

**SAN LUIS COASTAL UNIFIED SCHOOL DISTRICT  
BOARD MEETING AGENDA  
March 13, 2018**

**Positive Certification of Adequate Funding:  
Second Interim Report for 2017-18 (as of January 31, 2018)**

The 2017-18 Budget for San Luis Coastal Unified School District was adopted in June 2017. The District is required to certify the status of its budget twice in the fiscal year. First Interim certification occurs as of October 31 and Second Interim certification occurs as of January 31. In each instance, the Governing Board is required to find that the District has appropriate resources and reserves to meet its financial obligations in the current and subsequent two fiscal years.

The Second Interim Report is attached. It reflects all changes in our financial condition since the Budget was adopted in June 2017 and the First Interim financial report from October 2017. These changes in financial condition are a result of several occurrences:

- Revenues have been analyzed and adjusted for the most current information.
- Based on the current data, San Luis Coastal’s property tax revenue is approximately \$10.5 million over the current year LCFF gap funding amount.
- Salary and benefits have been adjusted for current positions. The ratio of salary/benefit to total revenues is currently 84%.
- Current information on billing accounts and donations has been added to both revenue and expense.
- Other expenditure areas have been adjusted to reflect one-time expenditures, and transfers of budget between categories.

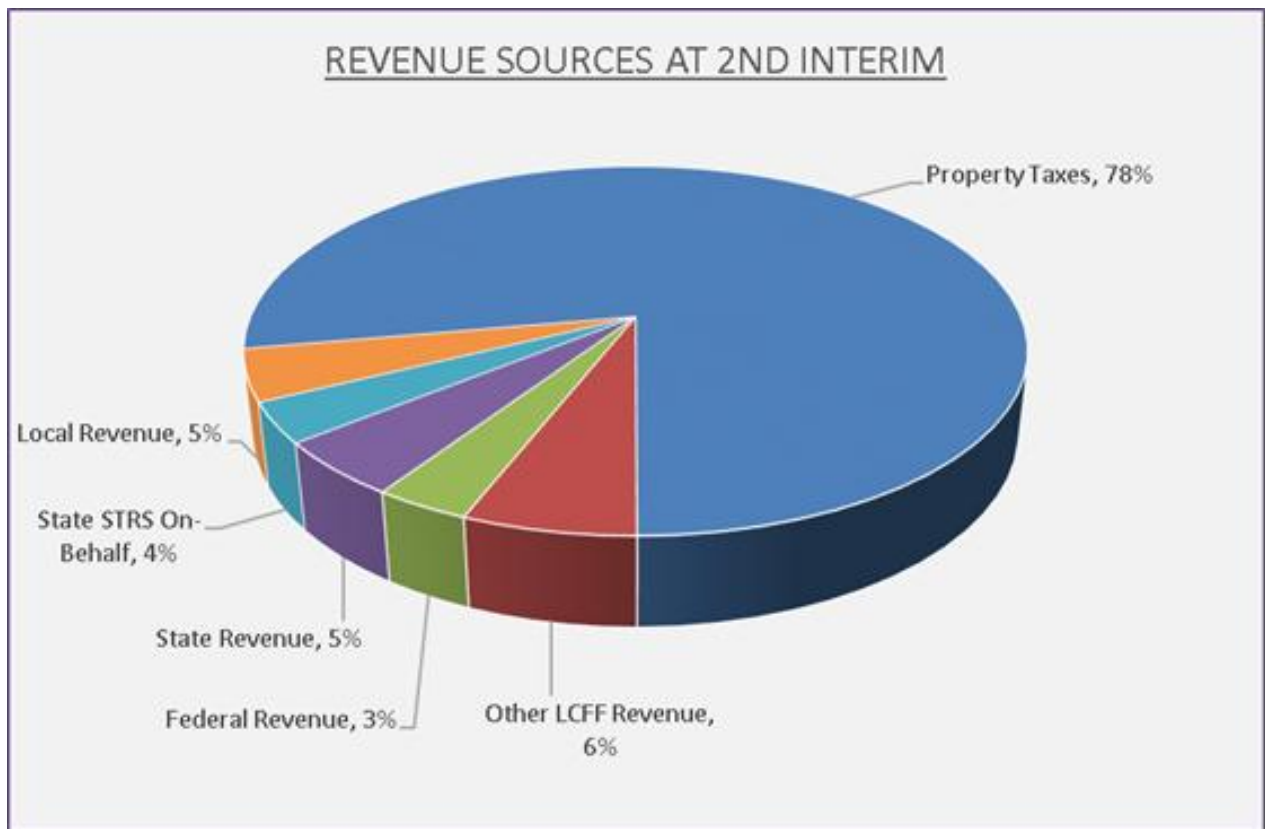
Changes in staffing since Budget Adoption:

<b>POSITION</b>	<b>FTE</b>
CL Smith Intervention Teacher	.5
CL Smith Resource Teacher	.5
Monarch Grove PE Teacher	.6
MBHS Resource Specialist	.65
MBHS Secondary Teacher	1
Transportation	-.9
<b>Total Adjusted FTE since 1<sup>st</sup> Interim</b>	<b>2.35</b>

This Second Interim Report is presented in the SACS spreadsheet format, comparing the original budget, Board Approved Operating Budget, and the Projected Year Totals. The two columns on the General Fund Summary, found later in this narrative, are labeled 2016-17 Unaudited Actuals, First Interim Budget, and 2<sup>nd</sup> Interim Budget. This allows for easy comparison between the reporting periods.

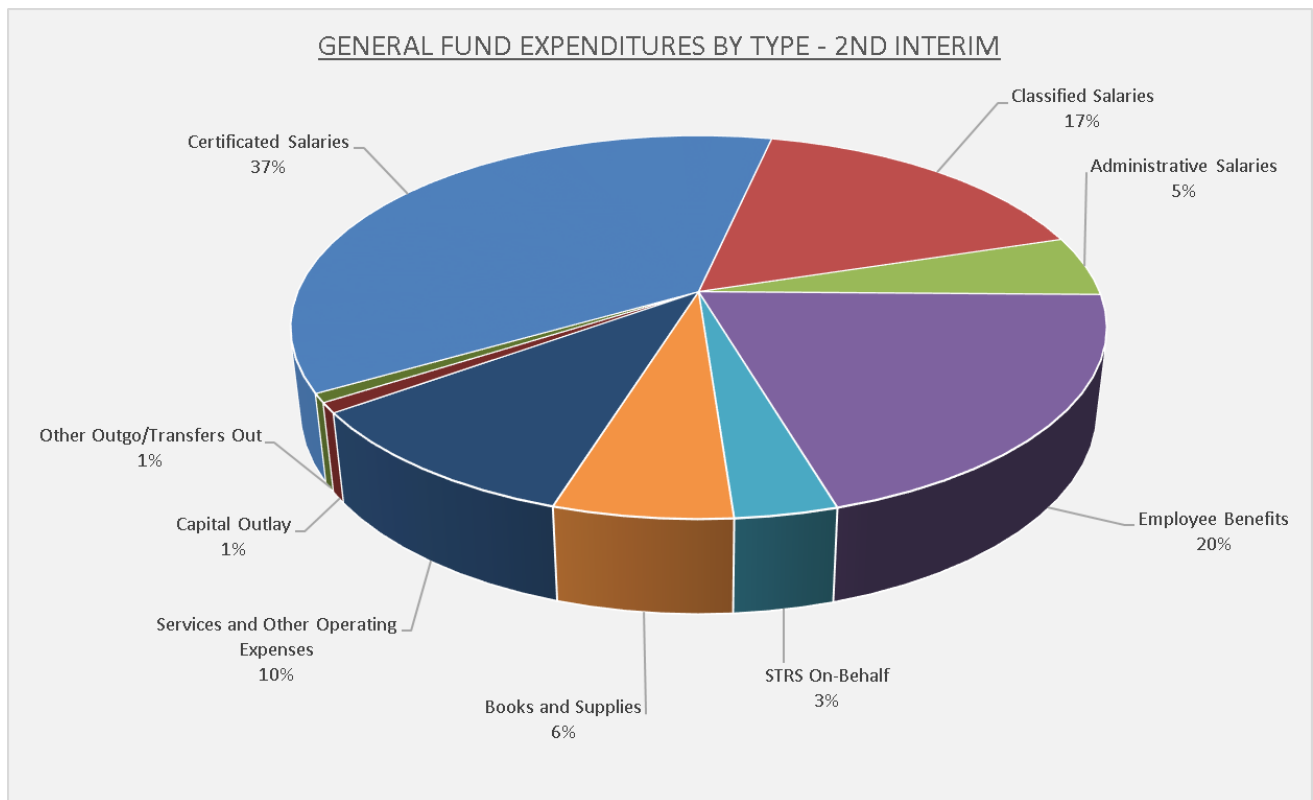
The adjustments to the major revenues in the General Fund are as follows:

<b>Revenue Changes</b>	<i>1st Interim</i>	<i>2nd Interim</i>	<i>Change to End Balance</i>
Property Taxes/LCFF	\$78,227,806	\$78,227,806	\$0
Federal Revenue	\$3,124,971	\$3,142,846	\$17,875
State Revenue	\$7,778,748	\$7,792,038	\$13,290
Local Revenue	\$4,320,755	\$4,201,867	-\$118,888
<b>Total Revenue</b>	<b>\$93,452,280</b>	<b>\$93,364,557</b>	<b>-\$87,723</b>



The adjustments to the major expenditure categories are as follows:

<i>Expenditure Changes</i>	<i>1st Interim</i>	<i>2nd Interim</i>	<i>Change to End Balance</i>
Certificated Salary	\$38,903,582	\$38,997,465	-\$93,883
Classified Salary	\$16,892,574	\$16,810,634	\$81,940
Benefits	\$22,542,523	\$22,488,874	\$53,649
Books and Supplies	\$5,712,214	\$5,699,954	\$12,260
Operating Expense	\$8,811,638	\$9,742,758	-\$931,120
Equipment	\$822,076	\$822,613	-\$537
Other Outgo	\$604,447	\$709,778	-\$105,331
<b>Total Expense</b>	<b>\$94,289,054</b>	<b>\$95,272,076</b>	<b>-\$983,022</b>



Transfers In	\$0	\$0	\$0
Transfers Out	\$168,010	\$168,010	\$0
<b>Total Change to Ending Balance</b>			<b>-\$1,070,745</b>

*\*State Revenue and Benefits include the state's portion of the STRS On-Behalf pension estimated to be \$3,276,770. This amount is added to revenue and expense on paper only. It has no effect on the ending balance.*

*\*\*After the 2016-17 books were closed, the auditors suggested setting up a Notes Receivable in the amount of the outstanding balance of the Employee Retention account. On the SACS form, directly under the original beginning balance (Object Code 9791 on Form 01, Summary - Unrestricted/Restricted, page 2) you will see object 9793–Audit Adjustments in the amount of \$528,060 which has adjusted the beginning balance and has been set up in Accounts Receivable.*

**Changes to Ending Fund Balance**

By Second Interim, carryover balances have been budgeted. However, salary and benefits, unrestricted revenue adjustments, and unforeseen events can mean that expenses need to be budgeted mid-year. The following are budgeted amounts from the ending balance to cover expense through Second Interim.

Salary/Benefit Adjustments	\$15,008
One-Time Mandated Cost Adjustment	13,290
MOU for CTE	13,404
Employee Retention Balance Budgeted	-320,440
End position for permanent sub	114,242
Utilities	-459,561
STRS Excess Contribution	49,601
Contracts/consultants	-96,783
Vehicle Replacement	-29,500
Irrigation and Tree Maintenance	-80,738
New bus discount	65,000
Devices for SES	-39,000
CCSFA Adjustment	8,385
SLHS Pool Rental	-2,000
E-Rate Adjustment	-90,000
Special Ed Contracts/COE	-234,838
Hancock Grant	4,250
Balance 57xx, 73xx, 89xx	-1,065
<b>TOTAL CHANGE TO END BALANCE</b>	<b>(\$1,070,745)</b>



**Local Control Accountability Plan (LCAP) Progress**

San Luis Coastal continues to make progress on the 2017-2020 LCAP goals as well as the development of the second year goals for our LCAP. Some highlights include:

- Actions and services included in our LCAP plan are well underway at the district and school site level
- Site principals reviewed progress on SPSA goals at mid-year meetings with Cabinet
- The LCAP, LEA Plan, and SPSAs are being reviewed systematically by all school site leaders
- Regular presentations have been made to the school board around the major action steps
- Our LCAP stakeholder meetings are taking place at each school site, with each union or employee association, with our community groups such as DELAC and DTAC, and with our principals
- Superintendent's team is meeting with a student senate with representation from each of our middle and high schools, including all populations from the LCAP to collect feedback
- Secondary students are also completing an online anonymous survey to provide additional feedback for our LCAP
- Stakeholders are also invited to share input in an online survey
- We are drafting our annual update and proposed changes for 2018-2019 based on stakeholder feedback and district and site data sources, including data represented on the new school dashboard
- The LCAP information page on the district website has been updated with all of the current presentation material and information regarding the 2017-20 LCAP and the planning process for the second year of the plan.

**MULTI-YEAR PROJECTION**

This multi-year projection (MYP) is based on the 2nd Interim budget and the multi-year projection in the SACS report. It may differ from the 10-Year MYP spreadsheet which estimates some revenue and expense at historical averages in an attempt to provide a closer estimate of expected ending balances rather than using budgeted amounts.

<b>2017-18 MULTI-YEAR PROJECTIONS</b>					
	2017-18 2ND INTERIM BUDGET	% CHANGE	2018-19 PROJECTION	% CHANGE	2019-20 PROJECTION
REVENUE LIMIT	78,227,806	2.28%	80,009,088	2.30%	81,850,182
FEDERAL REVENUES	3,142,846	1.17%	3,179,562	0.00%	3,179,562
STATE REVENUES	7,792,038	3.06%	8,030,663	-28.91%	5,709,047
LOCAL REVENUES	4,201,867	4.32%	4,383,245	0.47%	4,403,808
<b>TOTAL REVENUES</b>	<b>\$93,364,557</b>	<b>2.40%</b>	<b>\$95,602,558</b>	<b>-0.48%</b>	<b>95,142,599</b>
CERTIFICATED SALARIES	38,997,465	0.63%	39,242,124	1.81%	39,954,106
CLASSIFIED SALARIES	16,810,634	2.17%	17,175,847	1.95%	17,511,302
BENEFITS	22,488,874	5.35%	23,691,312	7.90%	25,563,055
MATERIALS AND SUPPLIES	5,699,954	-8.54%	5,212,914	-5.23%	4,940,330
OPERATING EXPENSES	9,742,758	-3.08%	9,442,824	-2.13%	9,241,723
CAPITAL OUTLAY	822,613	-39.22%	500,000	-20.00%	400,000
OTHER OUTGO	709,778	3.55%	735,000	1.36%	745,000
<b>TOTAL EXPENSE</b>	<b>\$95,272,076</b>	<b>0.76%</b>	<b>\$96,000,021</b>	<b>2.45%</b>	<b>98,355,516</b>
REVENUE OVER EXPENSE	-\$1,907,519		-\$397,463		-\$3,212,917
TRANSFERS IN	\$0		\$0		\$0
TRANSFERS OUT	\$168,010		\$160,000		\$160,000
INCR/DECR IN FUND BALANCE	-\$2,075,529		-\$557,463		-\$3,372,917
ADJUSTED BEGINNING BALANCE	\$17,010,774		\$14,935,245		\$14,377,782
END BALANCE	\$14,935,245		\$14,377,782		\$11,004,865
10% FOR ECONOMIC UNCERTAINTY	\$9,544,009		\$9,616,002		\$9,851,552
NON SPENDABLE/RESTRICTED	\$553,334		\$555,330		555,331
OTHER DESIGNATIONS*	\$3,256,173		\$3,300,000		597,982
UNDESIGNATED BALANCE	\$1,581,729		\$906,450		\$0

\*Other designations include the Adult Ed balance, Instructional Materials Realignment balance, Lottery one-year balance.

The following assumptions were used to prepare the Multi-Year document:

REVENUE:

- Property taxes are projected with a 3.5% increase to secured and unsecured, and a reduction to unitary taxes to account for the depreciation of Diablo Canyon Nuclear Power Plant.
- The charter school transfer is based on the latest LCFF calculator.
- Adult Ed transfer is projected at \$75,000 after the current year.
- Federal revenues include estimated Special Ed allocations for 2018-19.
- State revenues are projected with one-time Mandated Cost revenue in 2018-19 only, and reductions for CTE and College Readiness programs.
- The \$2 million PG&E Diablo mitigation amount has been eliminated from multi-year projections. Tuition from the MOU with Coast and Cayucos for transfer students is included. Other local revenues are projected at historical averages.

- No transfer from Fund 20 is included in subsequent years.

EXPENSE:

- Certificated salary includes step and column, 1% negotiated cost of living in 2018-19 only, and reductions to hourly and subs as professional development is reduced. Salary adjustments in subsequent years have been included for 18 known retirements.
- Classified salary includes step and column and 1% negotiated cost of living adjustment in 2018-19.
- Benefits increase substantially as STRS, PERS, and health and welfare costs increase.

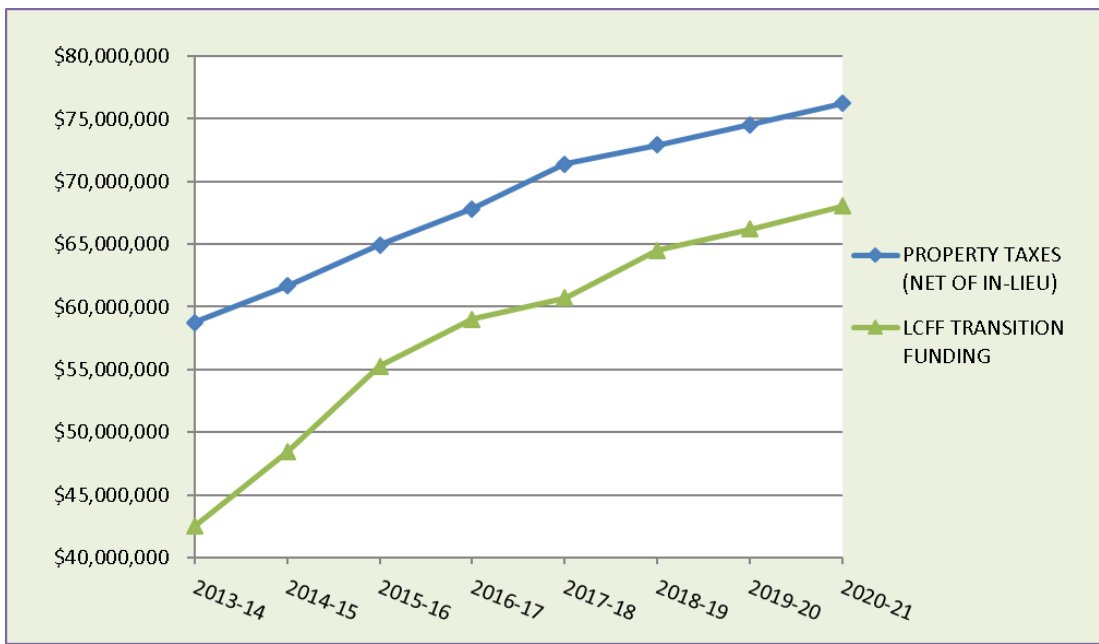
BENEFIT RATE HISTORY/ <i>PROJECTION</i>								
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
STRS	8.25%	8.88%	10.73%	12.58%	14.43%	16.28%	18.13%	19.10%
Actual/Projected Costs	\$ 2,936,202	\$ 3,404,120	\$ 4,197,557	\$ 4,782,766	\$ 5,564,980	\$ 6,334,089	\$ 7,117,213	\$ 7,569,174
PERS	11.44%	11.77%	11.85%	13.89%	15.53%	17.70%	20.00%	22.70%
Actual/Projected Costs	\$ 1,608,311	\$ 1,812,931	\$ 1,936,209	\$ 2,260,176	\$ 2,579,408	\$ 2,965,622	\$ 3,380,642	\$ 3,870,835

- Supplies and Operating Expenses are projected lower due to reductions in one-time and reduced state funding.
- Equipment expense is projected at \$500,000 and \$400,000 in subsequent years for potential vehicle, bus, and other large equipment replacement.
- No transfer to Fund 20 is projected in subsequent years. A contribution transfer to Food Service Fund is included in the current and subsequent years.

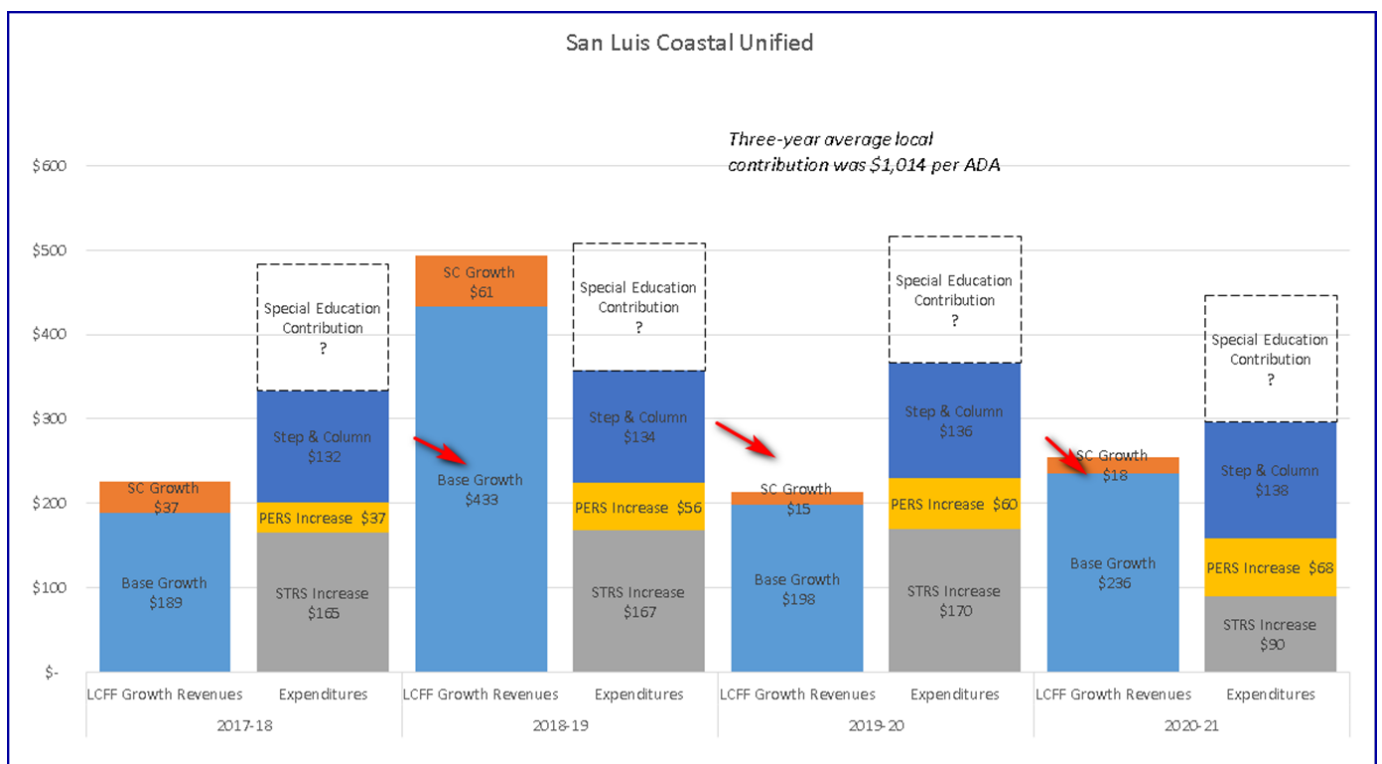
**LCFF (Local Control Funding Formula) vs Basic Aid**

Since San Luis Coastal is a Basic Aid district, it does not receive LCFF revenues from the state. This is because the property tax revenues exceed what the district would receive from the LCFF calculation. The Governor’s Budget includes \$3 billion to fully fund the LCFF two years ahead of schedule. LCFF will no longer receive GAP funding since it will be fully funded, but will receive COLA increases each year which are projected to be 2.51%, 2.41% and 2.8% for the years 2018-19 through 2020-21. San Luis Coastal property taxes are projected with a net increase of about 2.4%, 2.5%, and 2.5% in subsequent years (3.5% increase less about \$750,000 depreciation from Diablo Canyon Nuclear Power Plant). This year’s difference between the district’s net property taxes and LCFF gap funding is approximately \$10.5 million. In 2018-19, that difference will drop to about \$8.5 million and is projected to stay at that level for the next few years. Below is a graph illustrating the projected levels of funding for San Luis Coastal using property tax projections on the Multi-Year Projection, and LCFF projections based on the School Services Dartboard.





The graph below, borrowed from School Services of California, shows how the full funding of the LCFF would impact San Luis Coastal if it was not a Basic Aid district. This chart illustrates the revenue growth compared to the growth in only certain aspects of the expense budget. In 2018-19 LCFF districts will experience substantial growth for one year, but by 2019-20, the increases to retirement benefits, the cost of step and column, and increases to special education costs will far exceed the COLA increases to revenue. Projected property tax increases are expected to increase at a similar rate to COLA after 2018-19, and are represented on the graph with red arrows.



**2nd Interim Changes to Other Funds**

The district maintains nine different funds in addition to the general fund. The chart below shows the balances as of 1st Interim on the top row, with changes to types of revenues and expenses below those balances. The Second Interim Revenue Balance and Second Interim Expenditure Balance are the sum of the beginning budget balances and the changes that have occurred since 1<sup>st</sup> Interim. At the bottom of the chart, the actual beginning fund balance as of July 1 and ending fund balance as of Second Interim (January 31) are shown. Funds are not allowed to have a negative ending balances and would have to receive a loan or a contribution from another fund if that were to happen. All of our other funds are projected with positive ending balances.

Funds 21 and 25 are budgeted based on total project cost but these projects may not be completed in this fiscal year. By Unaudited Actuals, the actual expenditure amounts will be lower increasing the ending balance of these funds.

**OTHER FUNDS  
 2ND INTERIM 2017-18**

	FUND 11 ADULT ED	FUND 13 CAFETERIA	FUND 20 OTHER POST EMPLOYMEN T BENEFITS	FUND 21 BUILDING	FUND 25 CAPITAL FACILITIES	FUND 40 RESERVE FOR CAPITAL OUTLAY	FUND 51 BOND INTEREST AND REDEMPTION	FUND 53 TAX OVERRIDE FUND	FUND 73 FOUNDATION PRIVATE- PURPOSE TRUST
<b><u>REVENUES</u></b>									
1ST INTERIM BEGINNING BALANCE	\$ 1,018,998	\$ 2,050,875	\$ 100,000	\$ 300,010	\$ 1,310,000	\$ 31,000	\$ 7,945,803	\$ 21	\$ 289,170
CHANGES AS OF 2ND INTERIM:									
FEDERAL REVENUE	\$ 1,262	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
STATE REVENUE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LOCAL REVENUE	\$ 17,571	\$ -	\$ -	\$ 450,000	\$ -	\$ -	\$ -	\$ 15	\$ -
2ND INTERIM BALANCE	\$ 1,037,831	\$ 2,050,875	\$ 100,000	\$ 750,010	\$ 1,310,000	\$ 31,000	\$ 7,945,803	\$ 36	\$ 289,170
<b><u>EXPENDITURES</u></b>									
1ST INTERIM BEGINNING BALANCE	\$ 1,164,819	\$ 2,329,367	\$ -	\$ 50,356,315	\$ 8,997,585	\$ 138,664	\$ 7,652,601	\$ -	\$ 10,000
CHANGES AS OF 2ND INTERIM:									
CERTIFICATED SALARY	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CLASSIFIED SALARY	\$ -	\$ (26,939)	\$ -	\$ (10,064)	\$ -	\$ -	\$ -	\$ -	\$ -
BENEFITS	\$ -	\$ (6,111)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MATERIALS/SUPPLIES	\$ 18,833	\$ 40,160	\$ -	\$ 119,318	\$ 1,271	\$ -	\$ -	\$ -	\$ -
OPERATING EXPENSE	\$ -	\$ (7,110)	\$ -	\$ 42,753	\$ 7,000	\$ -	\$ -	\$ -	\$ -
EQUIPMENT	\$ -	\$ -	\$ -	\$ 297,993	\$ (308,271)	\$ 15	\$ -	\$ -	\$ -
OTHER OUTGO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2ND INTERIM BALANCE	\$ 1,183,652	\$ 2,329,367	\$ -	\$ 50,806,315	\$ 8,697,585	\$ 138,679	\$ 7,652,601	\$ -	\$ 10,000
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE	\$ (145,821)	\$ (278,492)	\$ 100,000	\$ (50,056,305)	\$ (7,387,585)	\$ (107,679)	\$ 293,202	\$ 36	\$ 279,170
TRANSFERS IN	\$ -	\$ 168,010	\$ -	\$ -	\$ -	\$ 36	\$ -	\$ -	\$ -
TRANSFERS OUT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36	\$ -
NET INCREASE (DECREASE) IN FUND BALANCE	\$ (145,821)	\$ (110,482)	\$ 100,000	\$ (50,056,305)	\$ (7,387,585)	\$ (107,643)	\$ 293,202	\$ -	\$ 279,170
BEGINNING BALANCE	\$ 146,021	\$ 154,587	\$ 9,195,535	\$ 79,758,112	\$ 10,511,119	\$ 386,180	\$ 11,051,748	\$ -	\$ 1,107,509
ENDING BALANCE	\$ 200	\$ 44,105	\$ 9,295,535	\$ 29,701,807	\$ 3,123,534	\$ 278,537	\$ 11,344,950	\$ -	\$ 1,386,679

**GENERAL FUND SUMMARY**

2016-17 UNAUDITED ACTUALS		2017-18 1st INTERIM BUDGET		2017-18 2nd INTERIM BUDGET	
<b>REVENUE</b>					
Revenue Limit	\$ 74,706,245	Revenue Limit	78,227,806	Revenue Limit	78,227,806
Federal	\$ 2,980,182	Federal	\$ 3,124,971	Federal	\$ 3,142,846
State	\$ 7,702,413	State	\$ 7,778,748	State	\$ 7,792,038
Other Local	\$ 5,566,398	Other Local	\$ 4,320,755	Other Local	\$ 4,201,867
<b>TOTAL REVENUE</b>	<b>\$ 90,955,238</b>	<b>TOTAL REVENUE</b>	<b>\$ 93,452,280</b>	<b>TOTAL REVENUE</b>	<b>\$ 93,364,557</b>
<b>EXPENDITURES</b>					
1xxx Certificated Salaries	\$ 39,668,061	1xxx Certificated Salaries	\$ 38,903,582	1xxx Certificated Salaries	\$ 38,997,465
2xxx Classified Salaries	\$ 16,450,050	2xxx Classified Salaries	\$ 16,892,574	2xxx Classified Salaries	\$ 16,810,634
3xxx Employee Benefits	\$ 21,352,520	3xxx Employee Benefits	\$ 22,542,523	3xxx Employee Benefits	\$ 22,488,874
4xxx Materials/Supplies	\$ 3,713,050	4xxx Materials/Supplies	\$ 5,712,214	4xxx Materials/Supplies	\$ 5,699,954
5xxx Operations & Other	\$ 8,880,658	5xxx Operations & Other	\$ 8,811,638	5xxx Operations & Other	\$ 9,742,758
6xxx Capital Outlay	\$ 1,441,765	6xxx Capital Outlay	\$ 822,076	6xxx Capital Outlay	\$ 822,613
7xxx Other Outgo	\$ 649,990	7xxx Other Outgo	\$ 604,447	7xxx Other Outgo	\$ 709,778
<b>TOTAL EXPENSES</b>	<b>\$ 92,156,094</b>	<b>TOTAL EXPENSES</b>	<b>\$ 94,289,054</b>	<b>TOTAL EXPENSES</b>	<b>\$ 95,272,076</b>
Revenue over Expense	\$ (1,200,856)	Revenue over Expense	\$ (836,774)	Revenue over Expense	\$ (1,907,519)
Transfers In	\$ 950,000	Transfers In	\$ -	Transfers In	\$ -
Transfers out	\$ 1,070,000	Transfers out	\$ 168,010	Transfers out	\$ 168,010
<b>NET INC/DECR FN BAL</b>	<b>\$ (1,320,856)</b>	<b>NET INC/DECR FN BAL</b>	<b>\$ (1,004,784)</b>	<b>NET INC/DECR FN BAL</b>	<b>\$ (2,075,529)</b>
Beginning Balance	\$ 17,803,570	Beginning Balance	\$ 17,010,774	Beginning Balance	\$ 17,010,774
Ending Balance	\$ 16,482,714	Ending Balance	\$ 16,005,990	Ending Balance	\$ 14,935,245
<b>COMPONENTS OF ENDING FUND BALANCE</b>					
Revolving cash	\$ 20,000	Revolving cash	\$ 20,000	Revolving cash	\$ 20,000
Prepays	\$ -	Prepays	\$ -	Prepays	\$ -
Stores	\$ 2,529	Stores	\$ 2,334	Stores	\$ 2,334
10% Economic Uncertainty	\$ 9,322,609	10% Economic Uncertainty	\$ 9,445,707	10% Economic Uncertainty	\$ 9,544,009
<b>Sub-Total</b>	<b>\$ 9,345,138</b>	<b>Sub-Total</b>	<b>\$ 9,468,041</b>	<b>Sub-Total</b>	<b>\$ 9,566,343</b>
<b>RESTRICTED END BALANCES</b>					
Restricted Lottery	\$ 373,722	Restricted Lottery	\$ 335,000	Restricted Lottery	\$ 335,000
Medi-Cal Billing	\$ 342,455	Medi-Cal Billing	\$ 196,000	Medi-Cal Billing	\$ 196,000
College Readiness	\$ 116,920	College Readiness	\$ -	College Readiness	\$ -
Prop 39 Energy	\$ 466,786	Prop 39 Energy	\$ -	Prop 39 Energy	\$ -
<b>Sub-Total</b>	<b>\$ 1,299,883</b>	<b>Sub-Total</b>	<b>\$ 531,000</b>	<b>Sub-Total</b>	<b>\$ 531,000</b>
<b>FLEXIBLE RESOURCE BALANCES</b>					
Adult Ed	\$ 751,088	Adult Ed	\$ 628,401	Adult Ed	\$ 628,401
Employee Retention	\$ 424,522	Employee Retention	\$ 336,433	Employee Retention	\$ 15,993
Instructional Materials Realignment	\$ 1,503,820	Instructional Materials Realignment	\$ 1,503,820	Instructional Materials Realignment	\$ 1,503,820
<b>Sub-Total</b>	<b>\$ 2,679,430</b>	<b>Sub-Total</b>	<b>\$ 2,468,654</b>	<b>Sub-Total</b>	<b>\$ 2,148,214</b>
<b>LOTTERY &amp; OTHER</b>					
Lottery	\$ 1,285,447	Lottery	\$ 1,107,959	Lottery	\$ 1,107,959
Catastrophic Leave Balance	\$ 103,070	Catastrophic Leave Balance	\$ -	Catastrophic Leave Balance	\$ -
Education Protection Act	\$ 25,886	Education Protection Act	\$ -	Education Protection Act	\$ -
Site and Department Carryover	\$ 432,793	Site and Department Carryover	\$ -	Site and Department Carryover	\$ -
Transfer to OPEB	\$ -	Transfer to OPEB	\$ -	Transfer to OPEB	\$ -
<b>Sub-Total</b>	<b>\$ 1,847,196</b>	<b>Sub-Total</b>	<b>\$ 1,107,959</b>	<b>Sub-Total</b>	<b>\$ 1,107,959</b>
Unappropriated	\$ 1,311,067	Unappropriated	\$ 2,430,336	Unappropriated	\$ 1,581,729

## GENERAL FUND SUMMARY

**Group 1 – Revenue.** San Luis Coastal has four basic sources of revenue:

- Revenue Limit Sources/LCFF – local property taxes and related income
- Federal Sources – expected allocations from federally funded grants
- State Sources – revenue received from state-funded grants and entitlements
- Local Sources – revenue generated from tasks we do, (e.g., rentals, fund raisers, interest income, donations)

**Group 2 – Expenditures.** The district groups its expenditures into seven specific areas:

- 1000s – certificated salaries
- 2000s – classified salaries
- 3000s – employee benefits
- 4000s – books, materials and supplies
- 5000s – contracts and services
- 6000s – major assets
- 7000s – other expenditures not identified above

**Group 3 – Net Increase/Decrease Fund Balance.** The result of total revenues minus total expenditures is reflected in the line titled “Revenue Over Expense.” If the amount is a positive number, the district is deemed to be in a surplus budget position; if it is negative, the district is deemed to be deficit spending. Deficit spending should be avoided. However, if it can be shown that the district has sufficient reserves (savings account) and that the deficit is a result of one-time allocations or carryover reallocations, it would be acceptable to budget with a deficit. There are several sources of revenues related to transfer from other funds or agencies, these are Transfers In and Transfers Out. Also, there are several allocations we make to transfer money into other funds or agencies. The difference between our Revenue over Expenditures total and the net of all transfers in or out is the Net Increase in Fund Balance.

**Group 4 – Fund Balance.** For the purpose of defining whether we are fiscally healthy or not, the Fund Balance is the number by which we are judged. The Fund Balance is the same as a family’s savings account. It is the accumulated money left over after all bills are paid. The Beginning Balance is a definitive number that reflects the district’s fiscal history. The Ending Balance is estimated, based upon the Board adopted budget for that year.

**Components of the Ending Fund Balance** – As often happens in families, the savings account is designated for a particular current or future use or, in some cases, left undesignated. As a public entity, the district is regulated by Education Code, Government Code, and state law. Some of these laws direct how we handle our reserves. Four definitive groups define our Ending Fund Balance reserves; two groups are mandated by code and two are designated by district policy.

**Group 5 – Non-Spendable/Reserve for Economic Uncertainty.** Education Code requires the district to put aside a minimum of 3% of our expenditures as designated for a reserve to be used in times of economic uncertainty. The Board has determined that the risk involved in being a community funded district requires a higher reserve. The Board approved reserve is currently 10% of expenditures. Other items within this group are considered non-spendable.

**Group 6 – Restricted Programs Carryover.** Some state and federal program resources are awarded to be spent when necessary. As a result, the unspent balance must be carried over from year to year. It is within this group that we track and report these amounts.

**Group 7 – Flexible Resource Balances.** The District continues to keep certain flexible resources in separate codes to track ending balances that will be used for the purpose for which they were originally intended.

**Group 8 – Lottery and Other.** There are several sources of funding that do not have any guarantee of repetition making them uncertain funding sources for future events. We place these amounts in this category for one year to make sure they continue and then release them for use after that time. Some are treated as one-time revenue (e.g., mandated costs), and some as a continuing revenue stream (e.g., lottery).

**Group 9 – Unappropriated.** Not all of the reserve is established for a particular use. After we have classified and categorized our Ending Fund Balance to the extent described above, any residual is termed unappropriated. If all the funds in Group 5 through 9 were added together, they would equal the total amount in our Ending Fund Balance (savings account) described in Group 4.

**SAN LUIS COASTAL UNIFIED SCHOOL DISTRICT**  
**A POSITIVE CERTIFICATE OF ADEQUATE FUNDING**  
**BY THE BOARD OF EDUCATION**

**Resolution 12-17-18**

**WHEREAS** the Board of Education has adopted a budget for the operations of San Luis Coastal Unified School District for fiscal year 2017-18; and

**WHEREAS** the Board of Education has approved certain appropriations and transfers to the 2017-18 budget; and

**WHEREAS** the Board of Education finds that adequate income will be available through the 2017-18 fiscal year to meet the expenditure needs of the District;

**NOW, THEREFORE**, pursuant to Assembly Bill 1366, Chapter 741, Statutes of 1985 and as amended by AB 1200 in 1992, the Governing Board of San Luis Coastal Unified School District certifies that San Luis Coastal Unified School District will be able to meet its financial obligations for the remainder of the 2017-18 fiscal year; and based on current forecasts, for the 2018-19 and 2019-20 fiscal years.

**ADOPTED** this 13th day of March 2018, by the Board of Education of the San Luis Coastal Unified School District by the following roll call vote:

**AYES:**

**NOES:**

**ABSENT OR NOT VOTING:**

\_\_\_\_\_  
President or Clerk of the Governing Board of the San Luis Coastal Unified School District

**ATTESTED TO:**

\_\_\_\_\_  
Clerk or Secretary of the Governing Board of the San Luis Coastal Unified School District