



2017-18 SAUSD FIRST INTERIM REPORT

DECEMBER 12, 2017

John Palacio
President

Valerie Amezcu
Vice President

Cecilia "Ceci" Iglesias
Clerk

Alfonso Alvarez, Ed.D
Member

Rigo Rodriguez, Ph.D.
Member

Stefanie P. Phillips, Ed.D.
Superintendent

SAUSD Business Staff

Overview

How are we doing?

How do we compare?

What's in the future?



SANTA ANA UNIFIED SCHOOL DISTRICT - CLASSROOM . COMMUNITY . CONNECTEDNESS



Overview

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- × **Our Vision and Budget**
- × **Our Financial Positions**
- × **Comparability**
- × **Fiscal Outlook**
- × **Approval of First Interim**

SANTA ANA UNIFIED SCHOOL DISTRICT - CLASSROOM . COMMUNITY . CONNECTEDNESS



Our Vision and Budget

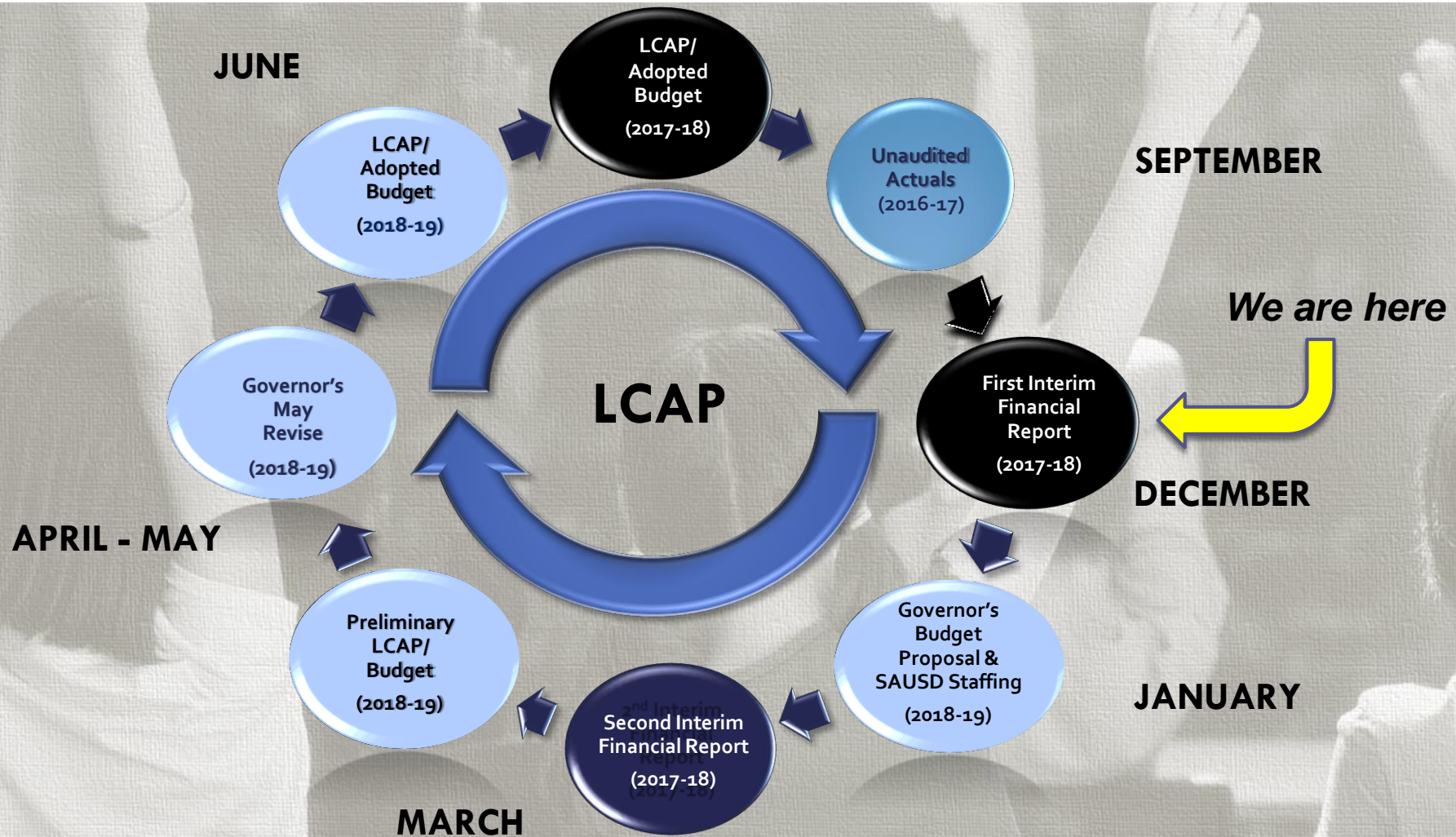
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- × **Work collaboratively and comprehensively with staff, parents, and the community to strengthen a learning environment focused on raising the achievement of all students and preparing them for success in college and career**
- × **Maintain district stability, solvency, and local control**

SANTA ANA UNIFIED SCHOOL DISTRICT - CLASSROOM . COMMUNITY . CONNECTEDNESS



Our Financial Positions - Budget Reporting Cycle



Our Financial Positions – Revenue Components GF



\$ in Millions

LCFF Sources	\$	513.25
Federal Revenues	\$	54.24
Other State Revenues	\$	91.99
Other Local Revenues	\$	4.10
Total Revenues	\$	663.58

LCFF Sources
77.35%

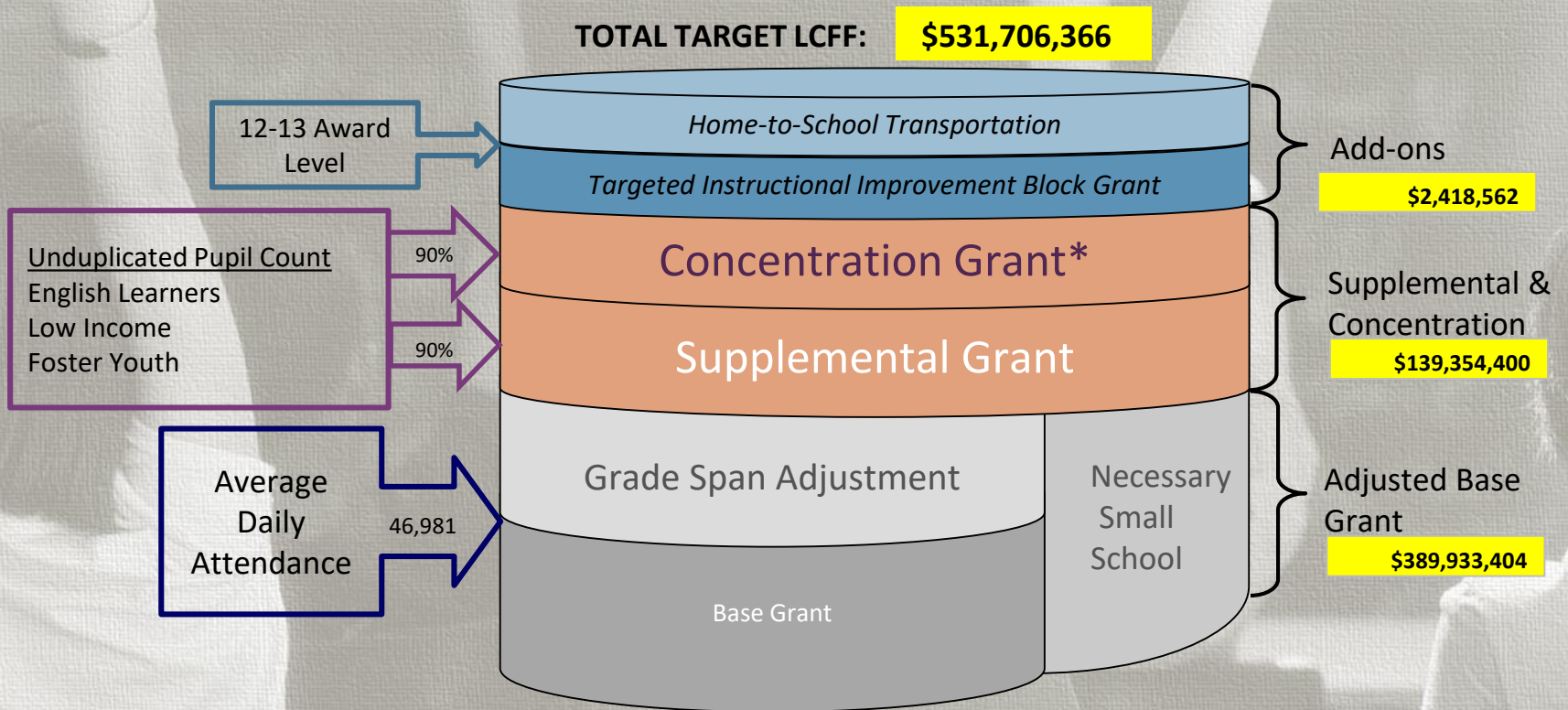
Federal Revenues
8.17%

Other Local Revenues
0.62%

Other State Revenue
13.86%

Our Financial Positions – LCFF Funding GF

- 5th Year on the LCFF Transition
- COLA – 1.56% ; GAP Funding – 43.19%



*Unduplicated Pupil Percentage must be above 55% to receive Concentration Grant funding

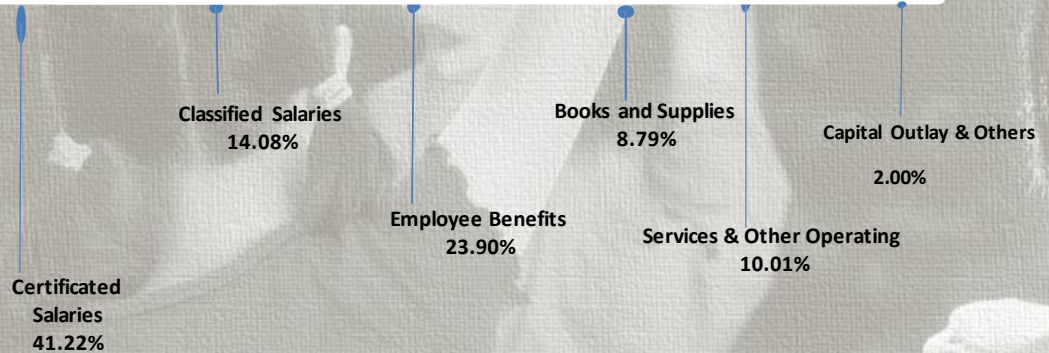
Our Financial Positions – Expenditure Components GF



\$ in Millions

Certificated Salaries	\$ 269.74
Classified Salaries	\$ 92.13
Employee Benefits	\$ 156.43
Books and Supplies	\$ 57.54
Services and Other Operating	\$ 65.50
Capital Outlay	\$ 10.65
Other Outgo	\$ 5.11
Direct Support/Indirect Cost	\$ (2.94)
Debt Service	\$ 0.25
Total Expenditures	\$ 654.41

Interfund Transfers Out	\$ 22.33
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Our Financial Positions – General Fund (GF) Changes

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General Fund <i>Combined</i>	Adopted Budget	First Interim	Variance
Total Revenue	\$645.28 M	\$663.58 M	\$18.30 M
Total Expenditures	\$629.04 M	\$654.40 M	\$25.36 M
Transfer In / Transfer Out	\$(11.03) M	\$(22.33) M	\$(11.30) M
Net Increase / Decrease	\$5.21 M	\$(13.15) M	\$(18.36) M
Beginning Fund Balance	\$106.63 M*	\$106.63 M	-
Ending Fund Balance	\$111.84 M	\$93.48 M	\$(18.36) M

* Adjusted after 2016-17 Unaudited Actuals

Our Financial Positions – General Fund Changes

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General Fund <i>Combined</i>	Revenue Increases /Expenditure Decreases	Revenue Decreases /Expenditure Increases
Total Revenue	Mandated Cost +7.24 M Title I Basic +9.81 M Title III ELP +0.49 M CTE Incent. Grant +1.65 M	LCFF Sources -2.92 M
Total Expenditures	Classified Salaries +0.10 M	Certificated Salaries +2.19 M Employee Benefits +0.55 M Books & Supplies +13.15 M Services & Other +5.75 M Capital Outlay +3.93 M
Transfer In / Transfer Out		Retiree ARC -11.10 M

Our Financial Positions – Variances

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General Fund Components	Variance	Clarifications
LCFF Revenue	-2.92 M	LCFF Gap decrease Unduplicated Pupil Percentage decrease
Federal Revenue	+11.20 M	Title I, II, III, MAA increase (\$5.7M) Carryover from Prior Year (\$5.2M)
State Revenue	+10.24 M	Onetime Mandate (\$7.1M) ASES, Lottery
Certificated Salaries	+2.19 M	Staffing teachers, Assistant Principals and Counselors Extra duty, substitute, and grade level stipends
Books & Supplies	+13.15 M	Title 1 (\$4.6M) Math Textbook adoption (\$7.4M)
Services	+\$5.75 M	Carryover from Prior Year
Capital Outlay	+\$3.93 M	Portable relocation master plan, Other Radio Equipment, Athletic Vans, Auto Lifts

Our Financial Positions – Multi Year Projections GF

(\$ in Millions)

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	2017 - 18	2018 - 19	2019 - 20
LCFF/State Aid	\$ 513.25	\$ 502.52	\$ 494.08
Federal Revenues	\$ 54.24	\$ 46.54	\$ 45.92
Other State Revenues	\$ 91.99	\$ 81.10	\$ 79.80
Other Local Revenues	\$ 4.10	\$ 4.08	\$ 4.09
Total Revenues	\$ 663.58	\$ 634.24	\$ 623.89
Certificated Salaries	\$ 269.74	\$ 265.40	\$ 261.87
Classified Salaries	\$ 92.13	\$ 92.36	\$ 92.14
Employee Benefits	\$ 156.43	\$ 165.75	\$ 175.47
Books and Supplies	\$ 57.54	\$ 28.36	\$ 27.52
Services and Other Operating	\$ 65.49	\$ 66.10	\$ 65.25
Capital Outlay	\$ 10.65	\$ 5.45	\$ 4.08
Other Outgo	\$ 5.11	\$ 5.11	\$ 5.11
Direct Support/Indirect Cost	\$ (2.94)	\$ (2.94)	\$ (2.94)
Debt Service	\$ 0.25	\$ 0.25	\$ 0.25
Total Expenditures	\$ 654.40	\$ 625.84	\$ 628.75
Excess (Deficiency) of Revenues Over Expenditures	\$ 9.18	\$ 8.40	\$ (4.86)
Interfund Transfers Out	\$ 22.33	\$ 5.63	\$ 5.75
Other Financing Sources/Uses	\$ (22.33)	\$ (5.63)	\$ (5.75)
Net Increase (Decrease) in Fund Balance	\$ (13.15)	\$ 2.78	\$ (10.60)
Beginning Fund Balance	\$ 106.63	\$ 93.48	\$ 96.25
Ending Fund Balance	\$ 93.48	\$ 96.25	\$ 85.65

Our Financial Positions – Ending Fund Balance Components

(\$ in Millions)

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	2017 - 18	2018 - 19	2019 - 20
Nonspendable Revolving Cash	\$ 0.19	\$ 0.19	\$ 0.19
Nonspendable Stores	\$ 1.00	\$ 1.00	\$ 1.00
Restricted Balance	\$ 19.79	\$ 15.29	\$ 11.90
Committed -Stabilization Arrangements (BP 3100.1)	\$ 45.81	\$ 43.81	\$ 44.01
Other Assignments	\$ 13.15	\$ 23.33	\$ 15.86
- Civic Center	\$ 0.27	\$ 0.27	\$ 0.27
- Godinez Rental Fees	\$ 0.07	\$ 0.07	\$ 0.07
- Furniture/Equipment for ALA expansion	\$ 0.30	\$ 0.30	\$ 0.30
- Walker-Roosevelt Joint Use	\$ 0.05	\$ 0.05	\$ 0.05
- Enterprise Resource Planning (ERP)	\$ 1.98	\$ 7.00	\$ 4.68
- Athletic equipment	\$ 0.13	\$ 0.13	\$ 0.13
- Artificial Turf	\$ 3.18	\$ 3.18	\$ 3.18
- Early Learning	\$ 3.00	\$ 3.00	\$ 3.00
- Specialized spaces	\$ 2.50	\$ 2.50	\$ 2.50
- Dual immersion programs	\$ 1.00	\$ 1.00	\$ 1.00
- Purchase of vehicles	\$ 0.54	\$ 0.54	\$ 0.54
- Mariachi/folklorico	\$ 0.13	\$ 0.13	\$ 0.13
- Declining enrollment	\$ -	\$ 5.16	\$ -
Economic Uncertainties Percentage	2.00%	2.00%	2.00%
Reserve for Economic Uncertainties	\$ 13.53	\$ 12.63	\$ 12.69
Undesignated/Unappropriated	\$ (0.00)	\$ 0.00	\$ (0.00)

Our Financial Positions – Other Funds

(\$ in Millions)

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Fund	Fund Description	Beginning Fund Balance	Revenue	Expenditures	Ending Fund Balance
09	Charter Schools Special Revenue Fund (ALA)	\$ 0.39	\$ 4.09	\$ 3.47	\$ 1.01
12	Child Development Fund	\$ 0.25	\$ 6.28	\$ 6.27	\$ 0.25
13	Cafeteria Fund	\$ 24.04	\$ 41.79	\$ 47.49	\$ 18.34
14	Deferred Maintenance Fund	\$ 2.56	\$ 3.76	\$ 4.10	\$ 2.22
20	Special Reserve for Postemployment Benefits	\$ 23.86	\$ 16.16	\$ -	\$ 40.01
21	Building Fund	\$ 4.09	\$ 0.02	\$ 1.10	\$ 3.01
25	Capital Facilities Fund	\$ 19.42	\$ 9.03	\$ 15.15	\$ 13.30
35	County School Facilities Fund	\$ 27.37	\$ 0.15	\$ 2.24	\$ 25.28
40	Special Reserve Fund for Capital Outlay	\$ 13.44	\$ 18.08	\$ 25.07	\$ 6.46
49	Capital Project Fund for Blended Component Units	\$ 0.83	\$ 0.56	\$ 0.03	\$ 1.36
51	Bond Interest & Redemption Fund	\$ 22.54	\$ 20.74	\$ 20.30	\$ 22.98
56	Debt Service Fund	\$ 11.01	\$ 8.30	\$ 8.18	\$ 11.13
67	Self-Insurance Fund	\$ 20.84	\$ 19.87	\$ 17.96	\$ 22.76
71	Retiree Benefit Fund	\$ 10.01	\$ 0.03	\$ -	\$ 10.03

Our Financial Positions – LCAP Integration

LCAP Goals

The First Interim Budget incorporates the action plans, services, and expenditures outlined in the proposed Local Control and Accountability Plan (LCAP) as shown in the charts below:

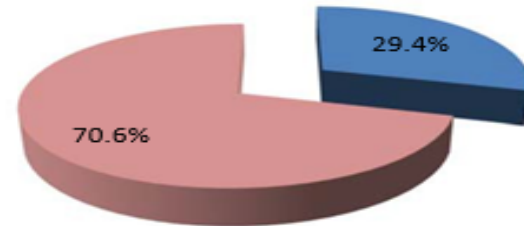
Goal 1: Teaching and Learning

\$95.8M

- Rigorous, standards-based instructional program, digital resources and Professional Development
- Course options (traditional & online)
- Progress monitoring
- Early literacy and numeracy
- AP, CTE and VAPA courses
- STEM and AVID programs
- Extended learning opportunities

BASE	SUPPLEMENTAL
Actions and expenditures to meet the goals described for ALL pupils.	Additional “increase or improve services” that will serve low-income, English learner, and foster youth pupils.

Goal 1	
\$28.2M	\$67.6M



Our Financial Positions – LCAP Integration

LCAP Goals

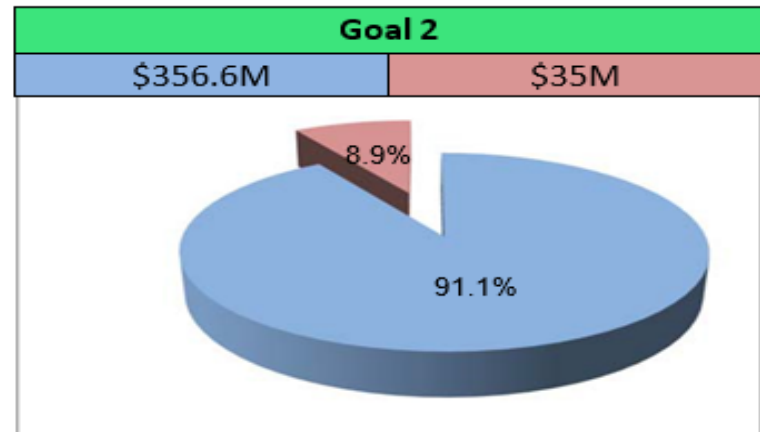
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BASE	SUPPLEMENTAL
Actions and expenditures to meet the goals described for ALL pupils.	Additional “increase or improve services” that will serve low-income, English learner, and foster youth pupils.

Goal 2: Engagement

\$391.6M

- Highly-qualified and well trained teachers and leaders
- Increased VAPA, Athletics and extracurricular opportunities
- Access to technology
- Project-based learning
- Parent training and workshops
- Increased library services and tutors
- Summer enrichment and bridge programs



Our Financial Positions – LCAP Integration

LCAP Goals

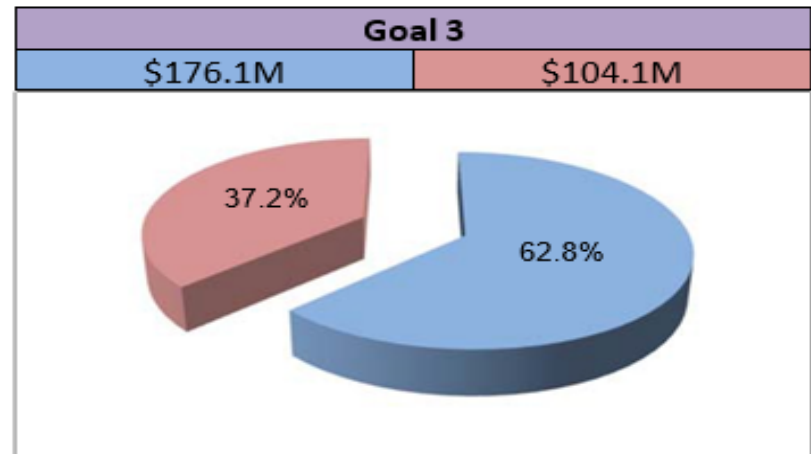
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BASE	SUPPLEMENTAL
Actions and expenditures to meet the goals described for ALL pupils.	Additional “increase or improve services” that will serve low-income, English learner, and foster youth pupils.

Goal 3: School Climate and Safety

\$280.2M

- Family events
- School safety and maintenance
- Welcoming school environments
- PBIS and dropout prevention efforts
- Mentoring and service learning
- Wellness programs and connections to community resources
- Parenting programs with childcare
- Translation services
- School climate & structured recess



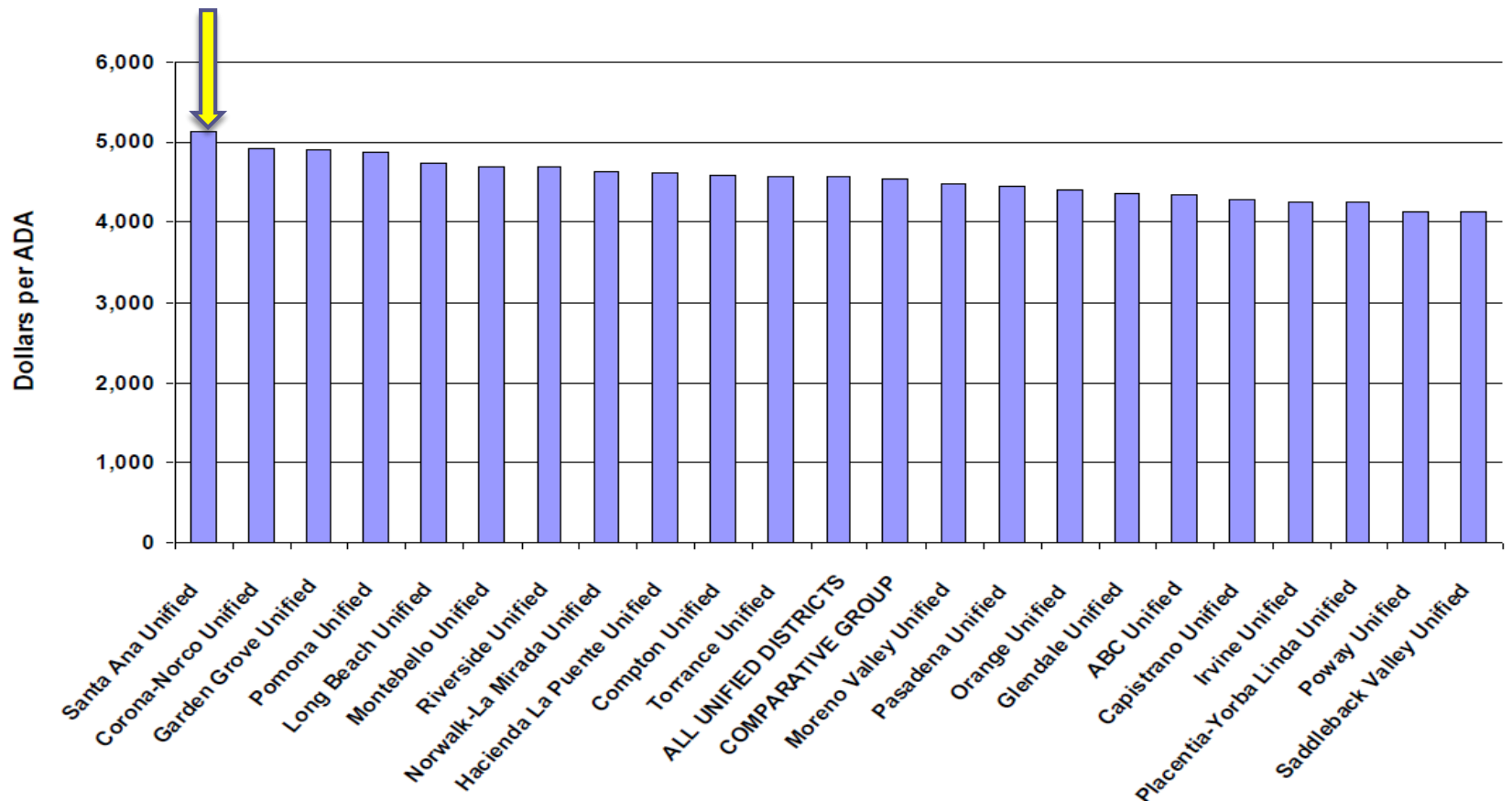
Comparability - Enrollment

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Unified Districts (Orange County)	2016-17 Enrollment	2017-18 (Unofficial) Enrollment	Difference	% change
Santa Ana Unified	49,792	48,406	-1,386	-2.78%
Capistrano Unified	48,256	47,740	-516	-1.07%
Garden Grove Unified	44,223	43,336	-887	-2.01%
Irvine Unified	33,381	34,541	1,160	3.48%
Saddleback Valley Unified	26,770	26,357	-413	-1.54%
Orange Unified	26,298	25,766	-532	-2.02%
Placentia-Yorba Linda Unified	25,798	25,680	-118	-0.46%
Tustin Unified	24,130	24,049	-81	-0.34%
Newport-Mesa Unified	21,581	21,253	-328	-1.52%
Los Alamitos Unified	9,904	9,831	-73	-0.74%
Brea Olinda Unified	5,909	5,953	44	0.74%
Laguna Beach Unified	3,025	2,937	-88	-2.91%

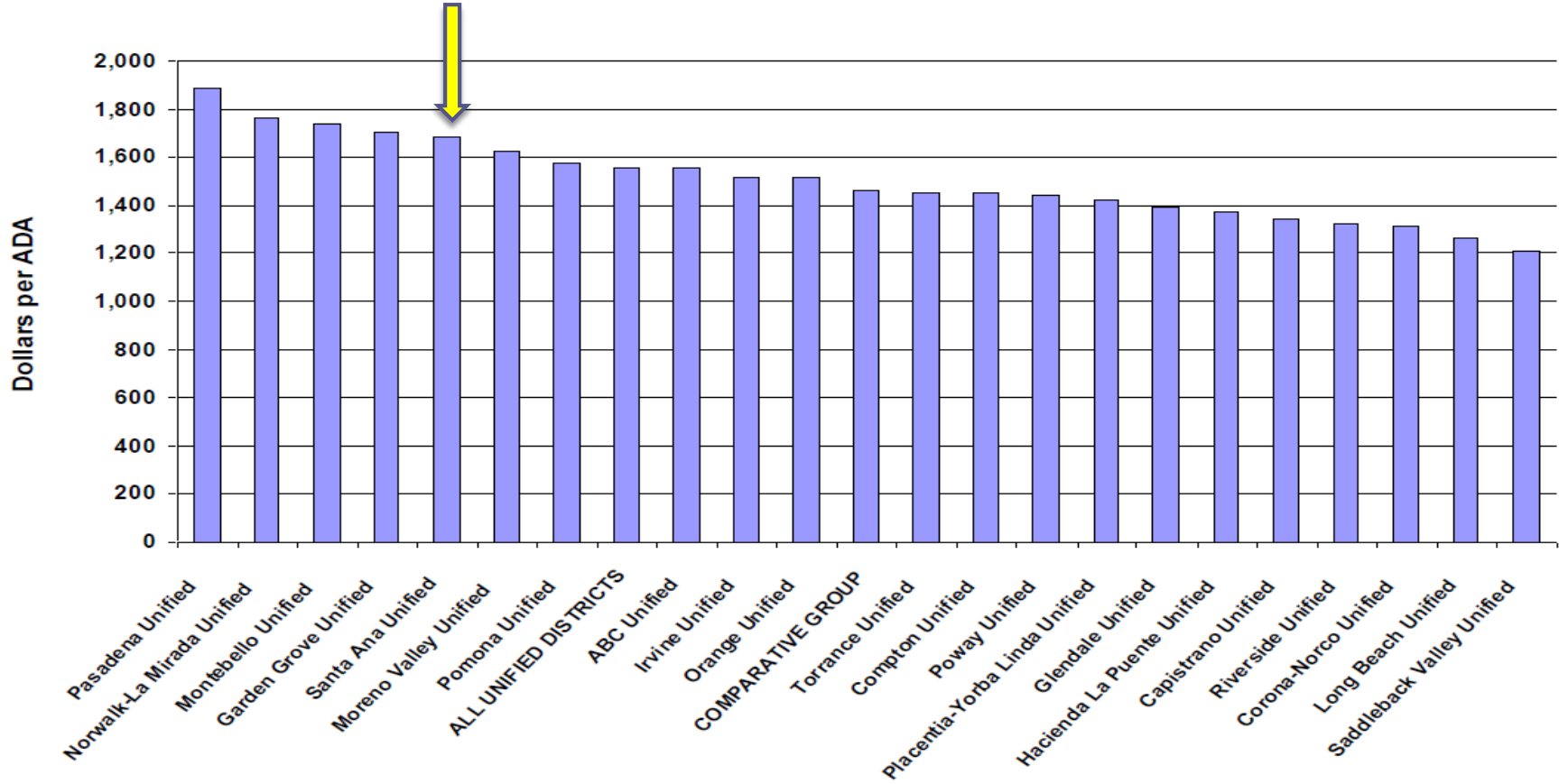
Comparability - Certificated Salary

Santa Ana Unified Certificated Non-Management Salary Expense Per ADA Expense, 2015-16, General Fund



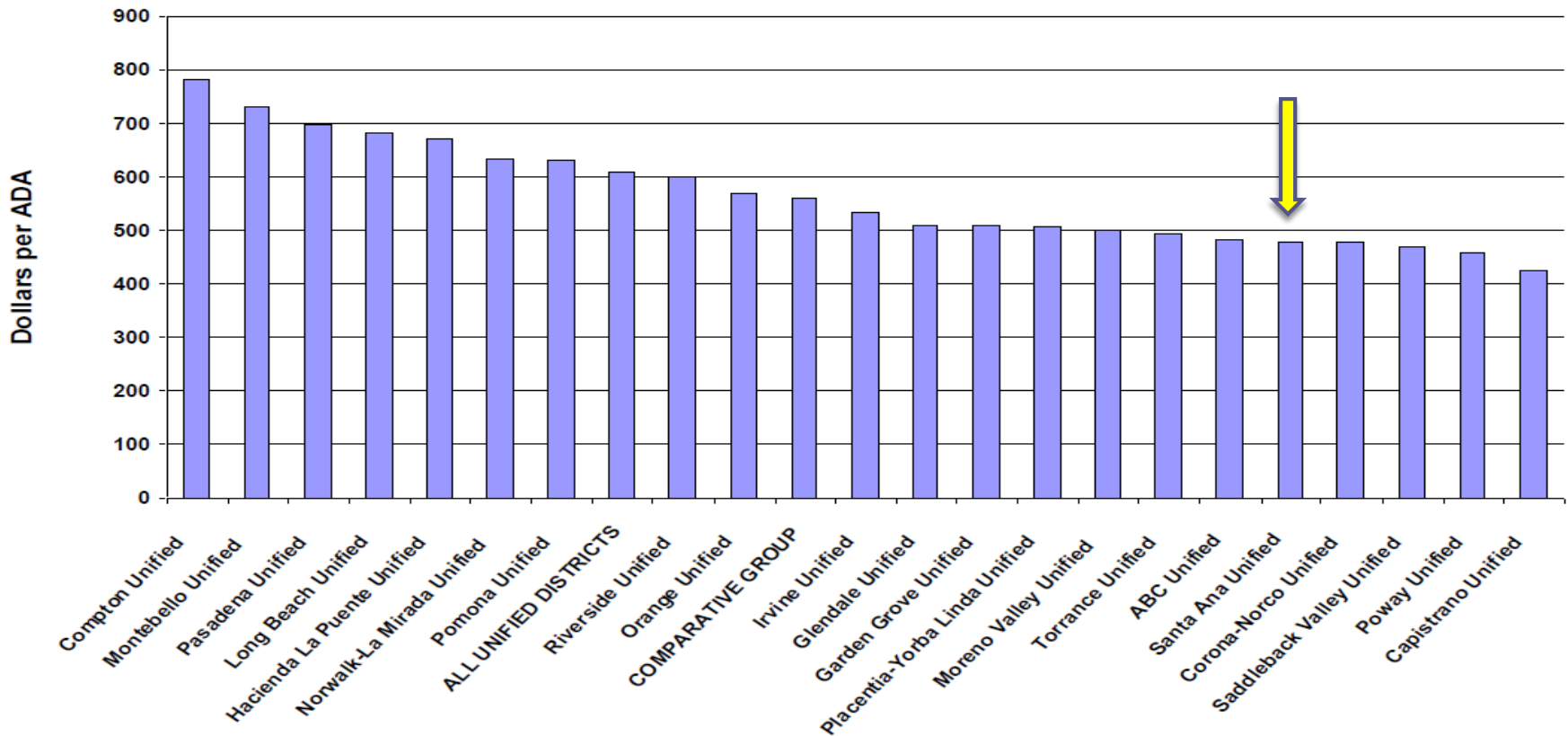
Comparability - Classified Salary

Santa Ana Unified Classified Non-Management Salary Expense Per ADA Expense, 2015-16, General Fund



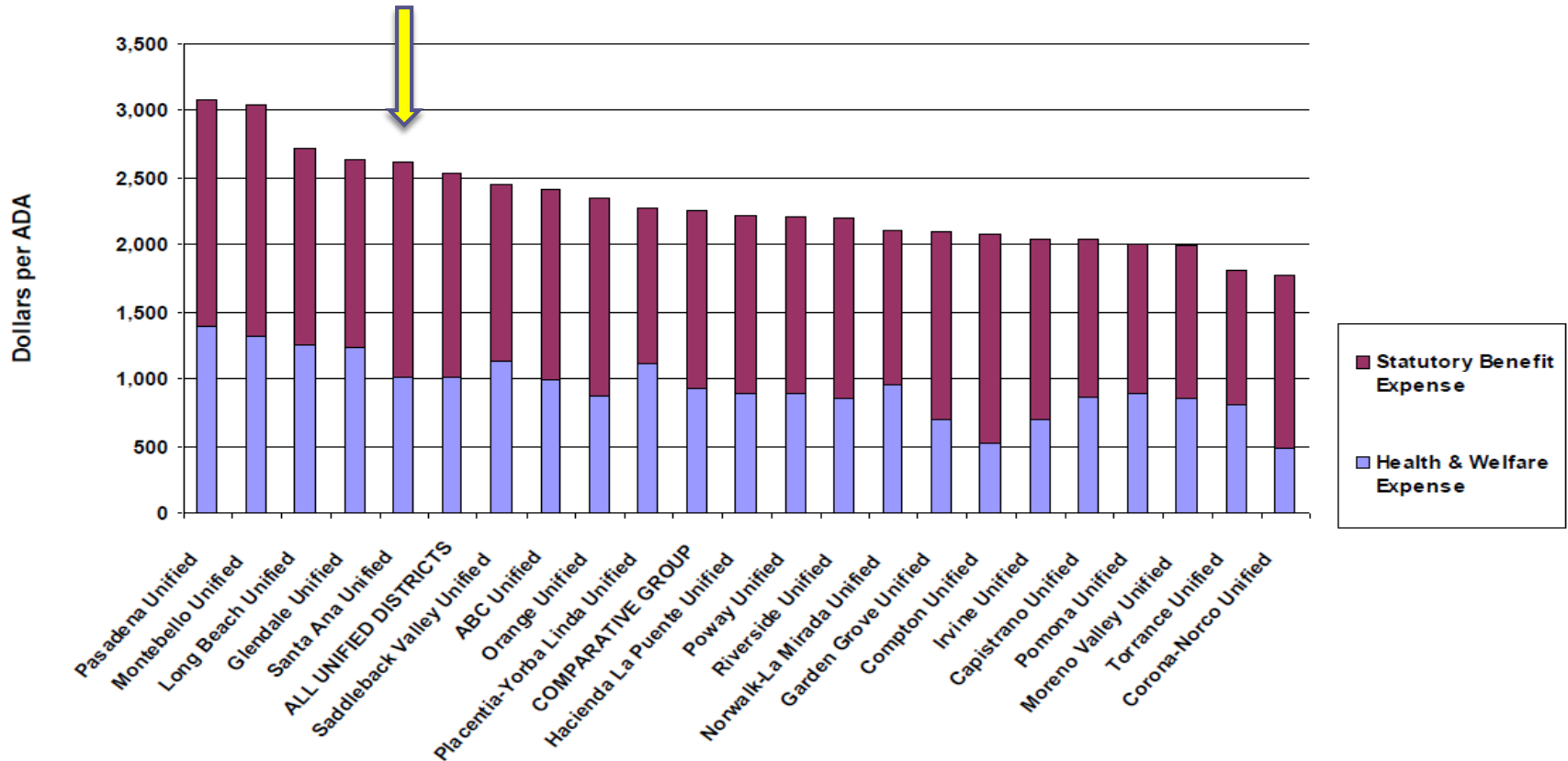
Comparability – Admin Salary

Santa Ana Unified Administrator Salary Expense Per ADA Expense, 2015-16, General Fund



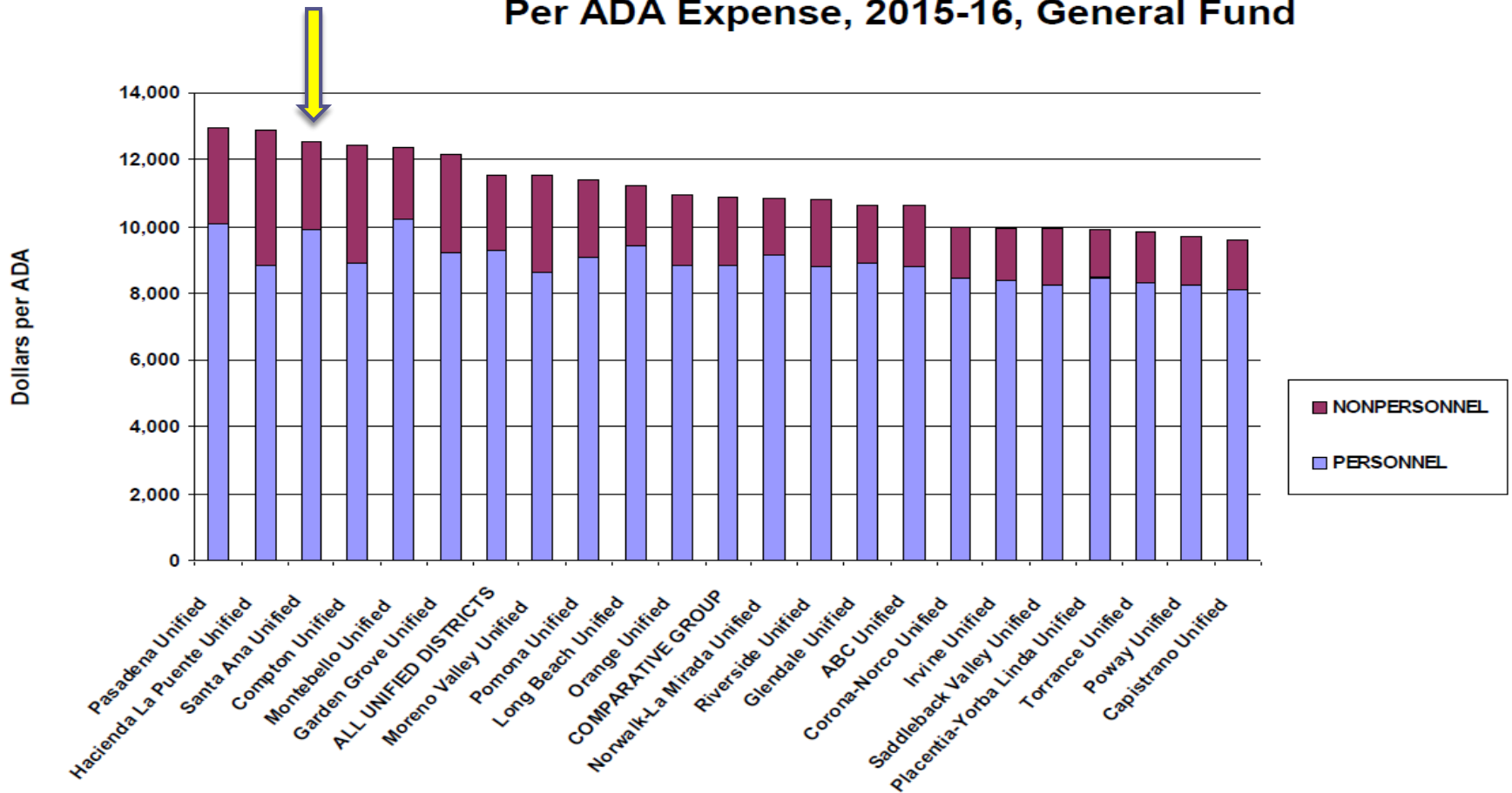
Comparability - Benefits

Santa Ana Unified Employee Benefits Expense Per ADA Expense, 2015-16, General Fund



Comparability – Total Expense

Santa Ana Unified
Total Expense Including Transfers and Other Uses
Per ADA Expense, 2015-16, General Fund



Fiscal Outlook

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LAO Report 2018-19 Fiscal Outlook:

⑩ Near-Term Outlook Positive

- Potential to fully implement the Local Control Funding Formula

⑩ Longer-Term Outlook: Significant Progress Made in Preparing for Next Recession

- Two different scenarios

⑩ Post LCFF Full Implementation

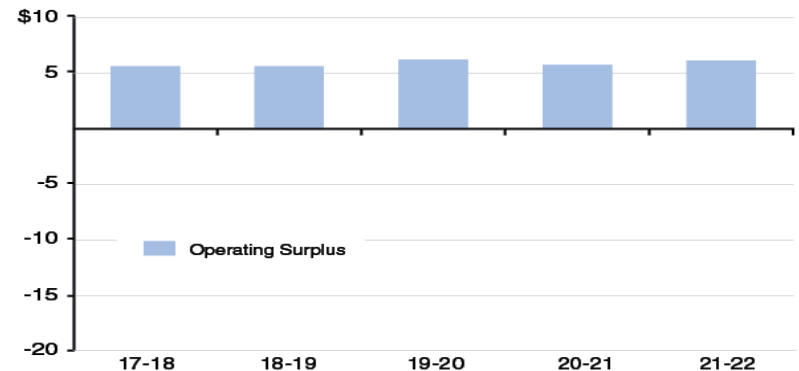
- Revenues grow only by COLA - about 2%

⑩ SAUSD Fiscal Outlook

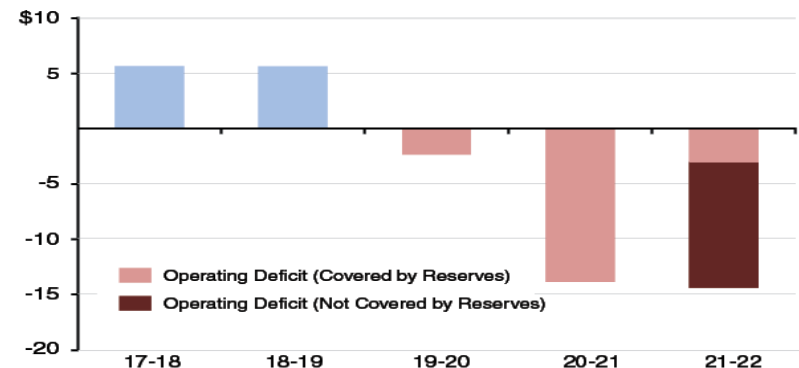
- Declining enrollment
- Declining Unduplicated Pupil Percentage (UPP)
- Increasing STRS and PERS Costs
- Increasing Special Education Costs
- Increasing Facilities Needs
- Federal funding is uncertain

General Fund Surpluses and Deficits Under Economic Growth and Recession Scenarios

Growth Scenario (In Billions)




Recession Scenario (in Billions)



Note: Operating surplus (deficit) defined as amount by which total reserves increase (decrease).

Fiscal Outlook - Assumptions

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Assumptions – if LCFF is fully funded in 2018-19	2017-18	2018-19	2019-20	2020-21
Gap Funding	43.19%	100.00%		
Statutory COLA	1.56%	2.15%	2.35%	2.57%
California CPI	3.42%	3.35%	3.02%	3.16%
Enrollment	(1,465)	(1,300)	(1,300)	(1,300)
Unduplicated Pupil Percentage	90.34%	86.57%	82.89%	82.89%
Certificated Staffing Adjustment - FTE	(43)	(43)	(43)	(43)
Certificated Step & Column	0.75%	0.75%	0.75%	0.75%
Classified Step	0.25%	0.25%	0.25%	0.25%
Statutory Benefit Increases - STRS	1.85%	1.85%	1.85%	0.97%
Statutory Benefit Increases - PERS	1.64%	2.57%	2.70%	3.00%
Health Benefit Increase	3.00%	3.00%	3.00%	3.00%
Books and Supplies	0.25%	0.00%	0.00%	0.00%
Services (Utilities, Insurance)	1.71%	1.68%	1.51%	1.58%
Capital Outlay	0.25%	0.25%	0.25%	0.25%

Fiscal Outlook – SAUSD

SAUSD - LCFF Fully funded by 2018-19	2017-18	2018-19	2019-20	2020-21
Revenue Increases - SAUSD	-0.54%	-0.42%	-1.63%	-0.71%
Certificated Staffing Adjustment - %	-0.66%	-0.66%	-0.66%	-0.66%
Certificated Step & Column - SAUSD	0.31%	0.31%	0.31%	0.31%
Classified Step & Column - SAUSD	0.04%	0.04%	0.04%	0.04%
Statutory Benefit Increases - STRS SAUSD	6.06%	5.28%	4.68%	2.21%
Statutory Benefit Increases - PERS SAUSD	1.67%	2.33%	2.10%	2.03%
Health Benefit Increase - SAUSD	0.72%	0.72%	0.72%	0.72%
Books and Supplies - SAUSD	0.02%	0.00%	0.00%	0.00%
Services (Utilities, Insurance) - SAUSD	0.17%	0.17%	0.15%	0.16%
Capital Outlay - SAUSD	0.00%	0.00%	0.00%	0.00%
Total Expenditure Increases - SAUSD	8.33%	8.19%	7.34%	4.80%
Net Increase/Decrease	-8.87%	-8.61%	-8.98%	-5.52%
One Time Funding (Actual/Estimated)	13.86%	10.00%	-	-

First Interim Action

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- × **Education Code 42131 requires the Interim Report and Certification of Financial Condition approved by the Governing Board of the School District**
- × **Staff recommends “Positive Certification” which certifies that based upon the current projections Santa Ana Unified School District will meet its financial obligations for the current fiscal year and subsequent two fiscal years**