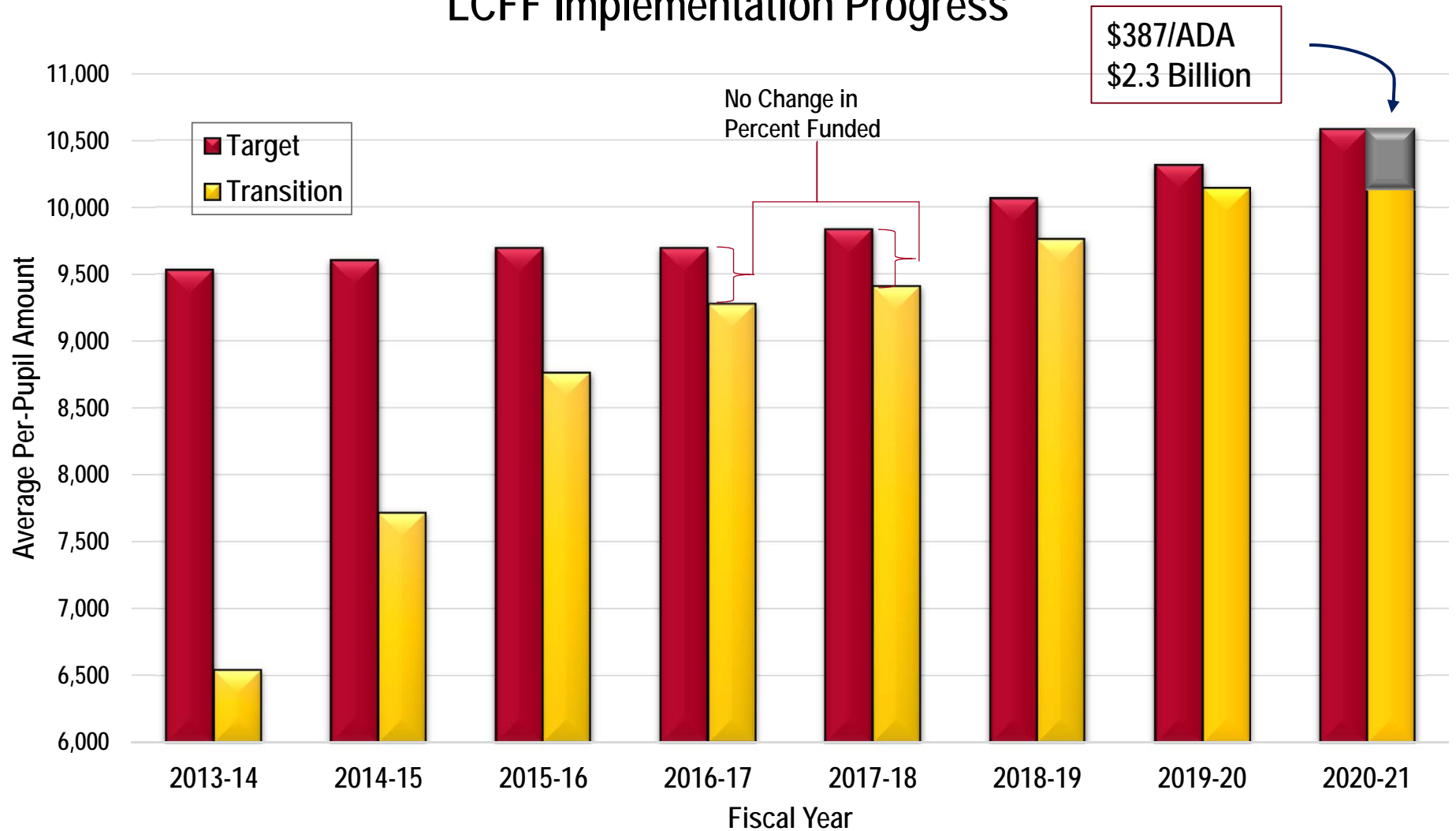


What's Ahead

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LCFF Implementation Progress





Revenue vs. Cost

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- On the natural, costs continue to rise
 - Step and column
 - Health and welfare
 - CalPERS/CalSTRS contributions
- Ongoing revenues rise by only 1.48% for 2017-18
- There is no new “targeted money” for gap closure in 2017-18

Future Considerations

- Continue allocation of funds for Class Size Reduction
- Need to tighten our belts by 2019-20 - look to check the needs and resources align with the LCAP Goals
- Continue Positive Attendance work - Increase achievement, graduation rate and healthy ADA funds



Positive Certification

The multi-year projection shows that we can meet our financial obligations for the current fiscal year and two subsequent fiscal years so the recommendation is for the Board to accept the 2016-17 Second Interim Report.