

# Saugus Union School District

*Respect • Integrity • Learning • Teamwork • Enthusiasm*

2019 - 2020

## Adoption Budget Report



Presented June 11, 2019

# Administration

## Governing Board

Julie Olsen, President  
David Powell, Clerk  
Laura Arrowsmith, Member  
David Barlavi, Member  
Christopher Trunkey, Member

## District Administration

Dr. Colleen Hawkins, Superintendent  
Nick Heinlein, Assistant Superintendent of Business  
Dr. Isa De Armas, Assistant Superintendent of Education Services  
Dr. Jennifer Stevenson, Assistant Superintendent of Human Resources

## School Site Administration

### Bridgeport

Dr. Carin Fractor, Principal  
Michelle Velikorodnyy, Assistant Principal

### Cedarcreek

Robin Payre, Principal

### Emblem Academy

Jon Baker, Principal  
Jenny Quan, Assistant Principal

### James Foster

Misty Covington, Principal

### Highlands

Susan Bender, Principal

### Mountain View

Katie Demsher, Principal  
Dr. Rose Villaneuva, Assistant Principal

### North Park

Vicki Kubasak, Principal  
Jayme Rutter, Assistant Principal

### Plum Canyon

Mary Mann, Principal

### Rio Vista

Gina Nolte, Principal

### Rosedell

Kathy Stendel, Principal  
Lisa Loscos, Assistant Principal

### Santa Clarita

Theophane Korie, Principal

### Skyblue Mesa

Kimberly Humphries

### Tesoro Del Valle

Paul Martinsen, Principal

### West Creek Academy

Susan Bett, Principal  
David Stepner, Assistant Principal

## Table of Contents

General Information .....	4
Overview .....	5
Budget Calendar .....	6
District Funds .....	7
Executive Summary .....	8
Revenue Summary 2018-2019 .....	13
Expenditures Summary 2018-2019 .....	14
Fund Balance 2018-2019 .....	17
Supplementary Information 2018-2019 .....	18
Multi-Year Budget Projections (MYP) .....	21
Other Funds .....	25

# General Information

## About the District

The Saugus Union School District is a preschool to sixth grade school district providing elementary level education under a single Governing Board and centralized administration. The District currently operates 15 Elementary Schools, a Maintenance & Operations and Transportation facility, and a District Office. The District encompasses approximately 94 square miles of land, most of which is on the west side of the Santa Clarita Valley in Los Angeles County.

The Governing Board of the District consists of five elected members. Beginning with the November 2016 election, members were elected from designated geographic boundaries. Members of the Board elect a president each year at the organizational meeting in December. The day-to-day affairs of the District are under the direction of the Superintendent.

## District Mission Statement

The Saugus Union School District in partnership with the home and community is committed to excellence in elementary education.

## District Vision

*Academic Success for Every Child*

## Core Values

*Respect • Integrity • Learning • Teamwork • Enthusiasm*

## Awards

- 14 - California Gold Ribbon Schools
- 2 - California Exemplary Arts Schools
- 13 - California Distinguished Schools
- 3 - California Achieving Title I Schools
- 5 - National Blue Ribbon Schools
- 1 - National Achieving Title I School
- 5 - CBEE Honor Roll Schools

## Overview

Education code requires districts to hold a public hearing in a separate meeting prior to budget adoption. Not later than five-days after the adoption, or by July 1, whichever occurs first, the District shall file the budget with the County Superintendent of Schools. The budget and supporting data shall be maintained and available for public review. For the 2019-20 proposed budget, the public hearing will be on June 11, 2019 and will be followed by formal adoption on June 25, 2019. These will take place at the regularly scheduled Board meeting(s) held at the Education Center 24930 Avenue Stanford Santa Clarita, CA 91355 at 6:30 p.m.

### **School District Budgets Are Not Static Documents**

With the passage of Proposition 25 in November 2010, the legislative vote requirement necessary to pass the State Budget and spending bills related to the Budget was lowered from two-thirds to a simple majority. In addition, Proposition 25 provided that if the Legislature fails to pass a budget by June 15, all members of the Legislature will permanently forfeit salary and expense reimbursement for each day lapsed until the State adopts its budget. This timeline makes it challenging to complete budget planning as the final State budget will likely change and its trickle down impact could affect California schools.

School district budgets are initially adopted in June of each year. But, even after adoption of the State budget, revenues for school districts may change. Since they are subject to constant change, school district budgets are not static documents, but instead must constantly be revised to respond to decisions at the State and Federal level, as well as to the expenditure needs of each school district.

Acceptance of the constant revision in district numbers is one of the biggest challenges in understanding a local agency budget. Yesterday's numbers are not always today's numbers. But while there is a base cost of service, school districts operate on such a narrow income margin that even a small swing in revenues or costs can have a major impact on local agency decisions. Though the cycle of budget adjustments varies, it has some rhythm so that it is possible to identify by month the most significant budget change dates.

# Budget Calendar

## **June/July**

Adoption of the State budget, may determine changes to the Adopted Budget.

## **August/September**

Closing of the books from prior year. Determining carry-over for current year.

## **October**

State census day. Based on student population the first Wednesday of October.

## **December**

First Interim reporting, which reflects projected revenues, expenses, and year-end fund balances based on data through October 31.

## **January**

Certification of P1 (principal apportionment) attendance reports (average daily attendance – ADA). Proposed State budget for the succeeding fiscal year.

## **March**

Second Interim reporting, which reflects projected revenues, expenses, and year-end fund balances based on data through January 31.

## **April/May**

Certification of P2 (principal apportionment) attendance reports (average daily attendance – ADA). P2 determines revenue.

## **January - May**

District budget development for subsequent fiscal year.

## District Funds

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations (California School Accounting Manual 2019).

There are eleven funds in the District accounting system:

General Fund (Fund 01)

Special Education Pass-Through Fund (Fund 10)

Child Development Fund (Fund 12)

Deferred Maintenance Fund (Fund 14)

Special Reserve Fund Other Than Capital Outlay Projects (Fund 17)

Building Fund (Fund 21)

Capital Facilities Fund (Fund 25)

Capital Project Fund Blended Component Units - Community Facilities District (CFD) (Fund 49)

Debt Services Fund for Blended Component Units – Community Facilities District (CFD) (Fund 52)

Debt Service Fund (Fund 56-Lease Revenue Bond)

Other Enterprise Fund – Child Development Programs (Fund 63)

## Executive Summary

The Governor of California presents a budget proposal each January and then follows up with a May Revision. The District uses the information from the May Revision as well as the budget guidelines from the Los Angeles County Office of Education (LACOE) as the basis for the District's budget development.

The May Revision to the Governor's budget emphasized the need for fiscal prudence by investing additional resources into the state's Rainy Day Fund and increased investments toward the state's pension liabilities proposing additional dollars to assist with the employer share of the California State Teachers' Retirement System (CalSTRS). The May Revision includes a statutory cost-of-living adjustment (COLA) for the Local Control Funding Formula (LCFF) and various state programs. The new Governor also proposes a significant investment in the state's early childhood education programs and additional funding for special education. Saugus Union School District would not be eligible to receive additional special education funding based on the current proposal.

### California Economy

The economic recovery following the Great Recession is approaching its 10<sup>th</sup> year and there are signs that recovery may be coming to an end or at least slowing down. During the economic growth period the state has felt a modest increase in real wages. Real wages are predicted to increase in 2019 higher than the 5.3% realized in 2018. State revenues from 2017-18 through 2019-20 are approximately \$3.2 billion higher than January 2019 projections. The administration predicts an increase in personal income tax, sales and use tax, and corporation tax of 1.9%, 2.6%, and 1.7% in 2020-21, 2021-22, and 2022-23, respectively. As of April 2019, the national unemployment rate was 3.6% in comparison to California's unemployment rate at 4.3%. The U.S. real gross domestic product (GDP) is the conventional measure of the nation's economic health. GDP is projected at 2.1% in 2019, 1.9% in 2020, and 1.8% in 2021.

### Cost-of-Living Adjustment (COLA)

The statutory COLA for K-12 education is projected to be 3.26%, 3.00%, 2.80% in 2019-20, 2020-21, and 2021-22, respectively. COLA is based on the annual average percentage change in the value of the federally maintained Implicit Price Deflator for state and local governments. The 3.26% will be applied to the Local Control Funding Formula, special education, and early childhood education programs.

### Local Control Funding Formula (LCFF)

Local Control Funding Formula provides funding to transition school districts toward a targeted funding level equivalent to dollars received in 2007-08. LCFF became fully funded in 2018-19, two years earlier than planned. LCFF funding provides 80% of all unrestricted revenue received by the District. The LCFF base target will increase 3.26% bringing the 2019-20 TK-3 per pupil apportionment to \$7,702 per average daily attendance (ADA) and grades 4-6 per pupil apportionment to \$7,818 per average daily attendance (ADA).



Grade Span	2018-19 Base Grant Per ADA	3.26% COLA	2019-20 Base Grant Per ADA
K-3	\$7,459	\$243	\$7,702
4-6	\$7,571	\$247	\$7,818

### Grade Span Adjustment (GSA)

The Local Control Funding Formula provides an augmentation to the base grant, referred to as the Grade Span Adjustment (GSA). The GSA requires the District to maintain a 24:1 school site average student to teacher ratio in grades Transitional Kindergarten (TK) through third (3) or, other alternate locally bargained ratio. On August 21, 2018 the Governing Board and Saugus Teachers Association approved a maximum average class size 28:1 student teacher ratio in grades TK-3. The 2019-20 Budget reflects that the District will meet the GSA requirement and anticipates receiving \$4.37 million in funding, reflected in the base grant revenue projection.

Grade Span	2019-20 Base Grant Per ADA	GSA	2019-20 Adjusted Base Grant
K-3	\$7,702	\$801	\$8,503
4-6	\$7,818	–	\$7,818

### Supplemental Funds

School districts are entitled to receive supplemental funds equal to 20% of the adjusted base grant (includes GSA) for the percentage of enrolled students who are English learners, eligible to receive free or reduced meals, or in foster care. These students are also referred to as the unduplicated count student population. The District 3-year unduplicated count average is 28.47%, yielding a projected \$4.42 million in supplemental funds. Districts may also receive an additional 50% per pupil increase provided by a concentration grant if their unduplicated exceeds 55%. Saugus does not qualify for this concentration grant.

Grade Span	2019-20 Adjusted Grants Per ADA	20% Supplemental Grant – Total UPP	50% Concentration Grant – UPP Above 55%
K-3	\$8,503	\$1,701	\$4,252
4-6	\$7,818	\$1,564	\$3,909

### One-Time Funds

The May revision does not propose any one-time Proposition 98 discretionary funding for school districts as in prior years, since the inception of the LCFF.

## Local Control Accountability Plan (LCAP)

The LCFF calls for school districts to set both district-wide and school-wide goals and spells out the specific action steps needed to achieve those goals for all students but especially for English learners, foster youth, and low-income students. All members of the school community must be involved in developing, reviewing and supporting the LCAP: parents, students, community members, school employees and other stakeholders.

## Employee Staffing

To address the District’s deficit spending trend the Governing Board approved a 2019-20 Supplemental Employee Retirement Program (SERP) to create incentives that effectively and efficiently increase and accelerate the retirement rate, in excess of the natural attrition rate. The 2019-20 budget includes a reduction in general education staffing of twenty-six (26) teachers. The 26 general education teachers will not be replaced due to the increase in student teacher ratios as discussed above (see Grade Span Adjustment). The projected reduction to the 2019-20 budget is \$2.68 million.

During fiscal year 2018-19 the Governing Board hired a consultant to review the District’s Special Education policies, protocols, and staffing. Based on a thorough review, the consultant recommended: creating Behavior Support and Mental Health Support teams to address the social/emotional needs of the students. Reduce the paraeducator staff based on a change in student support protocols and matriculation of graduating students. Eliminate the use of outside agencies used to support non-public students through matriculation of graduating students. These recommendations are reflected in the proposed 2019-20 Budget.

## California State Teachers Retirement System (CalSTRS)

The 2019-20 District budget proposal incorporates the required employer rate increases to the State Teachers Retirement System (STRS). The May Revision proposes an additional investment to lower the CalSTRS employer contribution rate from 18.3% to 16.7%. The 16.7% CalSTRS rate is reflected in the budget.

CalSTRS Rates			
Year	Employer	Pre-PEPRA* Employees	Post-PEPRA Employees
2017-18	14.43%	10.25%	9.21%
2018-19	16.28%	10.25%	10.21%
2019-20	16.70%**	10.25%	10.21%
2020-21	18.10%**	10.25%	10.21%
2021-22	17.80%**	10.25%	10.21%
2022-23	17.80%**	10.25%	10.21%

\*Public Employees' Pension Reform Act  
 \*\*Rates are subsidized based on the Governor’s May Revision proposal

## Public Employee Retirement System (PERS)

The Public Employee Retirement System (PERS) is the retirement program for the District's classified employees. The increase in rates is driven by the lowered expected rate of expected return on investments, as well as the conversion from a 30-year amortization period to a 20-year amortization period.

Year	Previous Employer Contribution Rates	Revised Employer Contribution Rates
2018-19	18.06%	18.06%
2019-20	20.70%	20.73%
2020-21	23.40%	23.60%
2021-22	24.50%	24.90%
2022-23	25.00%	25.70%
2023-24	25.50%	26.40%
2024-25	25.70%	26.60%
2025-26	25.50%	26.50%

## Average Daily Attendance

LCFF State funding is calculated using the Average Daily Attendance (ADA) rate of the District at P-2 (attendance as of April 1<sup>st</sup>). The 2019-20 projected ADA is 9,397, representing a decline of 72 ADA. However, the State allows for funding based on the greater of current year or prior year ADA. The 2019-20 Budget LCFF revenue projections have been adjusted based on ADA from 2018-19. The following table illustrates the Districts historical ADA based on 2015-16.

Year	CALPADS		P2 ADA	+/-	Factor
	Enrollment	+/-			
2015-16	9,984	70	9,664	20	96.79%
2016-15	9,900	-84	9,585	-79	96.82%
2017-16	9,960	60	9,646	61	96.85%
2018-19	9,791	-169	9,468	-178	96.70%
2019-20*	9,694	-97	9,398	-70	96.95%
<i>*projected</i>					

## Routine Restricted Maintenance Account (RRMA)

Proposition 51 school facility program requires districts to deposit an amount equal to or greater than 3% of total general fund expenditures into their Routine Restricted Maintenance account if they received funding for fiscal year 2018-19. Saugus did not receive Proposition 51 funding in 2018-19. Beginning in fiscal year 2019-20 all districts will be required to deposit an amount equal to or greater than 3% of total general fund

expenditures into their Routine Restricted Maintenance account regardless of the facility funding source. The 2019-20 budget reflects a 3.0% contribution of \$3.01 million to the Routine Restricted Maintenance Account to support ongoing maintenance and repairs to the school facilities.

### **Special Education Funding**

Funding to support students with disabilities (SWD) comes from Local Control Funding, followed by state funding sources, and then Federal sources. But, the combined funding sources do not adequately address the needs of the mandated services required by federal and state directives. SWD includes students ranging in age from 3 months to age 12 in the Saugus District. As special education expenditures continue to rise due to an increase in identified students, step and column, benefits, and pension rates, the amount of funding received from both federal and state sources has stayed static. Thus, unrestricted General Fund dollars are needed to backfill special education expenditures. Since 2012-13, on average, school districts have seen a twelve percent average annual increase in LCFF contributions. In 2007-08, the average special education funding was comprised of the state contributing 37.23%, federal funds accounting for 11.48%, and district funds contributing 51.29%. In 2017-18, the average special education funding included the state contributing 25.71%, federal funds accounting for 8.40%, and district funds contributing 65.88%. The 2019-20 Budget of unrestricted General Fund contributions to special education is projected to be 59.63%.

### **Retiree Benefits**

A total of 82 employees have elected to participate in the SERP program (see Employee Staffing above). The cost of the SERP is \$931,183 per year, for five years. The additional health and welfare benefits associated with the retirees is included in the 2019-20 Budget.

### **Reserve for Economic Uncertainties**

The State of California requires school districts to maintain a 3% reserve. The District will meet the 3% reserve requirement at June 30, 2019 estimated to be \$3,169,584 and June 30, 2020 estimated to be \$3,091,851. The proposed budget also includes an additional reserve amount residing in Fund 17 projected to be \$3,008,210 as of June 30, 2020.

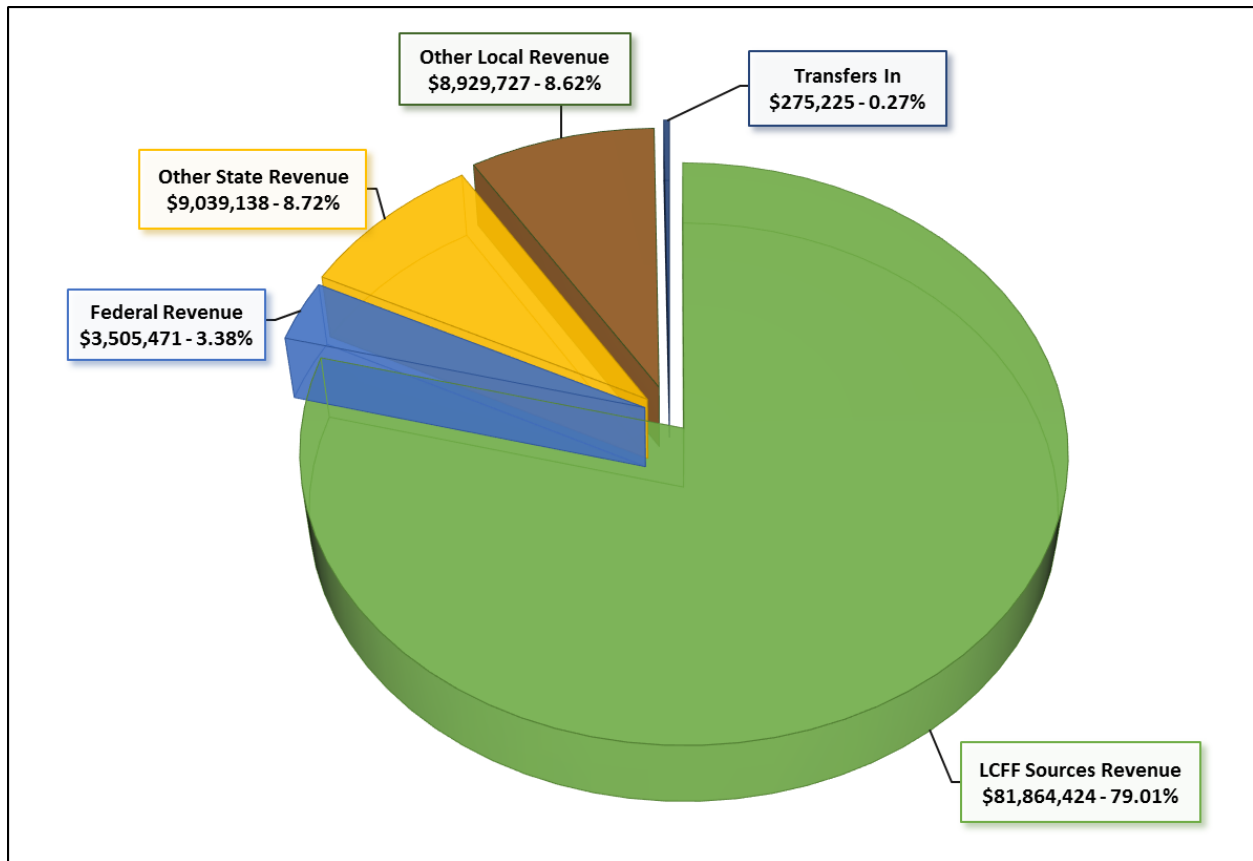
### **Ending Fund Balance**

The District's adjusted beginning fund balance as of July 1, 2018 was \$13,490,202. Estimated actuals forecasts a decrease in the June 30, 2019 fund balance of \$2,038,838. The June 30, 2020 ending fund balance is projected to be \$11,284,905, a decrease of \$166,459. Though this is positive for the District, increasing expenses, changes in ADA, variances in COLA, and rising pension costs could eventually deplete the fund balance and reserves. The following pages summarize the estimated financials and major objects as of June 30, 2019.

## Revenue Summary 2018-2019

General Fund (01.0 and 01.1)	2018-2019 Second Interim Unrestricted	2018-2019 Second Interim Restricted	2018-2019 Second Interim Combined	2018-2019 Estimated Actuals Unrestricted	2018-2019 Estimated Actuals Restricted	2018-2019 Estimated Actuals Combined	2018-2019 Combined Variance
LCFF Revenue	\$ 81,751,682	\$ -	\$ 81,751,682	\$ 81,864,424	\$ -	\$ 81,864,424	\$ 112,742
Federal Revenue	\$ 342,900	\$ 3,300,606	\$ 3,643,506	\$ 397,498	\$ 3,107,973	\$ 3,505,471	\$ (138,035)
State Revenue	\$ 3,655,601	\$ 1,726,462	\$ 5,382,063	\$ 3,655,921	\$ 1,795,183	\$ 5,451,104	\$ 69,041
STRS On-Behalf	\$ -	\$ 3,221,386	\$ 3,221,386	\$ -	\$ 3,588,034	\$ 3,588,034	\$ 366,648
Local Revenue	\$ 1,656,222	\$ 7,063,280	\$ 8,719,502	\$ 1,755,276	\$ 7,174,451	\$ 8,929,727	\$ 210,225
Transfers In	\$ 235,957	\$ 39,268	\$ 275,225	\$ 235,957	\$ 39,268	\$ 275,225	\$ -
Contributions - SPED/Maint	\$ (16,470,535)	\$ 16,470,535	\$ -	\$ (16,290,871)	\$ 16,290,871	\$ -	\$ -
<b>Total Revenue</b>	<b>\$ 71,171,827</b>	<b>\$ 31,821,537</b>	<b>\$ 102,993,364</b>	<b>\$ 71,618,205</b>	<b>\$ 31,995,780</b>	<b>\$ 103,613,985</b>	<b>\$ 620,621</b>

## Combined Projected Revenue 2018-2019

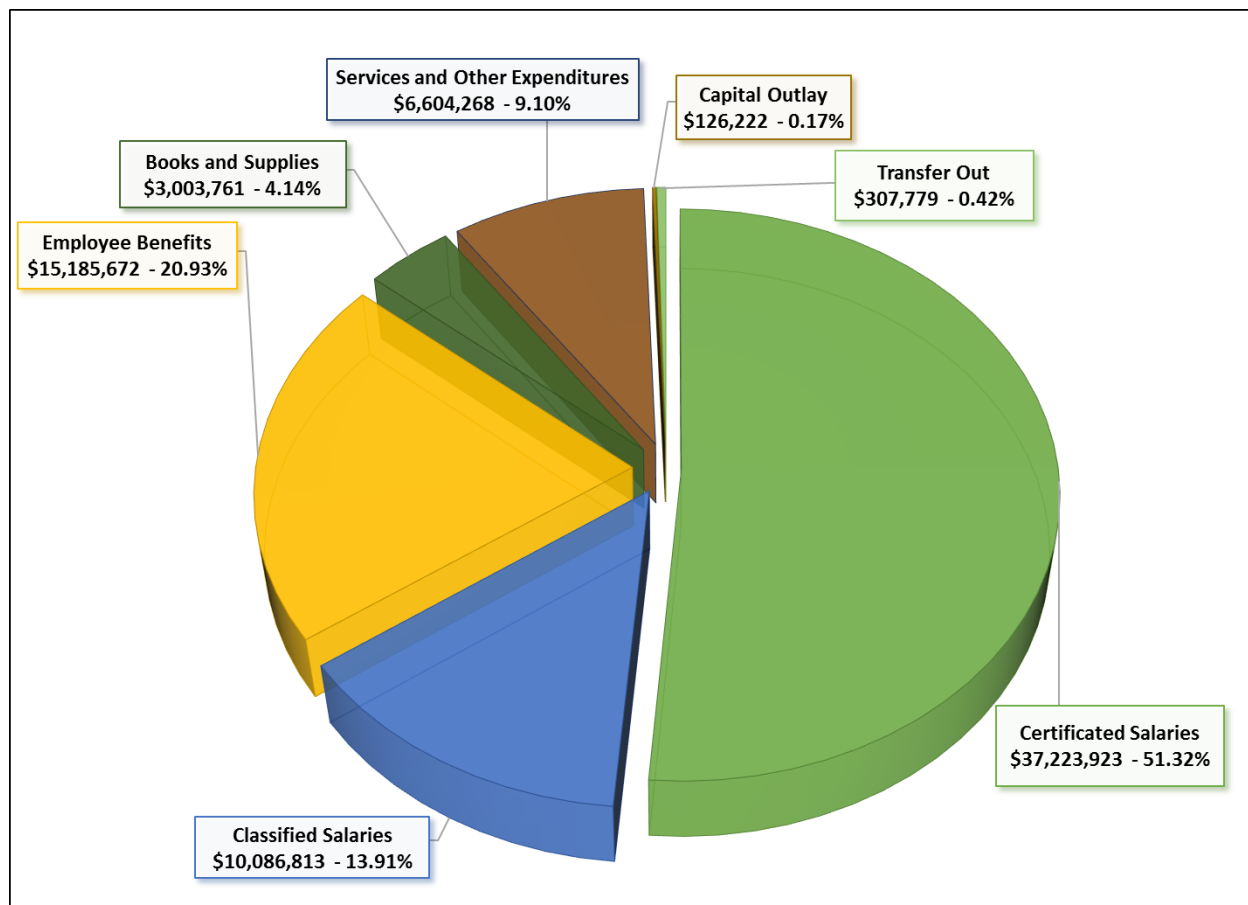


**Total Combined Revenue: \$103,613,985**

## Expenditures Summary 2018-2019

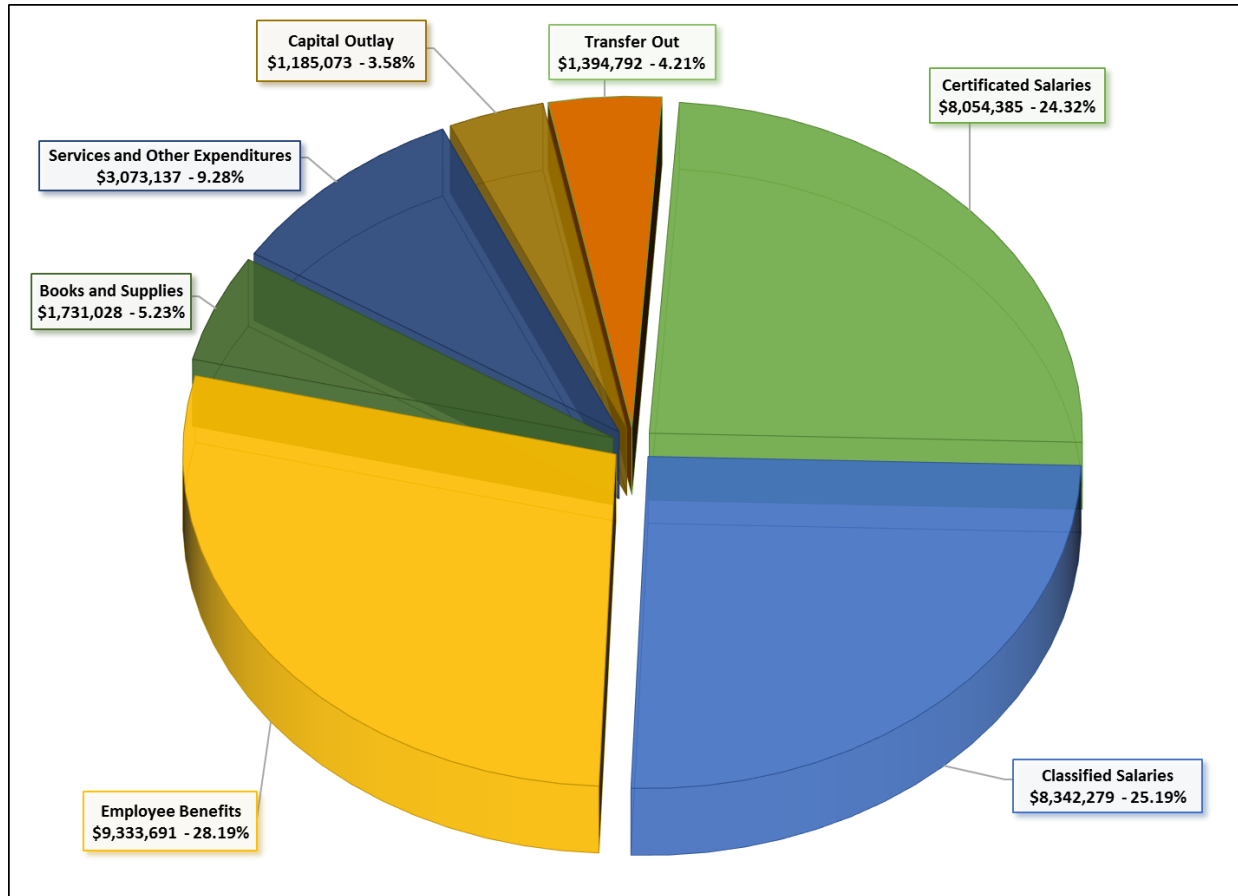
General Fund (01.0 and 01.1)	2018-2019 Second Interim Unrestricted	2018-2019 Second Interim Restricted	2018-2019 Second Interim Combined	2018-2019 Estimated Actuals Unrestricted	2018-2019 Estimated Actuals Restricted	2018-2019 Estimated Actuals Combined	2018-2019 Combined Variance
Certificated Salaries	\$ 37,128,865	\$ 8,109,476	\$ 45,238,341	\$ 37,223,923	\$ 8,054,385	\$ 45,278,308	\$ 39,967
Classified Salaries	\$ 9,930,452	\$ 8,421,169	\$ 18,351,621	\$ 10,086,813	\$ 8,342,279	\$ 18,429,092	\$ 77,471
Benefits	\$ 15,236,806	\$ 5,821,676	\$ 21,058,482	\$ 15,185,672	\$ 5,745,657	\$ 20,931,329	\$ (127,153)
STRS On-Behalf	\$ -	\$ 3,221,386	\$ 3,221,386	\$ -	\$ 3,588,034	\$ 3,588,034	\$ 366,648
Books and Supplies	\$ 3,223,657	\$ 2,355,717	\$ 5,579,374	\$ 3,003,761	\$ 1,731,028	\$ 4,734,789	\$ (844,585)
Services and Operating Expenses	\$ 7,005,200	\$ 3,417,213	\$ 10,422,413	\$ 6,604,268	\$ 3,073,137	\$ 9,677,405	\$ (745,008)
Capital Outlay	\$ 173,160	\$ 1,217,690	\$ 1,390,850	\$ 126,222	\$ 1,185,073	\$ 1,311,295	\$ (79,555)
Other Outgo-(excludes indirects)	\$ 551,263	\$ 1,173,742	\$ 1,725,005	\$ 551,263	\$ 1,173,742	\$ 1,725,005	\$ -
Other Outgo-(indirects)	\$ (259,222)	\$ 236,789	\$ (22,433)	\$ (243,484)	\$ 221,050	\$ (22,434)	\$ (1)
<b>Total Expenditure</b>	<b>\$ 72,990,181</b>	<b>\$ 33,974,858</b>	<b>\$ 106,965,039</b>	<b>\$ 72,538,438</b>	<b>\$ 33,114,385</b>	<b>\$ 105,652,823</b>	<b>\$ (1,312,216)</b>

## Unrestricted Projected Expenditures 2018-2019



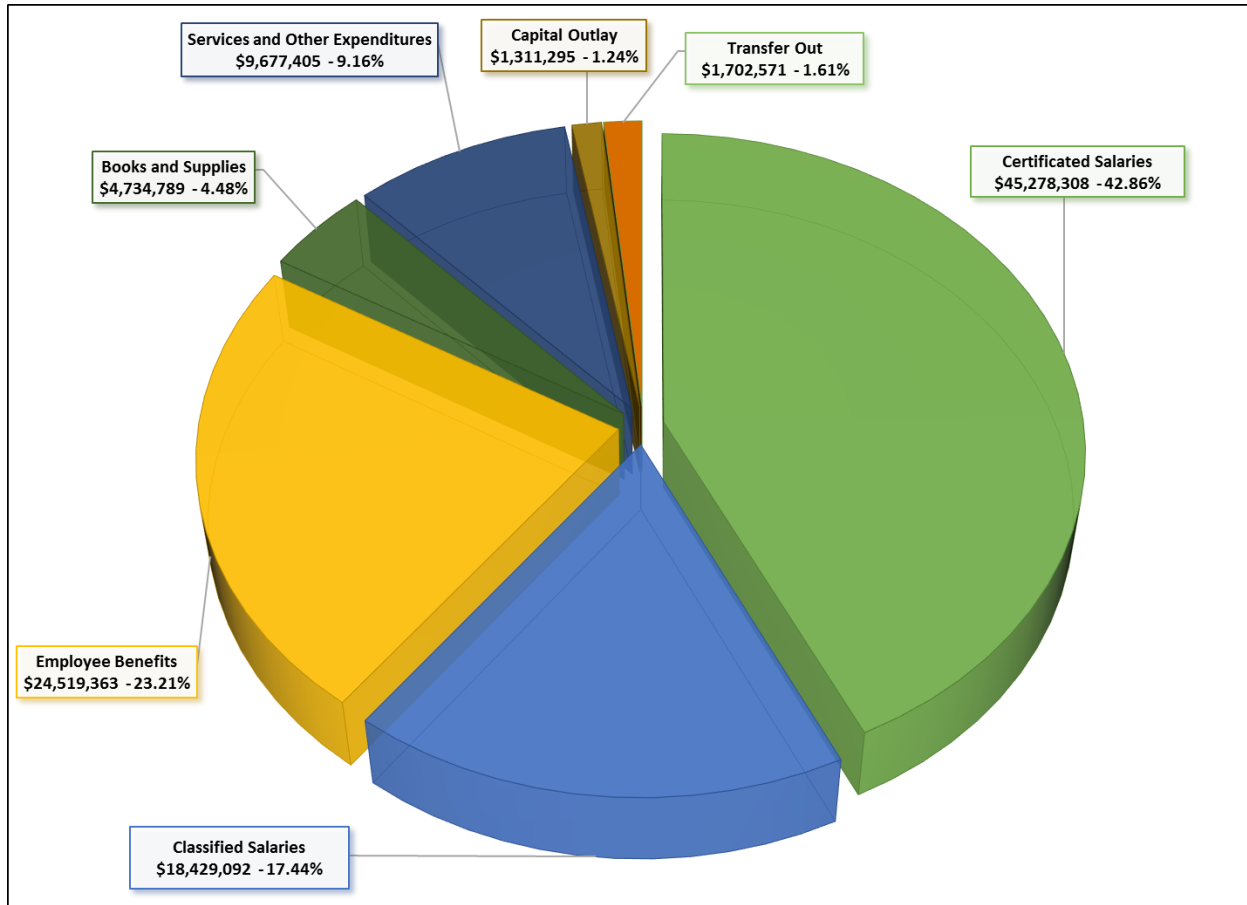
**Total Unrestricted Expenditures: \$72,538,438**  
**86.16% of Expenditures Pays Employee Salaries and Benefits**

## Restricted Projected Expenditures 2018-2019



**Total Unrestricted Expenditures: \$31,995,780**  
**77.70% of Expenditures Pays Employee Salaries and Benefits**

## Combined Projected Expenditures 2018-19



**Total Unrestricted Expenditures: \$105,652,823**  
**83.51% of Expenditures Pays Employee Salaries and Benefits**



## Fund Balance 2018-2019

General Fund (01.0 and 01.1)	2018-2019 Second Interim Unrestricted	2018-2019 Second Interim Restricted	2018-2019 Second Interim Combined	2018-2019 Estimated Actuals Unrestricted	2018-2019 Estimated Actuals Restricted	2018-2019 Estimated Actuals Combined	2018-2019 Combined Variance
<b>Fund Balance</b>							
Beginning Fund Balance - July 1	9,975,958	3,443,693	13,419,651	10,046,508	3,443,693	13,490,201	70,550
Ending Fund Balance - June 30	8,157,604	1,290,372	9,447,976	9,126,275	2,325,088	11,451,363	2,003,387
Nonspendable	2,500		2,500	2,500	-	2,500	-
Restricted		1,290,372	1,290,372	-	2,325,088	2,325,088	1,034,716
Reserve - Fund 01	8,155,104		8,155,104	9,123,775	-	9,123,775	968,671
Reserve - Fund 17		-	2,958,210		-	2,958,210	-
Unassigned Ending Fund Balance	-	-	-	-	-	-	-
Total Available Reserves by Amount			11,113,314			12,081,985	968,671
Total Available Reserves by Percent			10.39%			11.44%	

# Supplementary Information 2018-2019

## General Fund 01 – Fund Balance Summary

FUND 01 BEGINNING FUND BALANCE July 1, 2018	\$ 13,419,651
Other Restatements	\$ 70,551
2018-19 Adjusted Beginning Fund Balance	<u>\$ 13,490,202</u>
Projected Increase/(Decrease) in Fund Balance	\$ (2,038,838)
Projected Fund 17-Reserve Ending Fund Balance	\$ 3,008,210
NET ESTIMATED ENDING FUND BALANCE JUNE 30, 2019	<u>\$ 14,459,574</u>
Projected Total Revenues/Transfers In Fund 01 and Fund 17	\$ 103,613,985
Projected Total Expenditures/Transfers Out Fund 01 and Fund 17	\$ 105,652,823
NET ESTIMATED ENDING FUND BALANCE - JUNE 30, 2019	<u><u>\$ 14,459,574</u></u>

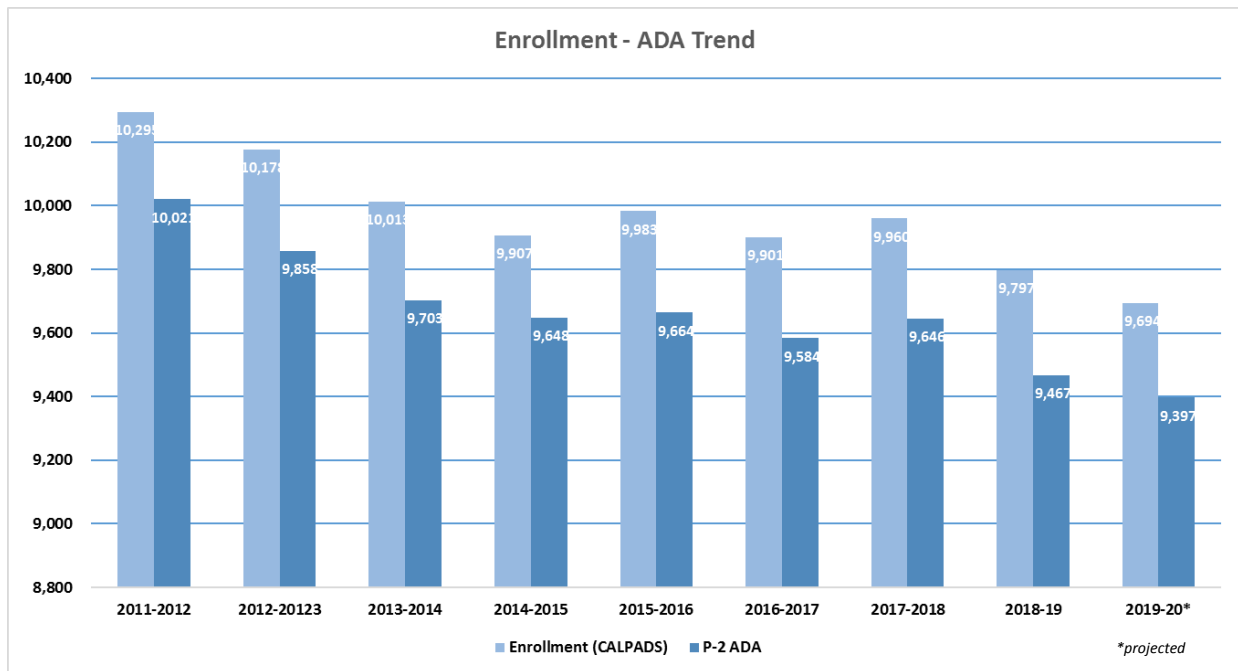
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### BREAKDOWN OF FUND 01 AND FUND 17 ENDING FUND BALANCE

Medi-Cal Billing Option	\$ 54,037
Lottery: Instructional Materials	\$ 217,040
Restricted SELPA	\$ 570,988
Infant Program (Early Start)	\$ 138,954
Classified School Employee PD Block Grant	\$ 81,967
Low-Performing Students Block Grant	\$ 411,013
Ongoing & Major Maintenance Account	\$ 226,485
Other Restricted Local - Gifts and Donations	\$ 624,605
Revolving Cash	\$ 2,500
Reserve for Economic Uncertainties	\$ 12,131,985
NET ESTIMATED ENDING FUND BALANCE - JUNE 30, 2019	<u><u>\$ 14,459,574</u></u>

## Enrollment

In 2018-19 the California Longitudinal Pupil Achievement Data System (CalPADS) Census Day enrollment was 9,797. The 2018-19 P-2 ADA is 9,467. The following chart displays the trend in the Districts annual enrollment (from CalPADS) and P-2 ADA from 2011-12 through enrollment projections for 2019-20.



## Education Protection Act Funds (EPA-Proposition 30)

Saugus Union School District

**Fiscal Year 2019-20**

**Proposed use of Education Protection Account (Proposition 30) Funds**

For Fund 01, Resource 1400 Education Protection Account

<b>Description</b>		
AMOUNT AVAILABLE FOR THIS FISCAL YEAR	<b>Objects</b>	<b>Estimated</b>
Local Control Funding (LCFF)	8012 \$	13,611,725.00
<b>TOTAL AVAILABLE</b>	<b>\$</b>	<b>13,611,725</b>
ASSIGNED EXPENDITURES AND OTHER FINANCING USES		
Objects 1000-7999, by Function	<b>Function</b>	
Classroom Instruction	10000 \$	10,272,391*
Benefits	10000 \$	3,339,334
Classroom Supplies	10000	
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$</b>	<b>13,611,725</b>
<b>BALANCE (Total Available minus Total Expenditures and Other Financing Uses)</b>	<b>\$</b>	<b>-</b>

## Multi-Year Budget Projections (MYP)

### Assumptions

Financial projections of the Combined General Fund for 2019-20 and the two subsequent years are a required component of the budget and fiscal reporting process. The Multi-Year Projection assumes that all revenues will be ongoing until informed otherwise and all one-time revenue has been removed.

Salary increases in future years beyond step and column are negotiated and therefore not factored into these projections. Pending negotiations not formally approved by the Governing Board are not included in the projections.

The multi-year budget projections (MYP) for the Proposed Budget utilize the recommended assumptions published by the Los Angeles County Office of Education (LACOE). The multi-year revenue budget assumptions illustrates; an apportionment of LCFF revenue increase by COLA and a decrease in enrollment. The following are the budget assumptions used for the MYP:

Multi-Year Projection Assumptions	2018-2019 Estimated Actuals	2019-2020 Proposed Budget	2020-2021 Multi-Year Projection	2021-2022 Multi-Year Projection
Statutory COLA - LCFF	3.70%	3.26%	3.00%	2.80%
Statutory COLA	2.71%	3.26%	3.00%	2.80%
Enrollment (CALPADS)	9,791	9,694	9,681	9,800
Year to Date Change in Enrollment	-1.70%	-0.99%	-0.13%	1.23%
P2 ADA	9,492.88	9,397.52	9,384.92	9,500.29
Funded ADA	9,646.67	9,467.94	9,397.52	9,500.29
Attendance Factor	96.96%	96.94%	96.94%	96.94%
Unduplicated Count % (3-year average)	27.81%	28.47%	27.81%	27.81%
MBG - One time funding	\$1,775,373	\$0	\$0	\$0
Lottery-Unrestricted; per ADA	\$151	\$151	\$151	\$151
Lottery-Restricted; per ADA	\$53	\$53	\$53	\$53
Certificated Step & Colum	1.00%	2.00%	2.00%	2.00%
Certificated Teacher FTEs	443.6	409.5	409.5	409.5
Classified Step & Colum	1.00%	1.50%	1.50%	1.50%
CalSTRS Employer Rate	16.28%	16.70%	18.10%	17.80%
CalPERS Employer Rate	18.062%	20.733%	23.600%	24.90%
CPI	3.58%	3.18%	3.05%	2.94%
Interest Rate for Ten-Year Treasuries	2.87%	3.19%	3.19%	3.40%
LCFF Supplemental	\$4,268,416	\$4,427,701	\$4,417,617	\$4,586,731
LCFF Supplemental Percent of Total Revenue	5.57%	5.69%	5.56%	5.56%
Routine Restricted Maintenance Contribution	\$3,106,252	\$3,091,946	\$3,161,077	\$3,215,029
Special Education Contribution (Ages 3 to 12)	\$13,184,619	\$12,237,398	\$12,617,544	\$12,994,861

*\*There is no statutory guaranteed increase in funding in any given year until full implementation is reached. Therefore, LACOE states that if districts budget this increased revenue, they must have a contingency or alternative plan in place should these funds fail to materialize.*

## Unrestricted General Fund Multi-Year Projection

General Fund (01.0 and 01.1)	2018-2019 Estimated Actuals Unrestricted	2019-2020 Proposed Budget Unrestricted	2020-2021 Multi-Year Projection Unrestricted	2021-2022 Multi-Year Projection Unrestricted
LCFF Revenue	\$ 81,864,424	\$ 83,008,775	\$ 84,662,844	\$ 87,872,500
Federal Revenue	\$ 397,498	\$ 200,000	\$ -	\$ -
State Revenue	\$ 3,655,921	\$ 1,827,855	\$ 1,823,696	\$ 1,829,912
STRS On-Behalf	\$ -	\$ -	\$ -	\$ -
Local Revenue	\$ 1,755,276	\$ 1,431,152	\$ 1,431,152	\$ 1,431,152
Transfers In	\$ 235,957	\$ 264,646	\$ 264,646	\$ 264,646
Contributions - SPED/Maint	\$ (16,290,871)	\$ (15,329,344)	\$ (15,802,975)	\$ (16,280,027)
<b>Total Revenue</b>	<b>\$ 71,618,205</b>	<b>\$ 71,403,084</b>	<b>\$ 72,379,363</b>	<b>\$ 75,118,183</b>
Certificated Salaries	\$ 37,223,923	\$ 35,455,107	\$ 36,158,039	\$ 37,185,975
Classified Salaries	\$ 10,086,813	\$ 10,188,019	\$ 10,340,839	\$ 10,495,951
Benefits	\$ 15,185,672	\$ 16,347,597	\$ 17,299,714	\$ 17,646,122
STRS On-Behalf	\$ -	\$ -	\$ -	\$ -
Books and Supplies	\$ 3,003,761	\$ 2,158,781	\$ 2,184,601	\$ 2,219,362
Services and Operating Expenses	\$ 6,604,268	\$ 7,003,655	\$ 7,230,476	\$ 7,455,784
Capital Outlay	\$ 126,222	\$ 191,603	\$ 191,603	\$ 191,603
Other Outgo-(excludes indirects)	\$ 551,263	\$ 505,337	\$ 505,337	\$ 505,337
Other Outgo-(indirects)	\$ (243,484)	\$ (280,556)	\$ (280,556)	\$ (280,556)
<b>Total Expenditure</b>	<b>\$ 72,538,438</b>	<b>\$ 71,569,543</b>	<b>\$ 73,630,053</b>	<b>\$ 75,419,578</b>
<b>Subtotal Surplus/(Deficit)</b>	<b>\$ (920,233)</b>	<b>\$ (166,459)</b>	<b>\$ (1,250,690)</b>	<b>\$ (301,395)</b>
<b>Fund Balance</b>				
Beginning Fund Balance - July 1	10,046,508	9,126,275	8,959,815	7,709,125
Ending Fund Balance - June 30	9,126,275	8,959,815	7,709,125	7,407,730
Nonspendable	2,500	2,500	2,500	2,500
Restricted	-	-	-	-
Reserve - Fund 01	9,123,775	8,957,315	7,706,625	7,405,230
Reserve - Fund 17	-	-	-	-
Unassigned Ending Fund Balance	-	-	-	-
Total Available Reserves by Amount				
Total Available Reserves by Percent				

## Restricted General Fund Multi-Year Projection

General Fund (01.0 and 01.1)	2018-2019 Estimated Actuals Restricted	2019-2020 Proposed Budget Restricted	2020-2021 Multi-Year Projection Restricted	2021-2022 Multi-Year Projection Restricted
LCFF Revenue	\$ -	\$ -	\$ -	\$ -
Federal Revenue	\$ 3,107,973	\$ 3,370,527	\$ 3,370,527	\$ 3,370,527
State Revenue	\$ 1,795,183	\$ 1,579,253	\$ 1,181,383	\$ 1,197,071
STRS On-Behalf	\$ 3,588,034	\$ 3,588,034	\$ 3,588,034	\$ 3,588,034
Local Revenue	\$ 7,174,451	\$ 7,605,382	\$ 7,818,711	\$ 8,023,792
Transfers In	\$ 39,268	\$ 19,634	\$ 19,634	\$ 19,634
Contributions - SPED/Maint	\$ 16,290,871	\$ 15,329,344	\$ 15,802,975	\$ 16,280,027
<b>Total Revenue</b>	<b>\$ 31,995,780</b>	<b>\$ 31,492,174</b>	<b>\$ 31,781,264</b>	<b>\$ 32,479,085</b>
Certificated Salaries	\$ 8,054,385	\$ 8,715,357	\$ 8,887,954	\$ 9,064,002
Classified Salaries	\$ 8,342,279	\$ 7,693,422	\$ 7,806,970	\$ 7,922,222
Benefits	\$ 5,745,657	\$ 5,880,498	\$ 6,277,793	\$ 6,426,447
STRS On-Behalf	\$ 3,588,034	\$ 3,588,034	\$ 3,588,034	\$ 3,588,034
Books and Supplies	\$ 1,731,028	\$ 1,429,727	\$ 1,465,774	\$ 1,762,377
Services and Operating Expenses	\$ 3,073,137	\$ 2,712,266	\$ 2,699,968	\$ 2,790,998
Capital Outlay	\$ 1,185,073	\$ 102,000	\$ 102,000	\$ 102,000
Other Outgo-(excludes indirects)	\$ 1,173,742	\$ 1,117,334	\$ 1,184,754	\$ 1,385,934
Other Outgo-(indirects)	\$ 221,050	\$ 253,536	\$ 253,536	\$ 232,936
<b>Total Expenditure</b>	<b>\$ 33,114,385</b>	<b>\$ 31,492,174</b>	<b>\$ 32,266,783</b>	<b>\$ 33,274,950</b>
<b>Subtotal Surplus/(Deficit)</b>	<b>\$ (1,118,605)</b>	<b>\$ -</b>	<b>\$ (485,519)</b>	<b>\$ (795,865)</b>
<b>Fund Balance</b>				
Beginning Fund Balance - July 1	3,443,693	2,325,088	2,325,088	1,839,569
Ending Fund Balance - June 30	2,325,088	2,325,088	1,839,569	1,043,704
Nonspendable	-	-	-	-
Restricted	2,325,088	2,325,088	1,839,569	1,043,704
Reserve - Fund 01	-	-	-	-
Reserve - Fund 17	-	-	-	-
Unassigned Ending Fund Balance	-	-	-	-
Total Available Reserves by Amount				
Total Available Reserves by Percent				

## Combined General Fund Multi-Year Projection

General Fund (01.0 and 01.1)	2018-2019 Estimated Actuals Combined	2019-2020 Proposed Budget Combined	2020-2021 Multi-Year Projection Combined	2021-2022 Multi-Year Projection Combined
LCFF Revenue	\$ 81,864,424	\$ 83,008,775	\$ 84,662,844	\$ 87,872,500
Federal Revenue	\$ 3,505,471	\$ 3,570,527	\$ 3,370,527	\$ 3,370,527
State Revenue	\$ 5,451,104	\$ 3,407,108	\$ 3,005,079	\$ 3,026,983
STRS On-Behalf	\$ 3,588,034	\$ 3,588,034	\$ 3,588,034	\$ 3,588,034
Local Revenue	\$ 8,929,727	\$ 9,036,534	\$ 9,249,863	\$ 9,454,944
Transfers In	\$ 275,225	\$ 284,280	\$ 284,280	\$ 284,280
Contributions - SPED/Maint	\$ -	\$ -	\$ -	\$ -
<b>Total Revenue</b>	<b>\$ 103,613,985</b>	<b>\$ 102,895,258</b>	<b>\$ 104,160,627</b>	<b>\$ 107,597,268</b>
Certificated Salaries	\$ 45,278,308	\$ 44,170,464	\$ 45,045,993	\$ 46,249,977
Classified Salaries	\$ 18,429,092	\$ 17,881,441	\$ 18,147,809	\$ 18,418,173
Benefits	\$ 20,931,329	\$ 22,228,095	\$ 23,577,507	\$ 24,072,569
STRS On-Behalf	\$ 3,588,034	\$ 3,588,034	\$ 3,588,034	\$ 3,588,034
Books and Supplies	\$ 4,734,789	\$ 3,588,508	\$ 3,650,375	\$ 3,981,739
Services and Operating Expenses	\$ 9,677,405	\$ 9,715,921	\$ 9,930,444	\$ 10,246,782
Capital Outlay	\$ 1,311,295	\$ 293,603	\$ 293,603	\$ 293,603
Other Outgo-(excludes indirects)	\$ 1,725,005	\$ 1,622,671	\$ 1,690,091	\$ 1,891,271
Other Outgo-(indirects)	\$ (22,434)	\$ (27,020)	\$ (27,020)	\$ (47,620)
<b>Total Expenditure</b>	<b>\$ 105,652,823</b>	<b>\$ 103,061,717</b>	<b>\$ 105,896,836</b>	<b>\$ 108,694,528</b>
<b>Subtotal Surplus/(Deficit)</b>	<b>\$ (2,038,838)</b>	<b>\$ (166,459)</b>	<b>\$ (1,736,209)</b>	<b>\$ (1,097,260)</b>
<b>Fund Balance</b>				
Beginning Fund Balance - July 1	13,490,201	11,451,363	11,284,903	9,548,694
Ending Fund Balance - June 30	11,451,363	11,284,904	9,548,694	8,451,434
Nonspendable	2,500	2,500	2,500	2,500
Restricted	2,325,088	2,325,088	1,839,569	1,043,704
Reserve - Fund 01	9,123,775	8,957,315	7,706,625	7,405,230
Reserve - Fund 17	2,958,210	3,008,210	3,098,456	3,191,410
<b>Unassigned Ending Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Available Reserves by Amount</b>	<b>12,081,985</b>	<b>11,965,525</b>	<b>10,805,081</b>	<b>10,596,640</b>
<b>Total Available Reserves by Percent</b>	<b>11.44%</b>	<b>11.61%</b>	<b>10.20%</b>	<b>9.75%</b>



## Other Funds

Other Funds	July 1, 2018 Beginning Balance	2018-2019 Projected Revenues (+)	2018-2019 Projected Expenditures (-)	June 30, 2019 Projected Ending Balance
Special Education Local Plan Area (SELPA) Pass-Through (Fund 10)	7,173	37,304,332	37,304,332	7,173
Child Development Program - Federal Preschool (Fund 12)	53,062	474,370	474,370	53,062
Deferred Maintenance (Fund 14)	1,387,212	387,151	557,192	1,217,171
Special Reserve Other Than Capital Outlay Projects (Fund 17)	2,904,767	53,443	-	2,958,210
Building (Fund 21)	34,870,968	75,000	13,765,444	21,180,524
Capital Facilities (Fund 25)	12,880,074	3,777,057	6,320,000	10,337,131
Capital Project Blended Component Units (Fund 49)	29,128,420	1,679,750	6,787,453	24,020,717
Debt Services for Blended Component Units (Fund 52)	22,959,994	12,922,401	12,343,459	23,538,936
Debt Services (Fund 56)	12,792,434	1,310,019	800,000	13,302,453
Other Enterprise/Child Development Program (Fund 63) *	6,272,064	5,977,930	5,843,406	6,406,588

\*Ending Balance includes fixed assets of \$3.95MM and a reduction of \$2.67MM for net pension liability

**FUND 10: SPECIAL EDUCATION PASS-THROUGH FUND:** The Saugus Union School District is the Administrative Unit (AU) for the Hart, Newhall, Sulphur Springs and Castaic school districts. This fund is for the AU to account for Special Education revenue passed through to the other member LEAs.

Revenues budgeted in this fund includes State special education apportionments, Federal local assistance under the Individuals with Disabilities Education Act, Federal preschool funding and State mental health funding. The 2018-19 projected Federal and State funding is \$8,842,471 and \$28,261,606, respectively. The 2018-19 ending balance is projected to be \$7,173 with all other funds being passed-through. Note: Special Education revenue that is not passed through to the other member LEAs is retained for use by the SELPA AU (Saugus is the administrative unit for the SELPA) in accordance with the local plan and is not accounted for in this fund; it is included in the General Fund 01.1.

**FUND 12: CHILD DEVELOPMENT FUND:** This fund is to account separately for State resources to operate Child Development Programs. The program includes three State Preschools located at Cedar creek, Rio Vista and Santa Clarita. Total revenues for the Child Development Programs are projected to be \$474,370 and total expenditures are projected at \$474,370. The projected ending balance of \$53,062 consists of a facilities grant.

**FUND 14: DEFERRED MAINTENANCE FUND:** This fund is to account separately for District contributions for deferred maintenance projects. Expenditures in this fund are for major building repairs such as HVAC, roofing, floor replacement, plumbing or other authorized replacements. The Deferred Maintenance account reflects no restricted revenue from State sources due to the State releasing the funding requirement and declaring those funds unrestricted. Due to implementation of the Local Control Funding

Formula, funds are included in the base grant in the General Fund. The projected ending fund balance as of June 30, 2019 is \$1,217,171. Total revenues includes projected interest in the amount of \$15,000 and \$372,151 transferred into Fund 14 from Fund 01. Expenditures include repairs and maintenance at the school sites based on a priority listing maintained by the District Maintenance & Operations department. Total projected expenditures for 2018-19 are \$557,192.

**FUND 17: SPECIAL RESERVE FOR OTHER THAN CAPITAL OUTLAY PROJECTS:** This fund is primarily to provide for the accumulation of general fund monies for general operating purposes other than for capital outlay. Transfers into Fund 17 from Fund 01 includes projected Santa Clarita Food Service revenue of \$18,443 and interest income of \$35,000. As a reserve fund there are no expenditures for 2018-19. The June 30, 2019 projected ending fund balance is \$2,958,210.

**FUND 21: BUILDING FUND:** Also known as the General Obligation Bond Fund. This fund exists primarily to account for proceeds from the sale of bonds and may not be expended for purposes other than those for which the bonds were issued. Current funds include the Lease Revenue bond, the Measure E bond, and Measure EE Bonds Series A and Series B. Total projected revenues for 2018-19 is \$75,000 in interest. Total projected expenditures for 2018-19 are \$13,765,444: This includes expenditures of \$11,575,444 for Measure EE Phase I and Phase II projects designated in the Measure EE Master Plan and administrative management costs; expenditures of \$935,000 from the Lease Revenue bond; and expenditures of \$1,255,000 from Measure E. The June 30, 2019 ending fund balance is projected to be \$21,180,524.

**FUND 25: CAPITAL FACILITY FUND:** Also known the Developer Fee Account, this fund is to account for monies received from fees levied on developers or other agencies as a condition of approving a development. The District currently receives Level II residential fees of \$3.24 per square foot of habitable space and \$0.25 per square foot of commercial or industrial development. The interest earned in this fund is restricted to this fund. The expenditures in this fund are restricted to the purposes specified in agreements with the developer or specified in Government Code. Level I, Level II, Level III, Commercial fees, and interest for 2018-19 are projected at \$3,777,057. Expenditures for 2018-19, which includes building projects, overhead and administrative expenses, consulting fees for SFNA's, fair share mitigation analysis, and other related research and analysis, are projected at \$6,320,000. The June 30, 2019 ending fund balance is projected to be \$10,337,131.

**FUND 49: CAPITAL PROJECT FUND FOR BLENDED COMPONENT UNITS:** This fund is to account for capital projects financed by Mello-Roos Community Facilities Districts. The Mello-Roos Community Facilities Act of 1982 allows the District to establish a CFD upon approval of 2/3 of the voters in the District. A CFD is for selling tax-exempt bonds to finance public improvements and services. Total revenues and expenditures are projected to be \$1,679,750 and \$6,787,453, respectively and account for the estimated June 30, 2019 ending fund balance of \$24,020,717.

**FUND 52: DEBT SERVICE FUND FOR BLENDED COMPONENT UNITS:** This fund is to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos

Community Facility District. Total projected revenue of \$12,922,401 represents tax and interest income. Total projected expenditures of \$12,343,459 represents debt service payments and administrative expenses. The estimated June 30, 2019 ending fund balance is \$23,583,936.

**FUND 56: DEBT SERVICE:** This fund is to account for transfers authorized by the governing board from the General Fund and must be expended for capital outlay purposes. The use of the funds in this account are to support debt service payments for the Lease Revenue bond. Total projected revenue of \$1,310,019 represents interest income and funds transferred into the fund from various Mello-Roos Community Facility District Surplus School Facilities accounts. Total projected expenditures of \$800,000 represents debt service and administrative vendor payments. The estimated June 30, 2019 ending fund balance is \$13,302,453.

**FUND 63 OTHER ENTERPRISE FUND:** This fund is to account for any activity for which a fee is charged to external users for goods or services. The Child Development Programs (CDP) have been treated as an Enterprise Fund, because the programs are not subsidized by State or Federal funds and are operated with the intent of recovering the costs of the program through tuition charges and registration and other related fees. The Child Development Programs includes; preschool (1/2 day and full day), before school care, after school care, child-care for winter and spring breaks, and summer fun camp. Total projected revenues for 2018-19 are \$5,977,930. Total projected expenditures are \$5,834,406. The largest projected expenditures are certificated salaries, classified salaries, and employee benefits totaling \$4,378,189. The remaining expenditures includes operating fees, material and supplies, services, and other operating expenditures totaling \$1,384,925. In addition, \$264,646 is projected to be transferred from Fund 63 into Fund 01 for indirect costs, this represents 4% of gross revenue. The July 1, 2018 beginning balance is \$6,272,064, which includes: A 'paper only' adjustment to reflect the allocation of GASB 68 CalSTRS and CalPERS net pension liability and related deferred inflows/outflow that cumulatively reduces the beginning fund balance by \$2,691,236; and a reduction to the the beginning balance of \$278,043 due to fixed asset write-offs. The true beginning fund balance, excluding GASB 68, is \$8,963,300, which includes the value of the buildings and equipment (fixed assets) of \$3,959,511.