FCMAT
FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

CSIS California School Information Services

Newark Unified School District

Fiscal Review

June 13, 2017

Joel D. Montero
Chief Executive Officer

June 13, 2017

Pat Sanchez, Superintendent
Newark Unified School District
5715 Musick Avenue
Newark, CA 94560

Dear Superintendent Sanchez:

In February 2017, the Newark Unified School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into a study agreement to provide a fiscal review of the district. Specifically, the study agreement specifies that FCMAT will perform the following:

1. Review the district's 2016-17 general fund budget and develop a multiyear financial projection (MYFP) for the current and two subsequent fiscal years to validate the district's financial status. Make recommendations for expenditure reductions and/or revenue enhancements to help the district to eliminate its structural budget deficit and maintain financial solvency. The MYFP will be a snapshot in time of the current financial status and will use the district's 2016-17 second interim report.

2. Review operational processes and procedures for the business services department and make recommendations for improved efficiency, if any, in the following areas:

   - Budget development
   - Budget monitoring
   - Position control
   - Purchasing
   - Accounts Payable
   - Accounts Receivable
   - Payroll
   - Bond oversight
   - ASB oversight
   - School connected organizations oversight

This report contains the study team's findings and recommendations. We appreciate the opportunity to serve you, and we extend our thanks to all the staff of the Newark Unified School District.

Sincerely,

Joel D. Montero

Chief Executive Officer

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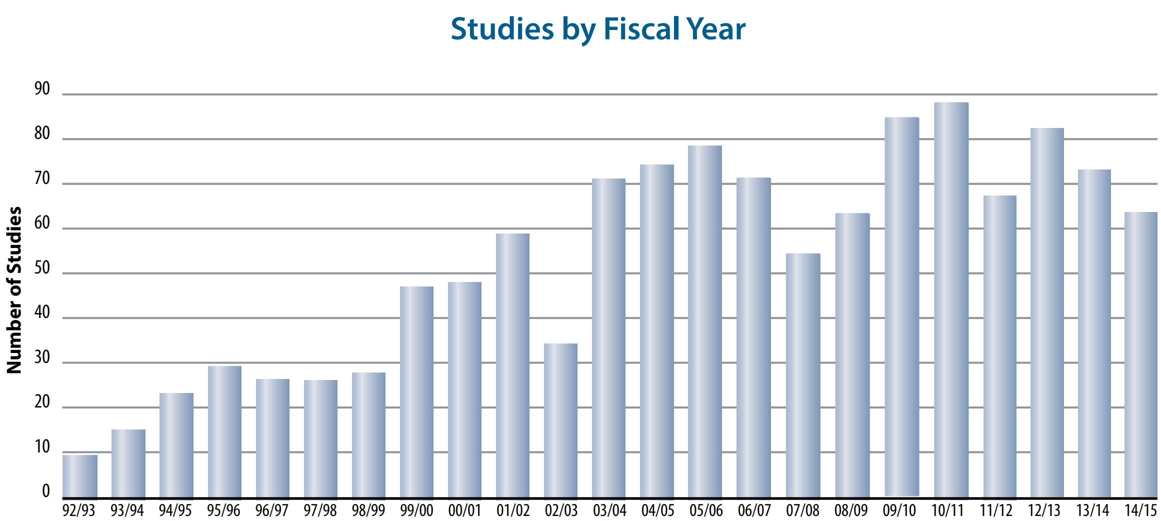
About FCMAT

FCMAT's primary mission is to assist California's local K-14 educational agencies to identify, prevent, and resolve financial, human resources and data management challenges. FCMAT provides fiscal and data management assistance, professional development training, product development and other related school business and data services. FCMAT's fiscal and management assistance services are used not just to help avert fiscal crisis, but to promote sound financial practices, support the training and development of chief business officials and help to create efficient organizational operations. FCMAT's data management services are used to help local educational agencies (LEAs) meet state reporting responsibilities, improve data quality, and inform instructional program decisions.

FCMAT may be requested to provide fiscal crisis or management assistance by a school district, charter school, community college, county office of education, the state Superintendent of Public Instruction, or the Legislature.

When a request or assignment is received, FCMAT assembles a study team that works closely with the LEA to define the scope of work, conduct on-site fieldwork and provide a written report with findings and recommendations to help resolve issues, overcome challenges and plan for the future.

FCMAT has continued to make adjustments in the types of support provided based on the changing dynamics of K-14 LEAs and the implementation of major educational reforms.



FCMAT also develops and provides numerous publications, software tools, workshops and professional development opportunities to help LEAs operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) division of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS). CSIS also hosts and maintains the Ed-Data website (www.ed-data.org) and provides technical expertise to the Ed-Data partnership: the California Department of Education, EdSource and FCMAT.

FCMAT was created by Assembly Bill (AB) 1200 in 1992 to assist LEAs to meet and sustain their financial obligations. AB 107 in 1997 charged FCMAT with responsibility for CSIS and its statewide data management work. AB 1115 in 1999 codified CSIS' mission.

AB 1200 is also a statewide plan for county offices of education and school districts to work together locally to improve fiscal procedures and accountability standards. AB 2756 (2004) provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans.

In January 2006, Senate Bill 430 (charter schools) and AB 1366 (community colleges) became law and expanded FCMAT's services to those types of LEAs.

Since 1992, FCMAT has been engaged to perform more than 1,000 reviews for LEAs, including school districts, county offices of education, charter schools and community colleges. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The team is led by Joel D. Montero, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

Introduction

Background

The Newark Unified School District is located in Alameda County in the city of Newark, which is near San Jose, Oakland and San Francisco. The district covers approximately eight square miles and serves approximately 5,846 students at eight elementary schools, one junior high school, one continuation school, one alternative school and one comprehensive high school.

In February 2017, the Fiscal Crisis and Management Assistance Team entered into an agreement for a review of the district's finances. Specifically, the study agreement states that FCMAT will do the following:

1. Review the district's 2016-17 general fund budget and develop a multi-year financial projection (MYFP) for the current and two subsequent fiscal years to validate the district's financial status. Make recommendations for expenditure reductions and/or revenue enhancements to help the district to eliminate its structural budget deficit and maintain financial solvency. The MYFP will be a snapshot in time of the current financial status and will use the district's 2016-17 first interim report as the baseline. The MYFP will be developed as a trend based on certain criteria and assumptions instead of a prediction of exact numbers. It will be developed for the district's general fund and will include the review and fiscal impact of other funds on the general fund.

2. Review operational processes and procedures for the business services department and make recommendations for improved efficiency, if any, in the following areas:

    - Budget development
    - Budget monitoring
    - Position control
    - Purchasing
    - Accounts Payable
    - Accounts Receivable
    - Payroll
    - Bond oversight
    - Associated student body oversight
    - School-related organizations oversight

Study Guidelines

A FCMAT study team visited the district on March 29, 30, & 31 2017 to conduct interviews, collect data and review documents. This report is a result of those activities.

Study Team

The study team was composed of the following members:

Eric D. Smith, MPA
FCMAT Intervention Specialist
Templeton, CA

Anthony L. Bridges, CFE, CICA
FCMAT Consultant
Avila Beach, CA

Leonel Martínez
FCMAT Technical Writer
Bakersfield, CA

Linda Grundhoffer
FCMAT Consultant
Danville, CA

Executive Summary

FCMAT's main objective in this study was to review and validate the district's general fund budget using the second interim financial report as the baseline to develop an independent analysis and multiyear financial projection (MYFP) for the current and two subsequent fiscal years. For eight years, the district has used special reserve funds from the sale of property and residual dollars from a previous tax override fund to offset the financial impact of declining enrollment. Instead of reducing the structural budget deficit and eliminating deficit spending in the general fund, the district's 2016-17 multiyear financial projection utilizes a transfer of approximately $1 million from the special reserve fund for noncapital outlay and one-time state funds exceeding $1.4 million. Deficit spending occurs when the district's ongoing spending exceeds its revenue. Unique circumstances often allow the district to deficit spend with a plan to repay the debt or temporary loan, if required. This technique is a standard government and business practice, but could cause the district to be unable to sustain its financial solvency if not managed correctly. The district operates with multiple funds that contain budgets based on industry standards using projection variables that assist in forecasting multiyear financial projections.

The district has declined by approximately 638 students over the past five years and is projected to further decline in the next two subsequent fiscal years until new residential housing starts begin to generate additional students. In comparing FCMAT's MYFP with the district's forecast, the main difference is in the enrollment and average daily attendance (ADA) projections that generate the Local Control Funding Formula (LCFF). The LCFF calculation consists of state funding, taxes from the education protection account (EPA) and local property taxes. FCMAT's enrollment and ADA projections are more conservative than those of the district and do not assign a student generation factor to assume additional students in the multiyear financial projection from new residential housing projects in the area. While districts receive prior year funding to help ease the financial burden that comes with a continued student decrease, the use of one-time state and local resources has enabled the district to forego difficult budget reductions. Other than the second subsequent fiscal year of the multiyear financial projection (MYFP), FCMAT and the district use the same budget assumptions and economic variables produced by School Services of California's Financial Projection Dartboard.

The new superintendent and administrative staff have involved the board and community in discussions on potential budget reductions or revenue enhancements. Board presentations and budget workshops have included topics such as the elimination of one-time funds from the special reserve fund, new student growth from housing starts, work year or compensation reductions, a parcel tax, school closure and strategies to reduce encroachment.

While the loss of students does not necessarily translate into a reduction in the district's financial need, i.e., fewer students may not mean fewer teachers are needed, the district will need to develop a multiyear financial recovery plan and evaluate the budget without the use of one-time funds. The district has a unique challenge and opportunity to balance the budget and reduce the structural deficit because of the availability approximately $5 million of one-time funding in its special reserve fund.

Instead of decimating needed academic programs and reducing staff in one fiscal year, using one-time funding will allow the district to develop and prioritize a multiyear financial recovery plan. In both the district's and FCMAT's multiyear financial projection, the district will need to incrementally reduce the budget by $4 million to $5 million over the next two years while evaluating programmatic needs, potential student growth from new housing and changing state economics.

It is critical for the district to understand that any of the changing economic factors could have a financial impact on the amount needed to balance the budget. The district's goal of increasing the number of students to 7,000 by 2020-21 could relieve some budget pressure if the students materialize. The goal is always to preserve the district's academic programs and develop strategic budget reductions in a multiyear format.

On January 10, 2017, Gov. Brown released his 2017-18 budget proposal, which will affect the district's MYFPs. The governor opened his proposal reporting that recent state revenue indicated the "tide has begun to turn" and that "the trajectory of general fund revenue growth" has declined from the estimates used by the administration when the 2016-17 budget was enacted. The state faces a deficit of $2 billion unless corrective action is taken, and the governor proposed several adjustments, including an adjustment in the Proposition 98 spending guarantee from 2015-16 through 2017-18.

The proposal provided for an increase of $744 million in LCFF gap funding over current levels. This increase is sufficient to cover the growth in the statewide LCFF target because of the 1.48% statutory COLA, yet is a significant reduction from the $2.2 billion projected in June 2016.

In addition to a shift in one-time expenditures from prior year to adjust for a reduction in Proposition 98 guarantee, the proposal includes a one-time deferral of $859.1 million or approximately 27% of the June 2017 apportionment to July 2017. (Source: Common Message)

Questions will need to be answered regarding the state's economy and its financial impact on the district. School districts in the state of California must continue to plan for the slowing of funding growth. The largest funding increases from LCFF implementation are from prior fiscal years, and state revenue growth has slowed. California voters' approval of the income tax extension (Proposition 55) will continue to support state revenues through 2030, but the revenue is expected to be unstable.

The district faces its own specific financial risk factors based on current reserve levels, enrollment trends, employee compensation, degree of revenue instability and various other local and statewide factors. Therefore, it must continue to plan accordingly to meet ongoing academic and program objectives while maintaining its fiscal solvency.

In such an uncertain fiscal environment, the district should strive to maintain its fiscal solvency and protect the integrity of the academic programs by emphasizing the following:

1. Maintaining adequate reserves to allow for unanticipated circumstances (with the adequate level based on the district's unique situational assessment).

2. Maintaining fiscal flexibility by limiting commitments to future increased expenditures based on projections of future revenue growth, and/or establishing contingencies that allow expenditure plans to be changed as needed.

The current MYFP is based on the governor's proposed budget released in January 2017. In subsequent events, the governor's May revision could eliminate some of the state's projected revenue shortfall, and the district will need to incorporate these changes in the 2017-18 adoption budget. The details of the governor's May revision were not available when this report was developed.

Findings and Recommendations

Multiyear Financial Projections

The primary objective of developing multiyear financial projections is to provide a fiscal planning framework that will enable the board and district to make budget decisions that strategically address current and future challenges. Assembly Bill (AB) 1200 and AB 2756 require multiyear financial projections, and they are a part of the adoption budget and interim reporting process. In June 2004, AB 2756 (Daucher) was passed and signed into law on an urgency basis.

This legislation made substantive changes to the financial accountability and oversight processes used to monitor the fiscal position of school districts and county offices of education. Among other things, AB 2756 strengthened the roles of the superintendent of public instruction (SPI), county offices of education and FCMAT and their ability to intervene during fiscal crises.

California school districts and county offices use many different methods and software products to prepare multiyear financial projections. The projections for the district's general fund used in this report were prepared using FCMAT's Budget Explorer multiyear projection software, a web-based forecasting tool that is available at no cost to all California school districts. FCMAT reviewed revenue and expenditure trends during recent years, used industry-standard variables provided by Schools Services of California Financial Dartboard, and based its projection on the district's 2016-17 second interim budget for the current and two subsequent fiscal years.

Any forecast of financial data has inherent limitations because calculations are based on certain assumptions and criteria, including enrollment trends, cost-of-living increases, projected deferrals, forecasts of costs for utilities, fuel and other consumables, and local, state and national economic conditions. Therefore, the projection should be viewed as a trend based on certain criteria and assumptions rather than a prediction of exact numbers.

Multiyear financial projections can serve as the basis for more informed decisions and provide the ability to forecast the fiscal effects of decisions, but they should be updated at least at each interim financial reporting period and in preparation for negotiations.

When developing a MYFP, attention is focused on the district's ability to meet its required reserve for economic uncertainty and achieve a positive unappropriated fund balance. The district's deficit spending trends indicate that it needs to increase revenue, decrease expenditures, or both to maintain a positive unappropriated fund balance. When the unappropriated fund balance is negative, it represents the amount by which budgeted expenditures must be reduced or revenues increased to meet the reserve requirements in accordance with AB 1200.

School districts in the state of California must continue to plan for the slowing of funding growth. The largest funding increases from LCFF implementation are from prior fiscal years, and state revenue growth has slowed. The approval of the income tax extension (Proposition 55) by California voters will continue to support state revenues through 2030, but the revenue is expected to be volatile, and there is uncertainty about how much will be generated.

The district faces its own specific set of financial risk factors based on reserve levels, enrollment trends, employee compensation, degree of revenue volatility and various other local and statewide factors and must continue to plan accordingly to meet ongoing academic and program objectives while maintaining its fiscal solvency.

In such an uncertain environment, all districts should strive to maintain fiscal solvency and protect the integrity of educational programs by performing the following:

1. Maintaining adequate reserves to allow for unanticipated circumstances (with the adequate level based on each LEA's unique situational assessment).
2. Maintaining fiscal flexibility by limiting commitments to future increased expenditures based on projections of future revenue growth, and/or establishing contingencies that allow expenditure plans to be changed as needed.

Budget Assumptions for 2016-17 & MYFP

Districts are advised to use the FCMAT LCFF Calculator and the planning factors listed below in developing multiyear financial projections (MYFPs). The district and FCMAT utilized the same projection variables and economic assumptions in developing the MYFP for 2016-17 and two subsequent fiscal years.

The key planning factors and budget assumptions used to project the 2016-17 budget and multi-year financial projection are listed below and are based on the latest information available.

Planning Factor

	2016-17	2017-18	2018-19
COLA (Department of Finance - DOF)	0.00%	1.48%	2.40%
LCFF Gap Funding Percentage (DOF)	55.28%	23.67%	53.85%
LCFF Gap Funding (in millions)	$2,942	$744	$1,904
STRS Employer Statutory Rates	12.58%	14.43%	16.28%
PERS Employer Projected Rates	13.888%	15.80%	18.7%
Lottery – Unrestricted per ADA	$144	$144	$144
Lottery – Prop. 20 per ADA	$45	$45	$45
Mandated Cost per ADA for One-Time Allocations	$214	$48	$0
Mandate Block Grant for Districts – K-8 per ADA	$28.42	$29.87	$29.87
Mandate Block Grant for Districts – 9-12 per ADA	$56	$57.36	$57.36
Mandate Block Grant for Charters – K-8 per ADA	$14.21	$15.66	$15.66
Mandate Block Grant for Charters – 9-12 per ADA	$42	$43.36	$43.36
State Preschool Part-Day Daily Reimbursement Rate	25.06*	$25.06	$25.06
State Preschool Full-Day Daily Reimbursement Rate	40.46*	$40.46	$40.46
General Child Care Daily Reimbursement Rate	40.20*	$40.20	$40.20
*Increase of 5% effective July 1, 2016			
Routine Restricted Maintenance Account (Note: For LEA receiving SFB funds, the RRMA requirement reverts to 3% the year following receipt of funds.)	Lesser of: 3% or 2014-15 amount	Greater of: Lesser of 3% or 2014-15 amount or 2%	At Least: 3%

FCMAT's 2016-17 multiyear financial projection indicates that the district may meet its reserve requirement in the current and two subsequent fiscal years, but only by utilizing one-time funding from special reserve fund 17. The district's financial solvency is at risk without a detailed multiyear financial recovery plan to strategically increase revenue and/or reduce expenditures, cease deficit spending and eliminate the use of one-time transfers from the district's special reserve fund to balance the budget.

Deficit Spending

Deficit spending and the use of one-time resources are at the top of the district's economic and political agenda. Questions always arise about how urgent the deficit spending problem is and whether sufficient resources are available; however, the district can use a more deliberative approach. Deficit spending occurs when expenditures and other uses exceed revenues and other sources. FCMAT's MYFP shows the district deficit spending in its general fund during the 2016-17 fiscal year, and that this trend will continue through the 2018-19 fiscal year unless significant revenue enhancements or budget reductions are made.

The following table summarizes the deficit spending from 2016-17 through 2018-19, the second subsequent year of FCMAT's MYFP.

Unrestricted General fund deficit spending projected

Name	Object Code	Base Year 2016 - 17	Year 1 2017 - 18	Year 2 2018 - 19
Revenues				
LCFF/State Aid	8010 - 8099	$50,790,286.00	$50,117,773.00	$51,150,149.00
Federal Revenues	8100 - 8299	$16,246.98	$16,246.98	$16,246.98
Other State Revenues	8300 - 8599	$2,336,706.00	$1,307,197.00	$1,027,541.00
Other Local Revenues	8600 - 8799	$783,027.00	$788,225.00	$794,146.11
Revenues		$53,926,265.98	$52,229,441.98	$52,988,083.09
Expenditures				
Certificated Salaries	1000 - 1999	$27,270,506.00	$27,027,518.50	$27,725,171.51
Classified Salaries	2000 - 2999	$6,279,242.00	$6,352,709.14	$6,427,035.84
Employee Benefits	3000 - 3999	$8,480,769.00	$9,088,691.34	$9,936,913.90
Books and Supplies	4000 - 4999	$741,811.00	$761,988.26	$784,238.32
Services and Other Operating	5000 - 5999	$4,644,665.00	$4,760,552.80	$4,888,345.68
Capital Outlay	6000 - 6900	$46,607.00	$46,607.00	$46,607.00
Other Outgo	7000 - 7299	$969,359.00	$969,359.00	$969,359.00
Direct Support/Indirect Cost	7300 - 7399	($918,956.00)	($918,956.00)	($918,956.00)
Debt Service	7400 - 7499	$0.00	$0.00	$0.00
Expenditures		$47,514,003.00	$48,088,470.04	$49,858,715.25
Excess (Deficiency) of Revenues Over Expenditures		$6,412,262.98	$4,140,971.94	$3,129,367.84
Other Financing Sources/Uses				
Interfund Transfers In	8900 - 8929	$913,368.00	$3,441,297.50	$5,328,711.00
Interfund Transfers Out	7600 - 7629	$241,591.00	$241,591.00	$241,591.00
All Other Financing Sources	8930 - 8979	$0.00	$0.00	$0.00
All Other Financing Uses	7630 - 7699	$0.00	$0.00	$0.00
Contributions	8980 - 8999	($7,653,604.00)	($7,893,638.22)	($8,158,810.25)
Other Financing Sources/Uses		($6,981,827.00)	($4,693,931.72)	($3,071,690.25)
Net Increase (Decrease) in Fund Balance		($569,564.02)	($552,959.78)	$57,677.59

If a district cannot meet its financial obligations for the current or two subsequent fiscal years, or has a qualified or negative budget certification, the county superintendent of schools is required to notify the district governing board and the state superintendent of public instruction (SPI). The county office must follow Education Code section 42127.6 when assisting school districts in fiscal distress.

The district filed a qualified certification for the 2016-17 2nd interim financial report and must include this certification of whether it can meet its financial obligations. The certifications are classified as positive, qualified, or negative. A positive certification is assigned when the district will meet its financial obligations for the current and two subsequent fiscal years. A qualified certification is assigned when the district may not meet its financial obligations for the current or two subsequent fiscal years. A negative certification is assigned when a district will be unable to meet its financial obligations for the remainder of the current year or for the subsequent fiscal year.

The state recovery is in its eighth year of economic growth, but is beginning to slow. During the last eight years, the district has had one-time local resources to counteract the effects of declining enrollment. Using one-time resources has helped the district grant increases in salary compensation, avoid layoffs to classified and certificated staff and continue needed academic programs. However, while modest increases in the state budget are projected from the governor's January to May budget, the district must develop a multiyear recovery plan to sustain its fiscal solvency in the future.

Enrollment & Average Daily Attendance (ADA)

Accurate enrollment tracking and analysis of ADA are essential in providing a solid foundation for budget planning. Because much of the district's funding is based on the total number of student attendance days, monitoring and projecting student enrollment and attendance are crucial. When enrollment and related ADA increase or decline, the district must consider the budgetary effects of any changes on teacher-to-student ratios and plan accordingly.

When enrollment and related ADA are declining, a district must avoid fiscal insolvency by exercising extreme caution regarding strategic decisions that will affect the budget, such as negotiations with collective bargaining units, staffing ratios, and deficit spending. The district must perform its annual due diligence when developing and planning the budget. This can help the district better understand its financial objectives and strategies to sustain future financial stability.

FCMAT reviewed the district's enrollment and ADA for the 2016-17 and two subsequent fiscal years and compared the October California Basic Educational Data System (CBEDS) student enrollment counts to the April period 2 (P-2) ADA actual data.

The district's enrollment has declined for several years, and FCMAT projects this trend will continue during the period covered by FCMAT's MYFP. The district's CBEDS enrollment has declined from 6,484 in 2012-13 to 5,846 in 2016-17, a cumulative loss of 638 students. This is roughly equivalent to the student enrollment of an elementary school.

Methodology

FCMAT used the cohort survival method to project the district's enrollment. This method groups students by grade level upon entry and tracks them annually, evaluating the longitudinal relationship of the number of students passing from one grade to the next in the subsequent year. In doing so, it more closely accounts for retention and migration in and out, grade by grade. Although other enrollment forecasting methods are available, the cohort survival method is usually the best choice for school districts because of its sensitivity to incremental changes in several key variables.

Percentages are calculated from historical enrollment data to determine a reliable percentage of increase or decrease in enrollment between any two grades. For example, if 100 students enrolled in first grade in 2016-17, and that number increased to104 students in second grade in 2017-18, the percentage of survival would have been 104%, or a ratio of 1.04. These ratios are calculated between each pair of grades or years in school over several recent years and are the key factors in the reliability of the enrollment projections, given the validity of the data at the starting point. The strength of the ratios lies in the fact that each ratio collectively encompasses the variables that could account for an increase or decrease in the size of a grade cohort as it moves on to the next grade level.

Enrollment variables include the following:

- Birth rates and trends
- Historical ratio of enrollment progression between grade levels
- Changes in educational programs
- Inter-district transfers
- Migration in and out of schools
- Changes in local and regional demographics
- Industry changes such as new industry moving into or existing industry moving out of an area
- Residential housing starts and the correlation of housing starts with local, state or national economics

Projecting kindergarten enrollment differs from other grades because little data is available regarding the presence of 4- and 5-year-old children that may enroll in the district the following year. The industry standard for projecting kindergarten enrollment is to identify the percentage of countywide live births that enroll in the district five years later. Using this approach, it appears that roughly 2.47 % of countywide births become kindergärtners five years later based on a five-year average. If this percentage holds true for the next three years, the district will have kindergarten enrollments of 471 and 477 for the 2017-18 and 2018-19 school years, respectively.

Kindergarten enrollment projections

Alameda County Live Birth Data

Year	Births	Kdg Year	Actual Kdg	Percent of Births Five Years Later	Average %
Actuals					0.0247
2008	20,972	2012	494	0.0236	
2009	20,320	2013	470	0.0231	
2010	19,302	2014	489	0.0253	
2011	19,002	2015	495	0.0260	
2012	19,550	2016	502	0.0257	
			Projection		
2013	19,050	2017	471		
2014	19,295	2018	477		
2015	19,433	2019	481		
2016	19,572	2020	484		

Source: Department of Finance Demographic Unit

To project the district's student enrollment for grades 1-12, FCMAT applied a weighted average of three years, using CBEDS historical enrollment information and the cohort survival method.

Historical enrollment data

K	494	470	489	495	502
1st	535	507	423	435	423
2nd	481	491	483	403	422
3rd	478	469	484	484	402
4th	526	472	456	476	457
5th	469	507	468	455	461
6th	487	448	510	444	443
7th	474	462	443	478	427
8th	432	479	465	458	476
9th	546	436	495	469	470
10th	520	533	421	474	465
11th	489	515	528	410	479
12th	543	491	512	517	405
Ungraded Secondary	10	14	19	15	13

Projected enrollment data for 2017-18 and 2018-19 school year

K	471	477
1st	461	432
2nd	400	436
3rd	418	396
4th	391	406
5th	447	383
6th	448	435
7th	424	429
8th	432	429
9th	485	441
10th	457	472
11th	461	453
12th	475	457
Ungraded Secondary	13	15

Average Daily Attendance (ADA)

The district's LCFF funding is calculated based on the current or prior year period two (P-2) ADA report, whichever is greater. Because the district's enrollment is declining, FCMAT's MYFP uses the prior year ADA to calculate the state apportionment.

To project P-2 ADA, FCMAT used the district's average actual ratio of ADA to enrollment over the past five years, which was 96.24%. This is higher than the statewide average of 94.89%.

P2ADA	Historical 2 2014 - 15	Historical 1 2015 - 16	Base Year 2016 - 17	Year 1 2017 - 18	Year 2 2018 - 19
Excluding Charter Schools	6,016.73	5,819.80	5,671.52	5,609.03	5,489.14
K-3	1,801.59	1,743.22	1,692.16	1,685.95	1,678.24
4-6	1,389.55	1,331.77	1,321.41	1,246.78	1,186.67
7-8	882.30	907.28	879.88	832.29	834.23
9-12	1,943.29	1,837.53	1,778.07	1,844.01	1,790.00
Charter Schools (to calculate in-lieu property taxes)	0.00	0.00	0.00	0.00	0.00
COE Comics/SpEd	0.00	0.00	0.00	8.50	8.47
Total	6,016.73	5,819.80	5,671.52	5,617.53	5,497.61
Enrollment Factors	**Historical 2 2014 - 15**	**Historical 1 2015 - 16**	**Base Year 2016 - 17**	**Year 1 2017 - 18**	**Year 2 2018 - 19**
K-3	0.9588	0.9594	0.9675	0.9634	0.9634
4-6	0.9690	0.9686	0.9702	0.9695	0.9695
7-8	0.9717	0.9693	0.9744	0.9723	0.9723
9-12	0.9935	0.9826	0.9775	0.9819	0.9819
Charter Schools (to calculate in-lieu property taxes)	0.0000	0.0000	0.0000	0.0000	0.0000

Because ADA is the basis for most of the resources in the district's general fund, it must take the time and funding needed to manage and monitor these projections. ADA projections will change over time and should be adjusted at least at the adoption of the district's budget and at the interim budget report filing periods. Monthly adjustments that calculate the difference between the projected and actual ADA reported would give the district the most current information and would allow management to respond to changes in enrollment trends. Historical and future trends require careful analysis that consider a variety of factors, including charter schools, county and district special education programs, nonpublic school attendance, and prior year adjustments.

The district uses a professional demographer to assist with enrollment projections. While the methodology is similar, by using a modified cohort survival, FCMAT did not include any of the residential housing units and assign a student generation factor to increase the enrollment calculations.

LCFF Funding Summary

The LCFF is the funding model for school district operational funding. The following is a breakdown of the LCFF historical projection, current and two subsequent fiscal years. The only difference in LCFF projections made by FCMAT and the district is in the 2018-19 fiscal year. The district's calculation is based on prior year ADA of 5,683.07 versus FCMAT at 5,617.53. FCMAT's difference of 65.54 ADA is primarily because of the fact that new residential housing units have not been used to assign a student generation factor to increase the projection. This equates to a reduction of LCFF revenue totaling $531,931.

Full implementation of the LCFF is anticipated to be completed by 2020-21 or possibly earlier depending on economic factors. While the economy has improved quickly over the last five years, the governor and the Department of Finance continue to remind educational entities that shifts in the state's economic status may negatively affect school funding.

LCFF Calculator Universal Assumptions

Newark Unified (61234) - Second Interim 16-17 (Gov Jan Budget 17-18)

Summary of Findings

		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Target		$56,329,939	$55,374,356	$54,514,399	$52,253,110	$51,422,613	$52,377,550
Floor		41,628,821	42,758,445	45,853,474	49,040,079	49,713,141	49,717,961
Applied Formula: Target or Floor		FLOOR	FLOOR	FLOOR	FLOOR	FLOOR	FLOOR
Remaining Need after Gap (informational only)		12,936,735	8,810,932	4,108,949	1,462,825	1,304,840	1,227,400
Current Year Gap Funding		1,764,383	3,804,979	4,551,976	1,750,206	404,632	1,432,189
Economic Recovery Target		-	-	-	-	-	-
Additional State Aid		-	-	-	-	-	-
Total Phase-In Entitlement		$43,393,204	$46,563,424	$50,405,450	$50,790,285	$50,117,773	$51,150,150
		TRUE	TRUE	TRUE	TRUE		
Components of LCFF By Object Code							
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
8011 - State Aid	$10,733,622	$20,366,884	$20,883,947	$22,299,408	$20,610,049	$20,866,721	$22,561,400
8011 - Fair Share	-	-	-	-	-	-	-
8311 & 8590 - Categoricals	8,513,029	-	-	-	-	-	-
EPA (for LCFF Calculation purposes)	7,260,388	6,995,029	8,702,764	8,205,563	7,847,626	6,918,441	6,256,138
Local Revenue Sources:							
8021 to 8089 - Property Taxes		16,031,291	16,976,713	19,900,479	22,332,611	22,332,611	22,332,611
8096 - In-Lieu of Property Taxes		-	-	-	-	-	-
Property Taxes net of in-lieu	15,749,334	16,031,291	16,976,713	19,900,479	22,332,611	22,332,611	22,332,611
TOTAL FUNDING	$42,256,373	$43,393,204	$46,563,424	$50,405,450	$50,790,285	$50,117,773	$51,150,150
Less: Excess Taxes	$-	$-	$-	$-	$-	$-	$-
Less: EPA in Excess to LCFF Funding	$-	$-	$-	$-	$-	$-	$-
Total Phase-In Entitlement		$43,393,204	$46,563,424	$50,405,450	$50,790,285	$50,117,773	$51,150,150
8012 - EPA Receipts (for budget & cashflow)	$7,216,188	$7,008,816	$8,699,626	$8,239,114	$7,847,626	$6,918,441	$6,256,138

The following are FCMAT's unrestricted, restricted and combined summaries for the MYFP. Notes containing the specific additions, deletions, or other changes are included in the document attached as Appendix A to this report by individual resource. FCMAT reviewed and projected federal, other state and local revenues using the funding levels indicated in the district's second interim budget report. FCMAT assumed unchanged funding levels for federal programs with no cost-of-living adjustment (COLA). Locally funded program revenues were also projected to remain at current levels.

2016-17 Unrestricted general fund

	Object Code	Base Year 2016 – 17	Year 1 2017 - 18	Year 2 2018 – 19
Revenues				
LCFF/State Aid	8010 - 8099	$50,790,286.00	$50,117,773.00	$51,150,149.00
Federal Revenues	8100 - 8299	$16,246.98	$16,246.98	$16,246.98
Other State Revenues	8300 - 8599	$2,336,706.00	$1,307,197.00	$1,027,541.00
Other Local Revenues	8600 - 8799	$783,027.00	$788,225.00	$794,146.11
Revenues		$53,926,265.98	$52,229,441.98	$52,988,083.09
Expenditures				
Certificated Salaries	1000 - 1999	$27,270,506.00	$27,027,518.50	$27,725,171.51
Classified Salaries	2000 - 2999	$6,279,242.00	$6,352,709.14	$6,427,035.84
Employee Benefits	3000 - 3999	$8,480,769.00	$9,088,691.34	$9,936,913.90
Books and Supplies	4000 - 4999	$741,811.00	$761,988.26	$784,238.32
Services and Other Operating	5000 - 5999	$4,644,665.00	$4,760,552.80	$4,888,345.68
Capital Outlay	6000 - 6900	$46,607.00	$46,607.00	$46,607.00
Other Outgo	7000 - 7299	$969,359.00	$969,359.00	$969,359.00
Direct Support/Indirect Cost	7300 - 7399	($918,956.00)	($918,956.00)	($918,956.00)
Debt Service	7400 - 7499	$0.00	$0.00	$0.00
Expenditures		$47,514,003.00	$48,088,470.04	$49,858,715.25
Excess (Deficiency) of Revenues Over Expenditures		$6,412,262.98	$4,140,971.94	$3,129,367.84
Other Financing Sources/Uses				
Interfund Transfers In	8900 - 8929	$913,368.00	$3,441,297.50	$5,328,711.00
Interfund Transfers Out	7600 - 7629	$241,591.00	$241,591.00	$241,591.00
All Other Financing Sources	8930 - 8979	$0.00	$0.00	$0.00
All Other Financing Uses	7630 - 7699	$0.00	$0.00	$0.00
Contributions	8980 - 8999	($7,653,604.00)	($7,893,638.22)	($8,158,810.25)
Other Financing Sources/Uses		($6,981,827.00)	($4,693,931.72)	($3,071,690.25)
Net Increase (Decrease) in Fund Balance		($569,564.02)	($552,959.78)	$57,677.59
Fund Balance				
Beginning Fund Balance	9791	$3,199,672.00	$2,630,107.98	$2,077,148.20
Audit Adjustments	9793	$0.00	$0.00	$0.00
Other Restatements	9795	$0.00	$0.00	$0.00
Adjusted Beginning Fund Balance	9797	$3,199,672.00	$2,630,107.98	$2,077,148.20
Ending Fund Balance	9799	$2,630,107.98	$2,077,148.20	$2,134,825.79
Components of Ending Fund Balance				

Reserved Balances	9700	$0.00	$0.00	$0.00
Fund Balance, Nonspendable				
Nonspendable Revolving Cash	9711	$25,000.00	$25,000.00	$25,000.00
Nonspendable Stores	9712	$66,192.00	$66,192.00	$66,192.00
Nonspendable Prepaid Items	9713	$0.00	$0.00	$0.00
All Other Nonspendable Assets	9719	$0.00	$0.00	$0.00
General Reserve	9730	$0.00	$0.00	$0.00
Restricted Balance	9740	$0.00	$0.00	$0.00
Committed				
Stabilization Arrangements	9750	$0.00	$0.00	$0.00
Other Commitments	9760	$0.00	$0.00	$0.00
Designated for the Unrealized Gains of Investments and Cash in County Treasury	9775	$0.00	$0.00	$0.00
Other Assignments	9780	$597,371.00	$0.00	$0.00
Economic Uncertainties Percentage		3%	3%	3%
Reserve for Economic Uncertainties	9789	$1,941,544.44	$1,985,955.92	$2,043,633.61
Undesignated/Unappropriated	9790	$0.54	$0.28	$0.18

2016-17 Restricted General Fund

	Object Code	Base Year 2016 - 17	Year 1 2017 - 18	Year 2 2018 - 19
Revenues				
LCFF/State Aid	8010 - 8099	$263,791.00	$263,791.00	$263,791.00
Federal Revenues	8100 - 8299	$2,134,240.00	$2,134,240.00	$2,134,240.00
Other State Revenues	8300 - 8599	$4,092,930.00	$3,998,543.35	$4,489,162.81
Other Local Revenues	8600 - 8799	$2,829,314.00	$2,868,466.10	$2,932,895.64
Revenues		$9,320,275.00	$9,265,040.45	$9,820,089.45
Expenditures				
Certificated Salaries	1000 - 1999	$4,735,829.00	$4,748,261.09	$4,827,238.35
Classified Salaries	2000 - 2999	$2,978,719.00	$3,013,570.03	$3,048,828.81
Employee Benefits	3000 - 3999	$4,942,573.00	$5,459,564.88	$6,149,588.51
Books and Supplies	4000 - 4999	$684,855.00	$474,715.05	$485,047.90
Services and Other Operating	5000 - 5999	$2,854,455.00	$2,956,608.58	$2,835,827.00
Capital Outlay	6000 - 6900	$179,008.00	$636,419.00	$94,952.49
Other Outgo	7000 - 7299	$0.00	$0.00	$0.00
Direct Support/Indirect Cost	7300 - 7399	$587,115.00	$579,331.00	$579,331.00
Debt Service	7400 - 7499	$0.00	$0.00	$0.00
Expenditures		$16,962,554.00	$17,868,469.63	$18,020,814.06
Excess (Deficiency) of Revenues Over Expenditures		($7,642,279.00)	($8,603,429.18)	($8,200,724.61)
Other Financing Sources/Uses				
Interfund Transfers In	8900 - 8929	$0.00	$0.00	$0.00
Interfund Transfers Out	7600 - 7629	$0.00	$0.00	$0.00
All Other Financing Sources	8930 - 8979	$0.00	$0.00	$0.00
All Other Financing Uses	7630 - 7699	$0.00	$0.00	$0.00
Contributions	8980 - 8999	$7,653,604.00	$7,893,638.22	$8,158,810.25

Other Financing Sources/Uses		$7,653,604.00	$7,893,638.22	$8,158,810.25
Net Increase (Decrease) in Fund Balance		$11,325.00	($709,790.96)	($41,914.36)
Fund Balance				
Beginning Fund Balance	9791	$948,103.00	$959,428.00	$249,637.04
Audit Adjustments	9793	$0.00	$0.00	$0.00
Other Restatements	9795	$0.00	$0.00	$0.00
Adjusted Beginning Fund Balance	9797	$948,103.00	$959,428.00	$249,637.04
Ending Fund Balance	9799	$959,428.00	$249,637.04	$207,722.68
Components of Ending Fund Balance				
Reserved Balances	9700	$0.00	$0.00	$0.00
Fund Balance, Nonspendable				
Nonspendable Revolving Cash	9711	$0.00	$0.00	$0.00
Nonspendable Stores	9712	$0.00	$0.00	$0.00
Nonspendable Prepaid Items	9713	$0.00	$0.00	$0.00
All Other Nonspendable Assets	9719	$0.00	$0.00	$0.00
General Reserve	9730	$0.00	$0.00	$0.00
Restricted Balance	9740	$959,428.00	$249,637.04	$207,722.68
Committed				
Stabilization Arrangements	9750	$0.00	$0.00	$0.00
Other Commitments	9760	$0.00	$0.00	$0.00
Designated for the Unrealized Gains of Investments and Cash in County Treasury	9775	$0.00	$0.00	$0.00
Other Assignments	9780	$0.00	$0.00	$0.00
Economic Uncertainties Percentage		3%	3%	3%
Reserve for Economic Uncertainties	9789	$0.00	$0.00	$0.00
Undesignated/Unappropriated	9790	$0.00	$0.00	($0.00)

Newark Unified Combined Resources

	Object Code	Base Year 2016 - 17	Year 1 2017 - 18	Year 2 2018 - 19
Revenues				
LCFF/State Aid	8010 - 8099	$51,054,077.00	$50,381,564.00	$51,413,940.00
Federal Revenues	8100 - 8299	$2,150,486.98	$2,150,486.98	$2,150,486.98
Other State Revenues	8300 - 8599	$6,429,636.00	$5,305,740.35	$5,516,703.81
Other Local Revenues	8600 - 8799	$3,612,341.00	$3,656,691.10	$3,727,041.75
Revenues		$63,246,540.98	$61,494,482.43	$62,808,172.54
Expenditures				
Certificated Salaries	1000 - 1999	$32,006,335.00	$31,775,779.59	$32,552,409.86
Classified Salaries	2000 - 2999	$9,257,961.00	$9,366,279.17	$9,475,864.65
Employee Benefits	3000 - 3999	$13,423,342.00	$14,548,256.22	$16,086,502.41
Books and Supplies	4000 - 4999	$1,426,666.00	$1,236,703.31	$1,269,286.22
Services and Other Operating	5000 - 5999	$7,499,120.00	$7,717,161.38	$7,724,172.68
Capital Outlay	6000 - 6900	$225,615.00	$683,026.00	$141,559.49
Other Outgo	7000 - 7299	$969,359.00	$969,359.00	$969,359.00
Direct Support/Indirect Cost	7300 - 7399	($331,841.00)	($339,625.00)	($339,625.00)

Debt Service	7400 - 7499	$0.00	$0.00	$0.00
Expenditures		$64,476,557.00	$65,956,939.67	$67,879,529.31
Excess (Deficiency) of Revenues Over Expenditures		($1,230,016.02)	($4,462,457.24)	($5,071,356.77)
Other Financing Sources/Uses				
Interfund Transfers In	8900 - 8929	$913,368.00	$3,441,297.50	$5,328,711.00
Interfund Transfers Out	7600 - 7629	$241,591.00	$241,591.00	$241,591.00
All Other Financing Sources	8930 - 8979	$0.00	$0.00	$0.00
All Other Financing Uses	7630 - 7699	$0.00	$0.00	$0.00
Contributions	8980 - 8999	$0.00	$0.00	$0.00
Other Financing Sources/Uses		$671,777.00	$3,199,706.50	$5,087,120.00
Net Increase (Decrease) in Fund Balance		($558,239.02)	($1,262,750.74)	$15,763.23
Fund Balance				
Beginning Fund Balance	9791	$4,147,775.00	$3,589,535.98	$2,326,785.24
Audit Adjustments	9793	$0.00	$0.00	$0.00
Other Restatements	9795	$0.00	$0.00	$0.00
Adjusted Beginning Fund Balance	9797	$4,147,775.00	$3,589,535.98	$2,326,785.24
Ending Fund Balance	9799	$3,589,535.98	$2,326,785.24	$2,342,548.47
Components of Ending Fund Balance				
Reserved Balances	9700	$0.00	$0.00	$0.00
Fund Balance, Nonspendable				
Nonspendable Revolving Cash	9711	$25,000.00	$25,000.00	$25,000.00
Nonspendable Stores	9712	$66,192.00	$66,192.00	$66,192.00
Nonspendable Prepaid Items	9713	$0.00	$0.00	$0.00
All Other Nonspendable Assets	9719	$0.00	$0.00	$0.00
General Reserve	9730	$0.00	$0.00	$0.00
Restricted Balance	9740	$959,428.00	$249,637.04	$207,722.68
Committed				
Stabilization Arrangements	9750	$0.00	$0.00	$0.00
Other Commitments	9760	$0.00	$0.00	$0.00
Designated for the Unrealized Gains of Investments and Cash in County Treasury	9775	$0.00	$0.00	$0.00
Other Assignments	9780	$597,371.00	$0.00	$0.00
Economic Uncertainties Percentage		3%	3%	3%
Reserve for Economic Uncertainties	9789	$1,941,544.44	$1,985,955.92	$2,043,633.61
Undesignated/Unappropriated	9790	$0.54	$0.28	$0.18

One-Time Funding for Ongoing Expenses

When a school district expends more revenue than it receives in a fiscal year, it is deficit spending. When this happens year over year, it is known as a structural, or operating deficit. Left unresolved, the structural deficit will deplete the district's reserves and result in a negative fund balance. In a worst-case scenario, the district will run out of cash and become fiscally insolvent.

The district has long obscured its general-fund structural deficit by using one-time resources to fund ongoing operating expenses. In 1975, district voters approved a $3.2 million tax override initiative to finance school construction projects. Debt was issued, and the annual tax proceeds were used to make the annual debt payments through a nonprofit facilities financing corporation. In 1990, voters approved a continuation of the tax override to refinance the outstanding debt at lower interest rates and provide funding for additional construction projects. A new debt service retirement date of 2005 was set.

When the debt was retired and the tax ended, approximately $5.1 million in tax proceeds remained in fund 53. Although this money was provided to pay capital project debts, the district sought and received from legal counsel an opinion that these tax proceeds could be transferred to the general fund. Transfers to the general fund were made over the succeeding years, and loans were also made to the general fund, the most recent of which was retired in the 2007-08 fiscal year.

In February 2009, the district's governing board approved a resolution designating all fund 53 balances as available to transfer to the general fund to maintain the statutory reserve requirement and a positive fund balance. In addition, the resolution provided that any funds not transferred from fund 53 could not be used for the district's capital improvement plan unless the district could provide a positive certification of its budget, and the county office concurs with that certification.

When FCMAT performed its last review of the district in 2009, it had established a special reserve fund for other than capital outlay, fund 17 by transferring funds from fund 53, the tax override fund. Board Policy 3050 states that the purpose of this fund is to "... establish and maintain a Reserve for Emergency Purposes above the State required reserve." Administrative Regulation 3050 states the following regarding the fund:

> Will not be used for ongoing operational and instructional purposes
>
> Shall be established at the level of $1.5 million
>
> May be used as a resource to allow loans to the general fund or other funds, as necessary, which shall be repaid under the terms and conditions established by the board at the time of each such loan.

The district's 2008-09 first interim budget included a transfer of $1,457,380 to the general fund, bringing fund 17 to a projected balance of $236,505 on June 30, 2009. At that time, page 32 of the narrative included with the district's budget report to the school board contained the following comment:

> The Board of Education is approving a temporary borrowing from Fund 17. Fund 17
>
> is to be paid back from future General Fund budgets.

However, it does not appear that the funds were ever paid back from the general fund to the special reserve fund.

In 2009, Education Code Section (E.C.) 17463.7 was added to allow schools to use the proceeds from the sale of surplus property for any one-time general fund purpose. The legislature extended this flexibility twice during the great recession, finally sunsetting the provision on January 1, 2016. To utilize this code provision, a school district had to complete the following:

1. Submit documents to the State Allocation Board (SAB) certifying that there is no major deferred maintenance, the sale of the property does not violate the provisions of a local bond act, and that the property is not suitable for projected school needs for the next 10 years.

2. Have its governing board hold a meeting to present a plan for the expenditure of the funds that includes the source and use of funds and describes the reasons why it is not an ongoing fiscal obligation.

E.C. 17463.7 (b) and (c) also placed restrictions on state funding if the one-time flexibility was used. These restrictions included the SAB's ability to reduce a school district's apportionment of financial hardship assistance by an amount equal to the amount of the sale of the surplus property used for the one-time expenditure, and to declare districts ineligible for financial hardship funding for five years from the date the proceeds are deposited in the general fund.

In 2015, the district exercised the authority granted under Education Code Section 17463.7 and sold the Ruschin Elementary School site for $19 million. Of that amount, $4 million was deposited into fund 17, the special reserve for noncapital outlay, and the remaining $15 million into fund 40, the special reserve for capital outlay.

As noted earlier, the district can meet its requirement in the current and two subsequent fiscal years, but only by utilizing one-time funding from the special reserve for noncapital outlay. One of the dangers of using these resources to fund ongoing expenses is that they obscure the compounding effect of the structural deficit once one-time resources are depleted, but current and/or increased expenditure patterns persist. School districts confronted with a large structural deficit may want to develop a fiscal recovery plan that decreases and finally eliminates the deficit over several years instead of trying to do it all at once. This approach requires the district to have enough cash on hand to facilitate temporary borrowings between funds while expenditure reductions are made on a multiyear basis. Examples of fiscal recovery plans are attached to this report as Appendix B.

The district should realize the impact of using one-time funding for operational expenses on its form current expense formula/minimum classroom compensation in the Standardized Account Code Structure (SACS). A large outflow of the one-time discretionary funds for items not related to nonclassroom personnel costs could put an LEA in jeopardy of not meeting the required minimum percentage.

Recommendations

The district should:

1. Develop a fiscal recovery plan to eliminate the district's structural deficit in the general fund.

2. Refrain from using one-time resources to fund ongoing operational expenses.

3. Evaluate whether the use of one-time funding for operational expenses adversely affects the Form Current Expense of Education in SACS.

Budget Development

A school district budget communicates how the district plans to achieve its educational goals and objectives. The document is also the primary means by which the school board and administration demonstrate to the community their stewardship of public resources. The process used to develop the budget, as well as the format of the related documents, are the key to ensuring these criteria are met.

Budget Development Process

In January 2017, the governing board developed and approved a budget calendar that provided the date each item was to be completed, a description of activities to be completed, and the parties responsible for each activity. The calendar is updated as changes occur.

Three board budget study sessions were planned, with the possibility of a fourth, to be conducted throughout the budget development process as the district strives to identify expenditure reductions as a result of LCFF funding reductions and the continuation of declining enrollment. Staff have been involved in LCAP meetings as well as these study sessions.

Staff develops its own enrollment and ADA projections utilizing the cohort survival technique. Revenue and expenditure assumptions were based on industry recognized variables, and staffing allocations were based on board-approved staffing formulas.

Position control for budget development purposes was reviewed and updated with changes that were known. This position control was then uploaded into the Escape budget development model.

School allocations are based on a dollar amount per pupil. Staff from Human Resources, Education Services and Business Services met with each principal to review staffing and budgets. Business office staff also met with each department before finalizing their budgets.

Estimated carryover of unspent funds from the current year was not considered in budget development. This carryover would be allocated once the district closed its books.

The district lacks desk manuals for budget development. However, the previous CBO prepared detailed binders of the data needed in this process. The core of this model is used, with staff making changes and updates where needed.

With the institution of the LCAP, budgets are aligned with the goals and objectives established by district staff and community members through that process. Therefore, when providing direction on the budget, the board should not focus on specific line items, but on resource allocations designed specifically to meet the district's goals. The board should then direct staff to design an expenditure plan that meets the needs of students and the district.

The district should continue improving communication regarding the budget so that all interested parties gain a better understanding of the document. It is important that the budget document contain a narrative so that a layperson can understand the data and the effectiveness of district budget allocations.

Recommendations

The district should:

1. Submit information in a monthly budget report to the school board connecting the district budget to each of its goals and objectives and trends in student achievement.

2. Along with the monthly budget report, also present a brief analysis of relevant changes from the previous month, including but not limited to changes in operating costs, active and retiree benefit trends, salary and benefits as a percentage of all expenditures, contributions to restricted programs, ongoing vs. one-time resources, general fund deficits and projected balances of reserve funds and cash flow for all funds.

3. Continue to avoid unadjusted rollovers of prior year budget amounts when preparing the budget and multiyear financial projections.

4. Until formal desk manuals for budget development procedures are created, continue to use the binder provided by the previous CBO. Ensure that each staff member has a thorough knowledge of the information in the binder and the part their position plays in budget development. This will improve the efficiency and accuracy of budget data and maintain continuity of procedures in the event of staff turnover.

5. Continue to improve communications about the district's budget through easy-to-understand narratives, monthly updates to the board and board budget study sessions.

Budget Monitoring

Budgets should be monitored regularly during the fiscal year to ensure that appropriations are not overspent and that revenues received or expenditures made are not materially different than budgeted. Revisions to major expenditure classifications are subject to board approval according to Education Code Section 42600.

Many budget revisions are made during the fiscal year as additional information develops and is validated. Budget revisions normally fall into the following three main categories:

- Increases to both estimated income and expenditure appropriations resulting from the receipt of new grant awards or donations
- Budgeting of carryover balances from prior years
- Increases in expenditure appropriations to prevent budget overruns

Some districts submit budget revisions to the board with interim reports, and some present revisions more frequently, such as monthly. This is especially important for adjustments that significantly affect the ending fund balance or other key aspects of the budget. At Newark Unified, budget revisions are folded into the interim reports. The board establishes policy on how often revisions are submitted and approved, and Board Policy 3100 states the following:

> In addition, budget amendments shall be submitted for Board approval as necessary when collective bargaining agreements are accepted, district income declines, increased revenues or unanticipated savings are made available to the district, program proposals are significantly different from those approved during budget adoption, inter-fund transfers are needed to meet actual program expenditures, and/or other significant changes occur that impact budget projections.

The director of fiscal services reviews site budgets monthly and other budgets usually every two months. The district utilizes a "hard stop" on requisitions, which means when a requisition is entered with an account that does not have sufficient budget, it cannot be completed until a budget transfer is made. Therefore, most budget adjustments made by the director of fiscal services are in the areas of salaries and benefits. Although not uncommon, these budget adjustments could be minimized by updating the budgets from position control during the year.

The business office does not prepare a monthly budget to actual summary report for presentation to the governing board. This practice helps the board and the community understand that the budget constantly changes, the reasons these variances occur and counters the perception that budget changes only occur at interim reporting time. At a minimum, budget revisions should be submitted to the governing board during the following times:

- Forty-five days after the governor signs the state budget.
- When carryover and deferred revenue are added, no later than October 15.
- With the first interim report (December).
- With the second interim report (March).
- In May, in preparation for closing the books.
- In June, to assess what the projected ending balance will be.
- Whenever the ending fund balance is affected.

- Whenever transfers between funds occur.
- Whenever negotiations conclude.

The CBO and budget and position control manager meet periodically to review positions and coding of positions. Any budget adjustments are then made manually. The Escape system allows districts to create budget models from salary and benefits information based on current position control information. The working budget for all other object codes can be added to the model, and the model can be posted to the working budget. This eliminates the need for manual budget entries and should be done at least at interim reporting periods.

The district should continue working to decrease the variance between budgeted and actual expenses at year-end closing. This will increase credibility with local employee associations, the community and the governing board. Messaging regarding budget adjustments and how they affect the district must be continual and public. Those affected often remember only the last information they received, so it is imperative to repeat news about budget adjustments and how they affect fund balance, either negatively or positively, on a continuing basis.

Recommendations

The district should:

1. Review all budgets monthly. When funds are limited, a frequent review can help prevent variances between budgeted and actual expenses at year-end closing.
2. Prepare a monthly budget to actual summary report for all funds to be presented at a regular board meeting.
3. Minimize budget entries using the Escape system's ability to create new budget models from position control during critical reporting times and post that information to the working budget.
4. Continually report at board meetings the need for and cause of budget adjustments and how they affect the ending fund balance.

Position Control

A strong position control system provides for the establishment of positions by site/department and is meant to prevent over budgeting or underbudgeting of staff. An effective system also prevents omission of other annual expenses tied to district positions such as stipends, vacation pay, step-and-column changes and other salary and benefit related items that may be in the district's collective bargaining agreements. The position control system must be integrated with other financial modules such as budget and payroll.

The district utilizes Escape, an integrated software that includes human resources, position control, finance, budget and payroll. The position control module has been used since the district switched to this software.

Adequate controls ensure that only board-authorized positions are entered in the system, the Human Resources Department hires only for authorized positions and the Payroll Department pays only employees hired for authorized positions.

Newark Unified uses separation of duties and proper internal controls as shown below:

ACTION	WHO
Authorize position	Governing Board
Input authorized position with estimated salary and benefits; move appropriately signed Request for vacancy to Human Resources for posting	Budget and position control manager
Input employee demographic and salary information; move appropriately signed personnel action form to Payroll	Human Resources
Review and update salary schedules	CBO and director of fiscal services
Budget development for salary and benefit projections	CBO and budget and position control manager

The total number of authorized positions for the district should be determined annually based on enrollment, class size requirements in negotiated agreements and class offerings. Once the number is established, Business and Human Resources should collaborate on certificated staff. The number of employees holding the correct credentials for the determined positions could differ. This process needs to begin each January, giving the district time to manage possible layoffs within the required timelines.

Inter-departmental meetings are critical to the management of salary and benefit dollars. The budget and position control manager, Human Resources personnel and Payroll personnel should meet at least twice a year to balance positions to payroll. More frequent meetings would ensure all parties are aware of any issues. Affording staff the time to communicate directly and talk about problems or ask questions can help avoid employee pay errors. Training on how each of these areas affects the other is paramount in budgeting appropriately and ensuring proper payment to employees.

Recommendations:

The district should:

1. Continually review and monitor certificated staff assignments and class sizes to ensure staffing levels are appropriate and cost-effective.
2. Set up biannual inter-departmental meetings to reconcile position control to site/department staff lists and to payroll.
3. Train all staff on how their work affects others in the district office.
4. Ensure that all staff members have the opportunity for professional development in their respective areas.

Purchasing

In local education agencies (LEAs), including school districts, the process of purchasing supplies, equipment and services is dictated by statute, local board policy, and district procedures and practices. Sections of the Education Code, Public Contract Code, Government Code, and California Code of Regulations provide the legal basis and parameters for a school district to conduct its purchasing functions consistent with board policies, administrative regulations, procedures and guidelines and controls. These are designed to protect school districts by efficiently meeting various purchasing and contract needs while considering the lowest cost and highest value.

The district's board recognizes its fiduciary responsibility to oversee prudent expenditure of funds. Board Policy (BP3312) delegates spending authority to the superintendent or designee in accordance with the Public Contract Code and other statutes. District policy further states the following:

> In order to best serve district interests, the Superintendent or designee shall develop and maintain effective purchasing procedures that are consistent with sound financial controls and that ensure the district receives maximum value for items purchased. He/she shall ensure that records of expenditures and purchases are maintained in accordance with law. Board policies and administrative regulations should be updated at least biannually to keep pace with changes in statute.

FCMAT reviewed the district's board policies and administrative regulations on purchasing and found that many were not current, and some had not been updated since 2007.

The primary responsibility for the district's purchasing function belongs to the CBO. This position is responsible for overseeing both day-to-day purchasing and the competitive bid process when items exceed the established dollar threshold and must be competitively bid. In a district of this size and structure, a management-level position such as a purchasing agent would typically be responsible for these duties.

The district uses the Escape Technologies online purchasing module to process purchasing requisition and create purchase orders. The purchasing module establishes a level of approvals depending on funding source and dollar threshold and permits a hard stop on requisitions if an incorrect account code is submitted or insufficient funds are in the account.

The district does not have a purchasing handbook. This type of document should act as a reference for all district personnel involved in any aspect of the purchasing process and should reflect current laws, board policies and administrative regulations pertaining to purchasing. A sample handbook is available at http://www.hemetusd.org/ourpages/purchasing/Purchasing%20Handbook.pdf.

FCMAT reviewed the district bidding policy and processes and found that its materials, services and supply acquisition and public works construction bidding procedures mostly comply with the law. Public Contract Code (PCC) 20111 requires school districts to publicly bid certain purchases for equipment, materials, supplies or services that are subject to a variety of bid thresholds and criteria. For nonpublic works projects, the PCC 20111 public bid threshold is $88,300 as of the time of this study and is subject to an annual adjustment for inflation. District Board Policy (BP) 3311 relates to bids and states the following:

> In order to ensure transparency and the prudent expenditure of public funds, the Board of Education shall award contracts in an objective manner and in accordance with law. District equipment, supplies, and services shall be purchased using competitive bidding when required by law or if the Board determines that it is in the best interest of the District to do so. When the Board has determined that it is in the best interest of the District, the District may piggyback onto the contract of another public agency or corporation to lease or purchase equipment or supplies to the extent authorized by law. (PCC20118) Bid specifications shall be carefully designed and shall describe in detail the quality, delivery, and service required.

Administrative Regulation AR 3311 reinforces BP 3311 with further detail and direction on the requirements and process for competitive bidding.

The district is listed on the state controller's website as using the alternative process authorized in PCC 22000-22045, referred to as CUPCCAA since March 1994.

CUPCCAA rules allow the following:

1. The employees of a public agency may perform public projects of $45,000 or less by force account, negotiated contract, or purchase order (PCC 22032(a)).

2. Public projects of $175,000 or less may be awarded by informal procedures as established in this legislation. If all bids received exceed $175,000, the governing body of the public agency may, by adoption of a resolution by a four-fifths vote, award the contract at $187,500 or less to the lowest responsible bidder, if it determines the cost estimate of the public agency was reasonable (PCC22032(b) and 22034(d)). Public projects of more than $175,000 shall, except as otherwise provided in this legislation, be allowed to contract by formal bidding procedures (PCC 22032(c)).

3. Agencies may disqualify contractors from the qualified contractors list required according to PCC 22034(a).

4. Agencies may use these increased purchase amounts to purchase materials as long as they are consumed on a public contract subject to and defined by the policies and procedures manual established by the California Uniform Public Construction Cost Accounting Commission.

5. An agency may elect to withdraw from the act at any time by filing a resolution of this election with the State Controller's Office.

6. However, FCMAT's review of board policies does not indicate that Newark Unified is a CUPCCAA district and cites instead the competitive bid limits included under Sections 20111 and 22003 of the PCC as current board policy and administrative regulation.

CUPCCAA is an effective way for school districts to raise their bidding limits if they have sufficient resources and staff time to generate a master list each year and provide notice to all contractors on the list and the construction trade journals each time the public entity bids a construction contract that is between $45,000 and $175,000. A public entity should balance the benefit of obtaining a higher formal bid threshold with the following burden:

- Generating contractor lists annually
- Providing notice to all interested contractors on the list and the specified trade journals each time the public entity bids a contract between $45,000 and $175,000
- Notifying the trade journals when the public entity formally bids a construction contract of more than $175,000

CUPCCAA was created to promote uniformity of cost accounting standards and bidding procedures on construction work performed or contracted by public entities in California. The act raises the formal bid thresholds for public entities to $175,000 and establishes specific informal and formal bidding procedures. A public entity that has affirmatively adopted the act can use its informal bidding procedures to award public projects of between $45,000 and $175,000. However, CUPCCAA's informal bidding procedures require a public entity to notify specific trade journals each year in November and generate a list of interested contractors from contractor responses received by the public entity to the trade journal notifications. After this master list is created, the public entity must provide all contractors on the list with notice for each contract exceeding $45,000 to be bid at least 10 calendar days before bids are due. Additionally, CUPCCAA requires public agencies to notify these construction trade journals when formally bidding contracts are in excess of $175,000 as a part of the act's formal bid procedures.

Recommendations

The district should:

1. Update board policies and administrative regulations so they reflect changes in statute.
2. Continue the use of the online purchasing module in Escape Technologies.
3. Develop a purchasing handbook as a reference guide for all district personnel involved in any aspect of the purchasing process.
4. Revise Board Policy and Administrative Regulation 3311 to indicate that the district participates in the Office of the State Controller's CUPCCAA program.
5. Ensure that the master list of contractors is maintained, and trade journals are notified by the required deadline when CUPCAA is utilized.

Accounts Payable

Accounts payable functions include the payment of all vendor invoices, employee reimbursements (other than payroll), and impress account reimbursements in a complete, accurate, and timely manner. In a medium to large district, the accounts payable process may be handled by an entire department of accounts payable technicians. In a small district to medium-sized district, this might be only one function of a single individual's many job duties.

In either case, the purpose of the accounts payable function is to ensure that all disbursements of school district funds are done in accordance with the following:

- Internal control procedures
- Generally accepted accounting practices
- The standardized account code structure
- State law
- Federal requirements
- Best practices

The district has one account technician in accounts payable, and she has been in the position since January 2017. Before working at the district office, she was the ASB bookkeeper at the junior high school. Since she is new to the position, ongoing professional development is essential.

The district follows industry standard when paying invoices, which includes verifying that goods or services have been rendered or received, and marrying an approved invoice with a purchase order prior to it being paid. The account technician then prepares a prelist for the director of fiscal services to approve before submitting a batch for processing through the Alameda County Office of Education. The district indicates that the county office does not audit its accounts payable function. Once warrants are received back from the county office, another account technician in the business office is charged with mailing warrants to vendors.

The district uses open purchase orders for maintenance, but little else. The district also uses pay vouchers sparingly, mostly for employee mileage reimbursements. It may want to consider whether expenditures such as utilities, which are not discretionary and are approved in the adopted budget, could be paid on pay vouchers rather than on purchase orders. This would decrease the workload for the accounts payable technician.

Recommendations

The district should:

1. Provide ongoing professional development for the accounting technician responsible for accounts payable.
2. Consider using pay vouchers, rather than purchase orders, to pay for nondiscretionary expenditures, such as utilities that are approved in the adopted budget.

Accounts Receivable

The account technician responsible for accounts receivable has been with the district 10 years, but in her current position only since January 2017. Ongoing professional development is essential for this position.

The account technician is responsible for specific aspects of accounts receivable. The duties include creating invoices to bill internal and external users for use of the district's Graphic Arts Department, receipting local donations and developer fees and depositing cafeteria funds and funds from child care into the county treasury.

The accounts receivable function is carried out using the district's Escape Technologies financial system. Adequate segregations of duties in the process would ensure sufficient internal controls for accounts receivable. Involving three separate positions would help accomplish this. One position would create the invoice, a second position would receive and deposits the payments, and a third would record the transactions in the Escape Technologies financial system.

In most instances, segregation of duties is adequate since the director of fiscal services or another account technician is involved in the process. However, at least one other position should be involved to divide the steps, ideally in the middle, to strengthen internal controls for the receipt and deposit of money from outside sources. This would allow the accounting technician to create invoices and record the transactions in Escape while the other individual would receive the physical payments. The inclusion of another position in the department would also allow for cross-training and a backup if either position is vacant for an extended period.

Since the account technician is new to the accounts receivable function, she had not been through year-end closing at the time of fieldwork. However, the district did not possess a year-end tickler file to remind the business office to invoice outside users for contractual agreements, such as rents and leases, if they are not billed monthly. A tickler file is a collection of file folders labeled by date and organized to allow time-sensitive documents to be filed according to the date a related action should be taken. The use a of a tickler file at year end ensures that the business office invoices and if necessary, sets up accounts receivable for these accounts during the year and closing process.

Recommendations

The district should:

1. Provide ongoing professional development for the accounting technician responsible for accounts receivable.
2. Include another position in the accounts receivable process to establish appropriate segregation of duties, strengthen internal controls, and provide a backup when needed.
3. Establish a tickler file at year-end closing to remind the business office to invoice outside users for contractual agreements, such as rents and leases, if they are not invoiced monthly.

Payroll

The district has two payroll technicians who each serve half the district's employees according to the first letter of their last names. This means each technician needs to have knowledge of all items that would affect both certificated and classified personnel, which would include but not be limited to retirement, contract language, salary schedules, calendars, leaves, etc. This is an effective way of ensuring that, in an emergency situation, one technician could complete the district payroll. The district's process for changes to payroll is based on Human Resources providing a personnel action form for new hires, any changes to personnel (such as moving sites, increasing/ decreasing time, leaves, step increments, etc.) and terminations. This ensures internal controls and follows best practices.

However, there is a lack of communication between the two departments. Inter-departmental meetings are necessary to allow each department to ask questions and clarify any outstanding issues and should be held monthly, preferably a week before payroll finalizes.

The most effective way of avoiding payroll errors is to balance payroll monthly. Once the correct regular monthly payroll is determined, additions/subtractions are noted monthly to come up with the next month's payroll amount. If the payroll prelist does not match the balance sheet, Payroll should review the document employee by employee to determine where the difference occurred. The district uses the following process:

- Before payroll closes each month, an Escape difference report (which compares individual employees' pay with any differences in gross pay between prior period and current period) is run. The report shows step-and-column increases, promotions, docking, and any other adjustments.
- Any difference that cannot be supported by either a personnel action form or leave docking request is investigated.
- The budget and position control manager runs the payroll summary report and compares it to prior month for total employees paid, total gross, variances in total earnings and employees in break-out categories, e.g., base pay, substitute pay, overtime, docks, stipends, coaches, hourly employees, etc.
- Any differences require justifiable support (e.g., winter coach stipends paid in March, less substitute teachers used in a month with school recess, vacancy filled, etc.).

Recommendations

The district should:

1. Continue using the personnel action form as the vehicle to notify Payroll of employee changes.
2. Set up monthly meetings between the Human Resources and Payroll staff approximately one week before the payroll closes to address any issues and answer questions regarding changes.
3. Continue to balance the payroll from month to month to ensure proper payment to each employee.

Associated Student Body and School-Related Organizations Oversight

Associated student body (ASB) and school-related organizations are similar in their activities, but have different legal relationships with the school district

ASB organizations are governed by California laws and by rules developed by the California Department of Education and codified in Title 5 of the California Code of Regulations. ASBs are legally part of the school district, so their financial activities are part of a district's annual audit.

School-related organizations include booster clubs, foundations, scholarship funds and parent-teacher associations. A school district's governing board does not exert direct control over these organizations, but retains the authority to determine which will be allowed to operate at the schools. These are separate legal entities from the school district, established to support and supplement the educational program, often through fundraising. Adults (usually parents), not students operate these organizations, which may have a board of directors and elected officers to handle day-to-day operations. They have their own bylaws, policies and administrative regulations, and many are 501(c)(3) nonprofit corporations.

Although school-related organizations operate autonomously, they are an integral part of a well-rounded program of extracurricular opportunities for students. Therefore, thoughtful coordination of their efforts in conjunction with the ASB is crucial to the successful operation of a public school. The same standards of sound financial management that apply to the district and the ASB should also apply to school-related organizations.

Internal Controls and Audit Findings

The district's internal controls over ASB financial operations have historically been insufficient, as evidenced by numerous unresolved findings from the past two annual independent audits. Audit findings have three classifications: material weaknesses, reportable conditions, and areas for management improvement. Material weaknesses should be addressed first, then reportable conditions and finally areas for management improvement.

Material weaknesses are the most serious type of findings; they are internal control deficiencies so serious that errors or fraud may occur and may not be detected in a timely manner by employees during the normal course of business. A material weakness may also violate current laws or regulations.

A reportable condition is a significant deficiency in the design or operation of the district's internal control processes that could adversely affect the district's ability to record, process, summarize and report financial data. An area for management improvement is not a material weakness or reportable condition, but provides suggestions for improving the district's operations.

The past two audits identified insufficient controls over student body activities at elementary schools and the junior high school. These findings include lack of supporting documentation for cash receipts, failure to perform bank reconciliations, untimely cash deposits and the lack of two signatures on ASB checks.

The 2016 independent audit recommends that the district provide the FCMAT ASB manual to all ASB staff as well as provide ASB training to reinforce the importance of sound internal control procedures.

Recommendations

The district should:

1. Ensure that the district complies with laws, regulations and district policies governing ASB accounting and related practices.

2. Assign individual business office staff members to address each audit exception, and hold them accountable for the proper and timely resolution of each exception. Include a timeline for completion before the end of each fiscal year.

3. Ensure that the business office periodically reviews the status of the audit findings to ensure compliance and provide additional training as needed.

4. Require all staff members to use existing forms and procedures for the following:

   - Separation of ASB and other site cash receipts for lost books
   - Use of revenue potential forms
   - Issuance of receipts for all cash received in the ASB office
   - Timely and accurate bank reconciliations
   - Sufficient separation of duties
   - Rotation of staff for gate receipt handling
   - Ensuring that all staff follow purchasing procedures

5. Provide the FCMAT ASB manual to all ASB staff.

6. Provide ASB staff with training on sound internal control procedures.

Bond Oversight

On November 8, 2011, district voters authorized Measure G under the Proposition 39 statutes. This measure authorized the issuance of $63 million in general obligation bonds.

The proceeds of the bonds are to be used to update aging classrooms, libraries, and science labs to meet earthquake/fire/safety standards; improve access for students with disabilities; remove asbestos, lead and hazardous materials; and improve energy/operational efficiency to maximize funding for instructional programs.

Measure G – General Obligation Bonds

- Series A, Issued 7-30-12: $15 million
- Series B, Issued 6-19-14: $30 million
- Series C, Issued 7-13-16: $18 million

Board Policy 7214 the following:

> If a district general obligation bond requiring a 55 percent majority is approved by the voters, the Board shall appoint an independent citizens' oversight committee to inform the public concerning the expenditure of bond revenues as specified in Education Code 15278 and the accompanying administrative regulation. This committee shall be appointed within 60 days of the date that the Board enters the election results in its minutes pursuant to Education Code 15274.

Board Policy 7214 also states the following:

> The Superintendent or designee shall ensure that the annual, independent performance and financial audits required pursuant to items #34 above are issued in accordance with the U.S. Comptroller General's Government Auditing Standards and submitted to the citizens' oversight committee at the same time they are submitted to him/her and no later than March 31 of each year . (Education Code 15286) and that the Board shall provide the citizens' oversight committee with responses to all findings, recommendations, and concerns addressed in the performance and financial audits within three months of receiving the audits.
>
> (Education Code 15280).

According to Education Code Sections 15280 (b) and 15278 (c), the scope of the committee includes the following:

- Review annual, independent financial and performance audits required by Prop. 39
- Make physical inspections of the school buildings and grounds
- Review deferred maintenance plans, and
- Prepare annual and final reports to the Board and public

The scope also includes the following:

- Review District efforts to maximize bond revenues through implementation of cost containment measures
    - Professional fees
    - Site preparation

- Joint use of facilities
- Design efficiencies
- Reusable facilities plans

Based on FCMAT's review of committee agendas and minutes and other documents furnished by the district, the district appears to substantially comply with Education Code 15278 and Board Policy 7214 and Administrative Regulation 7214.

Recommendations

The district should:

1. Continue to have the citizens' oversight committee review annual, independent financial and performance audits.
2. Ensure that the committee physically inspects the school buildings and grounds.
3. Continue to have the committee review the deferred maintenance plans and prepare reports to the governing board.
4. Ensure that the committee reviews district efforts to maximize bond revenues through implementation of cost-containment measures.

Appendices

A Multiyear Financial Projection

B: Sample Fiscal Recovery Plans

C: Study Agreement

Appendix A – Multiyear Financial Projection

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Unrestricted Resources Only
Resource: 0000 - Unrestricted

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$42,942,660.00		$43,199,332.00	$44,894,011.00	(1)
Federal Revenues	8100 - 8299	$16,246.98		$16,246.98	$16,246.98	(2)
Other State Revenues	8300 - 8599	$1,464,498.00		$490,519.00	$218,549.00	(3)
Other Local Revenues	8600 - 8799	$783,027.00		$788,225.00	$794,146.11	(4)
Total Revenues		$45,206,431.98		$44,494,322.98	$45,922,953.09	
Expenditures						
Certificated Salaries	1000 - 1999	$20,163,085.00		$19,799,271.34	$20,374,044.15	(5)
Classified Salaries	2000 - 2999	$6,279,242.00		$6,352,709.14	$6,427,035.84	
Employee Benefits	3000 - 3999	$7,016,994.00		$7,489,383.14	$8,164,416.12	
Books and Supplies	4000 - 4999	$724,311.00		$744,012.26	$765,737.42	
Services and Other Operating	5000 - 5999	$4,560,215.00		$4,673,805.76	$4,799,065.63	
Capital Outlay	6000 - 6900	$26,607.00		$26,607.00	$26,607.00	
Other Outgo	7000 - 7299	$969,359.00		$969,359.00	$969,359.00	
Direct Support/Indirect Cost	7300 - 7399	($918,956.00)		($918,956.00)	($918,956.00)	(6)
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$38,820,857.00		$39,136,191.64	$40,607,309.16	
Excess (Deficiency) of Revenues Over Expenditures		$6,385,574.98		$5,358,131.34	$5,315,643.93	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$913,368.00		$3,441,297.50	$5,328,711.00	
Interfund Transfers Out	7600 - 7629	$241,591.00		$241,591.00	$241,591.00	(7)
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	($7,653,604.00)		($7,893,638.22)	($8,158,810.25)	
Total Other Financing Sources\Uses		($6,981,827.00)		($4,693,931.72)	($3,071,690.25)	
Net Increase (Decrease) in Fund Balance		($596,252.02)		$664,199.62	$2,243,953.68	
Fund Balance						
Beginning Fund Balance	9791	$2,651,700.00		$2,055,447.98	$2,719,647.60	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$2,651,700.00		$2,055,447.98	$2,719,647.60	
Ending Fund Balance		$2,055,447.98		$2,719,647.60	$4,963,601.28	

Notes:

(1)

(1.1) Object 8011: Per Governor's Budget\SSC Dartboard for 2nd Interim FCMAT did not include residential housing starts for the two subsequent fiscal years.

(2)

(2.1) Object 8290: Actuals shown in 2nd Interim but not budgeted

(3)

(3.1) Object 8550: One Time Funding for Outstanding Mandate Claims 2016-17 FY Funded at $214.55 per PY ADA of 5,518.87 2017-18 Funded at $48 per PY ADA of 5,671.52 2018-19 No Funding projected One-Time Funds for Outstanding Mandate Claims from funds provided by Government Code (GC) Section 17581.95(h) as added by Section 31 of Senate Bill 828 (Chapter29, Statutes of 2016). This apportionment is made to all local educational agencies (LEAs) that reported average daily attendance (ADA) at the 2015–16 Second Principal (P-2) Apportionment and are active in the 2016–17 fiscal year. Funds are allocated on an equal amount per unit of 2015–16 P-2 ADA.

(3.2) Object 8551: Mandated Block Grant Funding (MBG) Funding for the MBG is based on average daily attendance (ADA) as of the 2015–16 Second Principal Apportionment (P-2) for Grades K–8 and Grades 9–12. The 2016–17 funding rates for each grade span are set forth in Item 6100-296-0001 of the Budget Act as follows: 2016-17 Funded at $28.42\K-8 & $56 9-12 PY ADA 2017-18 Funded at $29.87\K-8 & $57.36 9-12 PY ADA 2018-19 Funded at $29.87\K-8 & $57.36 9-12 PY ADA

(4)

(4.1) Object 8660: 2015-16 Unaudited Actuals Projected at $22,863 2016-17 Actuals YTD as of 2nd Interim $10,601 2016-17 Budget projected at $11,000 2016-17 Budget increased to $22,000

(5)

(5.1) Object 1101: 2017-18 Budget Projection -Reduce 10.7 FTE 2018-19 Budget Projection- Reduce 6.0 FTE

(6)

(6.1) Object 7380: Fund 25, Capital Facilities Fund: Updated definition to reflect current statute regarding collection of developer fees. CSAM added guidance that costs of justifying and adopting fees may be paid from Fund 25. Added guidance that administrative costs of collecting fees may be reimbursed from Fund 25 within the limitations of Education Code Section 17620. Clarified that eligible expenditures incurred in another fund may be reimbursed to Fund 25 by means of an interfund transfer of direct costs. Added cross-reference to accounting guidance elsewhere in the manual

(7)

(7.1) Object 7611: The District is working on developing a plan to eliminate the interfund transfer in the two subsequent fiscal years of the projection. Until the plan is fully developed, FCMAT will continue to transfer dollars to support the Child Development Fund.

(7.2) Object 7619: The District is working on developing a plan to eliminate the interfund transfer in the two subsequent fiscal years of the projection. Until the plan is fully developed, FCMAT will continue to transfer dollars to support the Adult Fund.

Contributions	8980 - 8999	$0.00		$0.00	$0.00	
Total Other Financing Sources\Uses		$0.00		$0.00	$0.00	
Net Increase (Decrease) in Fund Balance		$26,688.00		($53,256.58)	($88,994.34)	
Fund Balance						
Beginning Fund Balance	9791	$547,972.00		$574,660.00	$521,403.42	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$547,972.00		$574,660.00	$521,403.42	
Ending Fund Balance		$574,660.00		$521,403.42	$432,409.08	

Notes:

(1)

(1.1) Object 8560: 2016-17 ADA is the actual annual ADA reported for the 2015–16 fiscal year times the statewide average excused absence factor of 1.04446. Pursuant to Government Code Section 8880.5(a)(2) for fiscal years 2008–09 through 2014–15, the ADA used for purposes of calculating lottery included the ADA for classes for adults and regional occupational centers and programs reported for the 2007–08 fiscal year. Beginning in 2015–16, the adult and regional occupational centers and programs ADA is no longer included for the purpose of calculating lottery funding. The 2015–16 ADA, excluding adults and regional occupational centers and programs ADA, is the basis for the 2016–17 first quarter apportionment A final lottery revenue adjustment is included in this second quarter apportionment. The adjustment reflects additional 2015–16 lottery revenue that is available for distribution. Each year, the California State Lottery withholds a portion of its revenues until after the audit. Based on

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Unrestricted Resources Only
Resource: 1400 - Education Protection Account

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$7,847,626.00		$6,918,441.00	$6,256,138.00	(1)
Federal Revenues	8100 - 8299	$0.00		$0.00	$0.00	
Other State Revenues	8300 - 8599	$0.00		$0.00	$0.00	
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$7,847,626.00		$6,918,441.00	$6,256,138.00	
Expenditures						
Certificated Salaries	1000 - 1999	$6,507,421.00		$6,618,047.16	$6,730,553.96	
Classified Salaries	2000 - 2999	$0.00		$0.00	$0.00	
Employee Benefits	3000 - 3999	$1,340,205.00		$1,464,296.66	$1,622,865.79	
Books and Supplies	4000 - 4999	$0.00		$0.00	$0.00	
Services and Other Operating	5000 - 5999	$0.00		$0.00	$0.00	
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$0.00		$0.00	$0.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$7,847,626.00		$8,082,343.82	$8,353,419.75	
Excess (Deficiency) of Revenues Over Expenditures		$0.00		($1,163,902.82)	($2,097,281.75)	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$0.00		$0.00	$0.00	
Total Other Financing Sources\Uses		$0.00		$0.00	$0.00	
Net Increase (Decrease) in Fund Balance		$0.00		($1,163,902.82)	($2,097,281.75)	
Fund Balance						
Beginning Fund Balance	9791	$0.00		$0.00	($1,163,902.82)	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$0.00		$0.00	($1,163,902.82)	
Ending Fund Balance		$0.00		($1,163,902.82)	($3,261,184.57)	

Notes:
(1)
(1.1) Object 8012: EPA calculation completed by using FCMAT's LCFF Calculator as posted on www.fcmat.org

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 3010 - NCLB: Title I, Part A, Basic Grants Low-Income and Neglected

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$649,909.00		$649,909.00	$649,909.00	(1)
Other State Revenues	8300 - 8599	$0.00		$0.00	$0.00	
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$649,909.00		$649,909.00	$649,909.00	
Expenditures						
Certificated Salaries	1000 - 1999	$253,015.00		$257,295.68	$261,649.14	
Classified Salaries	2000 - 2999	$57,798.00		$58,474.24	$59,158.39	
Employee Benefits	3000 - 3999	$73,328.00		$79,488.48	$87,453.47	
Books and Supplies	4000 - 4999	$45,716.00		$46,821.62	$48,330.69	
Services and Other Operating	5000 - 5999	$169,169.00		$156,945.98	$141,481.82	(2)
Capital Outlay	6000 - 6900	$0.00		$0.00	$952.49	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$50,883.00		$50,883.00	$50,883.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$649,909.00		$649,909.00	$649,909.00	
Excess (Deficiency) of Revenues Over Expenditures		$0.00		$0.00	$0.00	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$0.00		$0.00	$0.00	
Total Other Financing Sources\Uses		$0.00		$0.00	$0.00	
Net Increase (Decrease) in Fund Balance		$0.00		$0.00	$0.00	
Fund Balance						
Beginning Fund Balance	9791	$0.00		$0.00	$0.00	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$0.00		$0.00	$0.00	
Ending Fund Balance		$0.00		$0.00	$0.00	

Notes:

(1)

(1.1) Object 8290: District's Adopted Budget: $619,693 District's 2nd Interim Budget: $756,617 FCMAT's Projection (see revised allocations) $649,909

(2)

(2.1) Object 5800: The 5800 object code was decreased to avoid encroachment for all fiscal years due to the reduction in the revised revenue allocations.

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 3310 - Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611 (formerly P

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$883,319.00		$883,319.00	$883,319.00	(1)
Other State Revenues	8300 - 8599	$0.00		$0.00	$0.00	
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$883,319.00		$883,319.00	$883,319.00	
Expenditures						
Certificated Salaries	1000 - 1999	$0.00		$0.00	$0.00	
Classified Salaries	2000 - 2999	$565,517.00		$572,133.55	$578,827.51	
Employee Benefits	3000 - 3999	$318,694.00		$331,540.28	$348,892.93	
Books and Supplies	4000 - 4999	$0.00		$0.00	$0.00	
Services and Other Operating	5000 - 5999	$0.00		$0.00	$0.00	
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$0.00		$0.00	$0.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$884,211.00		$903,673.83	$927,720.44	
Excess (Deficiency) of Revenues Over Expenditures		($892.00)		($20,354.83)	($44,401.44)	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$892.00		$20,354.83	$44,401.44	
Total Other Financing Sources\Uses		$892.00		$20,354.83	$44,401.44	
Net Increase (Decrease) in Fund Balance		$0.00		$0.00	$0.00	
Fund Balance						
Beginning Fund Balance	9791	$0.00		$0.00	$0.00	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$0.00		$0.00	$0.00	
Ending Fund Balance		$0.00		$0.00	$0.00	

Notes:

(1)

(1.1) Object 8181: The Local Agency Entitlements, Individuals with Disabilities Education Act (IDEA), Special Education funds are specifically allocated for special education and services to children with disabilities ages six through twenty-one.

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 3311 - Special Ed: IDEA Local Assistance, Part B, Sec 611, Private School ISPs

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$17,603.00		$17,603.00	$17,603.00	
Other State Revenues	8300 - 8599	$0.00		$0.00	$0.00	
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$17,603.00		$17,603.00	$17,603.00	
Expenditures						
Certificated Salaries	1000 - 1999	$0.00		$0.00	$0.00	
Classified Salaries	2000 - 2999	$0.00		$0.00	$0.00	
Employee Benefits	3000 - 3999	$0.00		$0.00	$0.00	
Books and Supplies	4000 - 4999	$0.00		$0.00	$0.00	
Services and Other Operating	5000 - 5999	$16,420.00		$16,866.62	$17,359.13	
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$1,183.00		$1,183.00	$1,183.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$17,603.00		$18,049.62	$18,542.13	
Excess (Deficiency) of Revenues Over Expenditures		$0.00		($446.62)	($939.13)	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$0.00		$446.62	$939.13	
Total Other Financing Sources\Uses		$0.00		$446.62	$939.13	
Net Increase (Decrease) in Fund Balance		$0.00		$0.00	$0.00	
Fund Balance						
Beginning Fund Balance	9791	$0.00		$0.00	$0.00	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$0.00		$0.00	$0.00	
Ending Fund Balance		$0.00		$0.00	$0.00	

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 3315 - Special Ed: IDEA Preschool Grants, Part B, Sec 619

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$42,798.00		$42,798.00	$42,798.00	(1)
Other State Revenues	8300 - 8599	$0.00		$0.00	$0.00	
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$42,798.00		$42,798.00	$42,798.00	
Expenditures						
Certificated Salaries	1000 - 1999	$0.00		$0.00	$0.00	
Classified Salaries	2000 - 2999	$36,009.00		$36,430.31	$36,856.54	
Employee Benefits	3000 - 3999	$11,172.00		$12,011.01	$13,143.38	
Books and Supplies	4000 - 4999	$0.00		$0.00	$0.00	
Services and Other Operating	5000 - 5999	$0.00		$0.00	$0.00	
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$2,878.00		$2,878.00	$2,878.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$50,059.00		$51,319.32	$52,877.92	
Excess (Deficiency) of Revenues Over Expenditures		($7,261.00)		($8,521.32)	($10,079.92)	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$7,261.00		$8,521.32	$10,079.92	
Total Other Financing Sources\Uses		$7,261.00		$8,521.32	$10,079.92	
Net Increase (Decrease) in Fund Balance		$0.00		$0.00	$0.00	
Fund Balance						
Beginning Fund Balance	9791	$0.00		$0.00	$0.00	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$0.00		$0.00	$0.00	
Ending Fund Balance		$0.00		$0.00	$0.00	

Notes:

(1)

(1.1) Object 8182: The Individuals with Disabilities Education Act (IDEA), Federal Preschool Grant funds are specifically allocated for special education and services to children with disabilities for preschool children ages three, four, and five. The District receives funding for this program through the Mission Valley SELPA.

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 3320 - Special Ed: IDEA Preschool Local Entitlement, Part B, Sec 611

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$75,028.00		$75,028.00	$75,028.00	(1)
Other State Revenues	8300 - 8599	$0.00		$0.00	$0.00	
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$75,028.00		$75,028.00	$75,028.00	
Expenditures						
Certificated Salaries	1000 - 1999	$0.00		$0.00	$0.00	
Classified Salaries	2000 - 2999	$50,496.00		$51,086.80	$51,684.52	
Employee Benefits	3000 - 3999	$24,196.00		$25,202.86	$26,564.53	
Books and Supplies	4000 - 4999	$0.00		$0.00	$0.00	
Services and Other Operating	5000 - 5999	$0.00		$0.00	$0.00	
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$5,045.00		$5,045.00	$5,045.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$79,737.00		$81,334.66	$83,294.05	
Excess (Deficiency) of Revenues Over Expenditures		($4,709.00)		($6,306.66)	($8,266.05)	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$4,709.00		$6,306.66	$8,266.05	
Total Other Financing Sources\Uses		$4,709.00		$6,306.66	$8,266.05	
Net Increase (Decrease) in Fund Balance		$0.00		$0.00	$0.00	
Fund Balance						
Beginning Fund Balance	9791	$0.00		$0.00	$0.00	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$0.00		$0.00	$0.00	
Ending Fund Balance		$0.00		$0.00	$0.00	

Notes:

(1)

(1.1) Object 8182: The Individuals with Disabilities Education Act (IDEA), Local Entitlements, Preschool Program funds are specifically allocated for special education and related services to children with disabilities ages three, four, and five. LEAs must account for these funds as expenditures for pupils with an individualized education plan (IEP) and for the provision of the special education and related services required by students with disabilities in order to benefit from a public education. The District receives funding through the Mission Valley SELPA.

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 3327 - Special Ed: IDEA Mental Health Allocation Plan, Part B, Sec 611

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$66,820.00		$66,820.00	$66,820.00	
Other State Revenues	8300 - 8599	$0.00		$0.00	$0.00	
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$66,820.00		$66,820.00	$66,820.00	
Expenditures						
Certificated Salaries	1000 - 1999	$0.00		$0.00	$0.00	
Classified Salaries	2000 - 2999	$0.00		$0.00	$0.00	
Employee Benefits	3000 - 3999	$0.00		$0.00	$0.00	
Books and Supplies	4000 - 4999	$0.00		$0.00	$0.00	
Services and Other Operating	5000 - 5999	$64,200.00		$65,188.45	$66,278.44	
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$2,620.00		$2,620.00	$2,620.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$66,820.00		$67,808.45	$68,898.44	
Excess (Deficiency) of Revenues Over Expenditures		$0.00		($988.45)	($2,078.44)	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$0.00		$988.45	$2,078.44	
Total Other Financing Sources\Uses		$0.00		$988.45	$2,078.44	
Net Increase (Decrease) in Fund Balance		$0.00		$0.00	$0.00	
Fund Balance						
Beginning Fund Balance	9791	$0.00		$0.00	$0.00	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$0.00		$0.00	$0.00	
Ending Fund Balance		$0.00		$0.00	$0.00	

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 3345 - Special Ed: IDEA Preschool Staff Development, Part B, Sec 619

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$321.00		$321.00	$321.00	
Other State Revenues	8300 - 8599	$0.00		$0.00	$0.00	
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$321.00		$321.00	$321.00	
Expenditures						
Certificated Salaries	1000 - 1999	$0.00		$0.00	$0.00	
Classified Salaries	2000 - 2999	$0.00		$0.00	$0.00	
Employee Benefits	3000 - 3999	$0.00		$0.00	$0.00	
Books and Supplies	4000 - 4999	$0.00		$0.00	$0.00	
Services and Other Operating	5000 - 5999	$299.00		$299.00	$299.00	
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$22.00		$22.00	$22.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$321.00		$321.00	$321.00	
Excess (Deficiency) of Revenues Over Expenditures		$0.00		$0.00	$0.00	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$0.00		$0.00	$0.00	
Total Other Financing Sources\Uses		$0.00		$0.00	$0.00	
Net Increase (Decrease) in Fund Balance		$0.00		$0.00	$0.00	
Fund Balance						
Beginning Fund Balance	9791	$0.00		$0.00	$0.00	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$0.00		$0.00	$0.00	
Ending Fund Balance		$0.00		$0.00	$0.00	

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 3386 - Special Ed: IDEA Quality Assurance & Focused Monitoring

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$32,445.00		$32,445.00	$32,445.00	
Other State Revenues	8300 - 8599	$0.00		$0.00	$0.00	
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$32,445.00		$32,445.00	$32,445.00	
Expenditures						
Certificated Salaries	1000 - 1999	$0.00		$0.00	$0.00	
Classified Salaries	2000 - 2999	$0.00		$0.00	$0.00	
Employee Benefits	3000 - 3999	$0.00		$0.00	$0.00	
Books and Supplies	4000 - 4999	$0.00		$0.00	$0.00	
Services and Other Operating	5000 - 5999	$30,336.00		$30,336.00	$30,336.00	
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$2,109.00		$2,109.00	$2,109.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$32,445.00		$32,445.00	$32,445.00	
Excess (Deficiency) of Revenues Over Expenditures		$0.00		$0.00	$0.00	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$0.00		$0.00	$0.00	
Total Other Financing Sources\Uses		$0.00		$0.00	$0.00	
Net Increase (Decrease) in Fund Balance		$0.00		$0.00	$0.00	
Fund Balance						
Beginning Fund Balance	9791	$0.00		$0.00	$0.00	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$0.00		$0.00	$0.00	
Ending Fund Balance		$0.00		$0.00	$0.00	

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 3550 - Carl D. Perkins Career and Technical Education: Secondary, Section 131

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$38,349.00		$38,349.00	$38,349.00	(1)
Other State Revenues	8300 - 8599	$0.00		$0.00	$0.00	
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$38,349.00		$38,349.00	$38,349.00	
Expenditures						
Certificated Salaries	1000 - 1999	$1,000.00		$1,017.00	$1,034.29	
Classified Salaries	2000 - 2999	$403.00		$407.72	$412.49	
Employee Benefits	3000 - 3999	$322.00		$355.51	$398.47	
Books and Supplies	4000 - 4999	$29,514.00		$29,315.05	$29,091.54	
Services and Other Operating	5000 - 5999	$5,284.00		$5,427.72	$5,586.21	
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$1,826.00		$1,826.00	$1,826.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$38,349.00		$38,349.00	$38,349.00	
Excess (Deficiency) of Revenues Over Expenditures		$0.00		$0.00	$0.00	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$0.00		$0.00	$0.00	
Total Other Financing Sources\Uses		$0.00		$0.00	$0.00	
Net Increase (Decrease) in Fund Balance		$0.00		$0.00	$0.00	
Fund Balance						
Beginning Fund Balance	9791	$0.00		$0.00	$0.00	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$0.00		$0.00	$0.00	
Ending Fund Balance		$0.00		$0.00	$0.00	

Notes:

(1) Carl D. Perkins Career & Technical Education provides local educational agencies with funding for the improvement of secondary and postsecondary career and technical education programs. Funding is provided to (1) state institutions, including the Department of Corrections and Rehabilitation, and State Special Schools (Section 112); (2) secondary education programs (Section 131); and (3) postsecondary education programs (Section 132). The allocation amount for each recipient is based on the United State Census Bureau Small Area Income and Poverty Estimates(SAIPE) data.

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 4035 - NCLB: Title II, Part A, Teacher Quality

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$156,542.00		$156,542.00	$156,542.00	(1)
Other State Revenues	8300 - 8599	$0.00		$0.00	$0.00	
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$156,542.00		$156,542.00	$156,542.00	
Expenditures						
Certificated Salaries	1000 - 1999	$91,393.00		$92,946.68	$94,526.77	
Classified Salaries	2000 - 2999	$0.00		$0.00	$0.00	
Employee Benefits	3000 - 3999	$19,265.00		$21,004.26	$23,226.84	
Books and Supplies	4000 - 4999	$2,081.00		$2,137.61	$2,200.03	
Services and Other Operating	5000 - 5999	$100,656.00		$97,306.45	$93,441.36	(2)
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$15,385.00		$15,385.00	$15,385.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$228,780.00		$228,780.00	$228,780.00	
Excess (Deficiency) of Revenues Over Expenditures		($72,238.00)		($72,238.00)	($72,238.00)	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$72,238.00		$72,238.00	$72,238.00	
Total Other Financing Sources\Uses		$72,238.00		$72,238.00	$72,238.00	
Net Increase (Decrease) in Fund Balance		$0.00		$0.00	$0.00	
Fund Balance						
Beginning Fund Balance	9791	$0.00		$0.00	$0.00	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$0.00		$0.00	$0.00	
Ending Fund Balance		$0.00		$0.00	$0.00	

Notes:

(1) Federal funds provided to the state under Title II, Part A, Teacher and Principal Training and Recruiting Fund of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the No Child Left Behind Act of 2001 (NCLB) (Public Law 107–110). Title II, Part A funds are apportioned to local educational agencies (LEAs) to increase student academic achievement through strategies focused on recruiting, hiring, training, and retaining highly qualified teachers and principals

(1.1) Object 8290: 2016-17 Adopted Budget: $154,120 2016-17 2nd Interim Budget: $228,780 2016-17 FCMAT Projection:$156,542 (See CDE Revised Allocation)

(2)

(2.1) Object 5900: Negative adjustment to eliminate encroachment District will need to review during the 2017-18 Budget Development process

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 4201 - NCLB: Title III, Immigrant Education Program

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$10,823.00		$10,823.00	$10,823.00	(1)
Other State Revenues	8300 - 8599	$0.00		$0.00	$0.00	
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$10,823.00		$10,823.00	$10,823.00	
Expenditures						
Certificated Salaries	1000 - 1999	$0.00		$0.00	$0.00	
Classified Salaries	2000 - 2999	$0.00		$0.00	$0.00	
Employee Benefits	3000 - 3999	$0.00		$0.00	$0.00	
Books and Supplies	4000 - 4999	$0.00		$0.00	$0.00	
Services and Other Operating	5000 - 5999	$8,781.00		$9,019.84	$9,283.22	
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$175.00		$175.00	$175.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$8,956.00		$9,194.84	$9,458.22	
Excess (Deficiency) of Revenues Over Expenditures		$1,867.00		$1,628.16	$1,364.78	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$0.00		$0.00	$0.00	
Total Other Financing Sources\Uses		$0.00		$0.00	$0.00	
Net Increase (Decrease) in Fund Balance		$1,867.00		$1,628.16	$1,364.78	
Fund Balance						
Beginning Fund Balance	9791	$0.00		$1,867.00	$3,495.16	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$0.00		$1,867.00	$3,495.16	
Ending Fund Balance		$1,867.00		$3,495.16	$4,859.94	

Notes:

(1)

(1.1) Object 8290: District Budget 2016-17: $8,956 FCMAT Projection: $10,823 Funding is made available to eligible local educational agencies (LEAs) to provide supplementary programs and services to limited English proficient (LEP) students, known as English learners (ELs). The purpose of the subgrants is to assist EL students to acquire English and achieve grade-level and graduation standards. Note: Recipients and funding amounts are subject to budget and administrative adjustments. Late applicants will be funded based on availability of funds.

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 4203 - NCLB: Title III, Limited English Proficient (LEP) Student Program

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$130,531.00		$130,531.00	$130,531.00	(1)
Other State Revenues	8300 - 8599	$0.00		$0.00	$0.00	
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$130,531.00		$130,531.00	$130,531.00	
Expenditures						
Certificated Salaries	1000 - 1999	$11,030.00		$11,217.51	$11,408.21	
Classified Salaries	2000 - 2999	$0.00		$0.00	$0.00	
Employee Benefits	3000 - 3999	$2,190.00		$2,384.50	$2,633.09	
Books and Supplies	4000 - 4999	$4,677.00		$4,804.22	$4,944.50	
Services and Other Operating	5000 - 5999	$109,410.00		$108,900.77	$108,321.20	
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$3,224.00		$3,224.00	$3,224.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$130,531.00		$130,531.00	$130,531.00	
Excess (Deficiency) of Revenues Over Expenditures		$0.00		$0.00	$0.00	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$0.00		$0.00	$0.00	
Total Other Financing Sources\Uses		$0.00		$0.00	$0.00	
Net Increase (Decrease) in Fund Balance		$0.00		$0.00	$0.00	
Fund Balance						
Beginning Fund Balance	9791	$0.00		$0.00	$0.00	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$0.00		$0.00	$0.00	
Ending Fund Balance		$0.00		$0.00	$0.00	

Notes:

(1)

(1.1) Object 8290: District 2016-17 Budget: $165,969 FCMAT 2016-17 Projection: $130,531 (See CDE Revised Allocation)

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 5640 - Medi-Cal Billing Option

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$29,752.00		$29,752.00	$29,752.00	
Other State Revenues	8300 - 8599	$0.00		$0.00	$0.00	
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$29,752.00		$29,752.00	$29,752.00	
Expenditures						
Certificated Salaries	1000 - 1999	$0.00		$0.00	$0.00	
Classified Salaries	2000 - 2999	$0.00		$0.00	$0.00	
Employee Benefits	3000 - 3999	$0.00		$0.00	$0.00	
Books and Supplies	4000 - 4999	$102,413.00		$14,599.77	$14,157.33	
Services and Other Operating	5000 - 5999	$14,751.00		$15,152.23	$15,594.67	
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$0.00		$0.00	$0.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$117,164.00		$29,752.00	$29,752.00	
Excess (Deficiency) of Revenues Over Expenditures		($87,412.00)		$0.00	$0.00	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$0.00		$0.00	$0.00	
Total Other Financing Sources\Uses		$0.00		$0.00	$0.00	
Net Increase (Decrease) in Fund Balance		($87,412.00)		$0.00	$0.00	
Fund Balance						
Beginning Fund Balance	9791	$87,412.00		$0.00	$0.00	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$87,412.00		$0.00	$0.00	
Ending Fund Balance		$0.00		$0.00	$0.00	

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 6010 - After School Education and Safety (ASES)

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$0.00		$0.00	$0.00	
Other State Revenues	8300 - 8599	$300,150.00		$300,150.00	$300,150.00	(1)
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$300,150.00		$300,150.00	$300,150.00	
Expenditures						
Certificated Salaries	1000 - 1999	$24,497.00		$24,913.45	$25,336.98	
Classified Salaries	2000 - 2999	$0.00		$0.00	$0.00	
Employee Benefits	3000 - 3999	$5,036.00		$5,503.14	$6,100.11	
Books and Supplies	4000 - 4999	$0.00		($1,241.27)	($2,656.20)	(2)
Services and Other Operating	5000 - 5999	$268,031.00		$268,388.68	$268,783.11	
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$2,586.00		$2,586.00	$2,586.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$300,150.00		$300,150.00	$300,150.00	
Excess (Deficiency) of Revenues Over Expenditures		$0.00		$0.00	$0.00	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$0.00		$0.00	$0.00	
Total Other Financing Sources\Uses		$0.00		$0.00	$0.00	
Net Increase (Decrease) in Fund Balance		$0.00		$0.00	$0.00	
Fund Balance						
Beginning Fund Balance	9791	$0.00		$0.00	$0.00	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$0.00		$0.00	$0.00	
Ending Fund Balance		$0.00		$0.00	$0.00	

Notes:

(1)

(1.1) Object 8590: The After School Education and Safety (ASES) Program is the result of the 2002 voter-approved initiative, Proposition 49. These programs are created through partnerships between schools and local community resources to provide literacy, academic enrichment and safe, constructive alternatives for students in kindergarten through ninth grade. Funding is designed to: (1) maintain existing before and after school program funding; and (2) provide eligibility to all elementary and middle schools that submit quality applications throughout California

(2)

(2.1) Object 4300: Negative adjustment to balance the resource and eliminate encroachment. District will need to review during the 2017-18 Budget Development process.

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 6230 - California Clean Energy Jobs Act

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$0.00		$0.00	$0.00	
Other State Revenues	8300 - 8599	$340,396.00		$0.00	$0.00	(1)
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$340,396.00		$0.00	$0.00	
Expenditures						
Certificated Salaries	1000 - 1999	$0.00		$0.00	$0.00	
Classified Salaries	2000 - 2999	$0.00		$0.00	$0.00	
Employee Benefits	3000 - 3999	$0.00		$0.00	$0.00	
Books and Supplies	4000 - 4999	$0.00		$0.00	$0.00	
Services and Other Operating	5000 - 5999	$14,704.00		$0.00	$0.00	
Capital Outlay	6000 - 6900	$85,008.00		$542,419.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$0.00		$0.00	$0.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$99,712.00		$542,419.00	$0.00	
Excess (Deficiency) of Revenues Over Expenditures		$240,684.00		($542,419.00)	$0.00	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$0.00		$0.00	$0.00	
Total Other Financing Sources\Uses		$0.00		$0.00	$0.00	
Net Increase (Decrease) in Fund Balance		$240,684.00		($542,419.00)	$0.00	
Fund Balance						
Beginning Fund Balance	9791	$301,735.00		$542,419.00	$0.00	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$301,735.00		$542,419.00	$0.00	
Ending Fund Balance		$542,419.00		$0.00	$0.00	

Notes:

(1) Public Resources Code Section 26200-26240; Senate Bill 73 (Chapter 27, Statutes of 2013); Senate Bill 97 (Chapter 357, Statutes of 2013); Budget Act Item 6100-139-8080 Receipt of funds is dependent on submission and approval of an expenditure plan by the California Energy Commission.

(1.1) Object 8590: District Budget 2016-17: $0.00 FCMAT Projection 2016-17:$340,396 See Funding Cycle for Proposition 39 Funding 2016-17 is the last year of the funding cycle

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 6264 - Educator Effectiveness

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$0.00		$0.00	$0.00	
Other State Revenues	8300 - 8599	$0.00		$0.00	$0.00	
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$0.00		$0.00	$0.00	
Expenditures						
Certificated Salaries	1000 - 1999	$65,225.00		$0.00	$0.00	(1)
Classified Salaries	2000 - 2999	$0.00		$0.00	$0.00	
Employee Benefits	3000 - 3999	$15,278.00		$0.00	$0.00	
Books and Supplies	4000 - 4999	$3,071.00		$0.00	$0.00	
Services and Other Operating	5000 - 5999	$26,184.00		$131,421.00	$0.00	
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$7,784.00		$0.00	$0.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$117,542.00		$131,421.00	$0.00	
Excess (Deficiency) of Revenues Over Expenditures		($117,542.00)		($131,421.00)	$0.00	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$0.00		$0.00	$0.00	
Total Other Financing Sources\Uses		$0.00		$0.00	$0.00	
Net Increase (Decrease) in Fund Balance		($117,542.00)		($131,421.00)	$0.00	
Fund Balance						
Beginning Fund Balance	9791	$248,963.00		$131,421.00	$0.00	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$248,963.00		$131,421.00	$0.00	
Ending Fund Balance		$131,421.00		$0.00	$0.00	

Notes:

(1) AB 104, Section 58 and SB 103, Section 8 appropriated $504,636 to the district for the Educator Effectiveness program in FY 2015–16. The beginning balance consists of carryover funds from the prior year. The funds can be used for the following purposes: Beginning teacher and administrator support and mentoring, including, but not limited to, programs that support new teacher and administrator ability to teach or lead effectively and to meet induction requirements adopted by the Commission on Teacher Credentialing and pursuant to Section 44259 of the California Education Code (EC). Professional development, coaching, and support services for teachers who have been identified as needing improvement or additional support by LEAs. Professional development for teachers and administrators that is aligned to the state content standards adopted pursuant to sections 51226, 60605, 60605.1, 60605.2, 60605.3, 60605.8, 60605.11, 60605.85, as that Section read on June 30, 2014, and 60811

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 6300 - Lottery: Instructional Materials

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$0.00		$0.00	$0.00	
Other State Revenues	8300 - 8599	$272,565.00		$266,587.00	$264,049.00	(1)
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$272,565.00		$266,587.00	$264,049.00	
Expenditures						
Certificated Salaries	1000 - 1999	$0.00		$0.00	$0.00	
Classified Salaries	2000 - 2999	$0.00		$0.00	$0.00	
Employee Benefits	3000 - 3999	$0.00		$0.00	$0.00	
Books and Supplies	4000 - 4999	$104,879.00		$107,731.72	$110,877.49	
Services and Other Operating	5000 - 5999	$143,048.00		$143,048.00	$143,048.00	
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$0.00		$0.00	$0.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$247,927.00		$250,779.72	$253,925.49	
Excess (Deficiency) of Revenues Over Expenditures		$24,638.00		$15,807.28	$10,123.51	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$0.00		$0.00	$0.00	
Total Other Financing Sources\Uses		$0.00		$0.00	$0.00	
Net Increase (Decrease) in Fund Balance		$24,638.00		$15,807.28	$10,123.51	
Fund Balance						
Beginning Fund Balance	9791	$101,622.00		$126,260.00	$142,067.28	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$101,622.00		$126,260.00	$142,067.28	
Ending Fund Balance		$126,260.00		$142,067.28	$152,190.79	

Notes:

(1)

(1.1) Object 8560: Lottery Projection 2016-17: $247,927 FCMAT Projection: $272,565 A final lottery revenue adjustment is included in the 2016-17 second quarter apportionment. The adjustment reflects additional 2015–16 lottery revenue that is available for distribution. Each year, the California State Lottery withholds a portion of its revenues until after the audit of its year-end financial statements. The additional revenue released for 2015–16 totaled $8,764,888.30. Of this amount, $0.54 per ADA ($0.543336573) is unrestricted lottery funding and $0.59 per ADA ($0.591200233) is restricted Proposition 20 lottery funding. The 2016-17 second quarter lottery apportionment also includes adjustments to correct the 2016–17 first quarter lottery apportionment and prior-year adjustments for 2014–15. This letter also corrects instructions provided in the 2016–17 first quarter lottery apportionment letter dated December 29, 2016, on how to identify 2014–15 ADA in order to compute a local educational

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 6500 - Special Education

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$263,791.00		$263,791.00	$263,791.00	
Federal Revenues	8100 - 8299	$0.00		$0.00	$0.00	
Other State Revenues	8300 - 8599	$0.00		$0.00	$0.00	
Other Local Revenues	8600 - 8799	$2,645,412.00		$2,684,564.10	$2,748,993.64	
Total Revenues		$2,909,203.00		$2,948,355.10	$3,012,784.64	
Expenditures						
Certificated Salaries	1000 - 1999	$4,278,422.00		$4,349,432.57	$4,421,650.31	
Classified Salaries	2000 - 2999	$1,525,553.00		$1,543,401.97	$1,561,459.77	
Employee Benefits	3000 - 3999	$1,580,096.00		$1,699,314.48	$1,854,359.39	
Books and Supplies	4000 - 4999	$75,351.00		$77,400.54	$79,660.64	
Services and Other Operating	5000 - 5999	$1,257,750.00		$1,272,030.22	$1,287,777.44	
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$359,578.00		$359,578.00	$359,578.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$9,076,750.00		$9,301,157.78	$9,564,485.55	
Excess (Deficiency) of Revenues Over Expenditures		($6,167,547.00)		($6,352,802.68)	($6,551,700.91)	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$6,167,547.00		$6,352,802.68	$6,551,700.91	
Total Other Financing Sources\Uses		$6,167,547.00		$6,352,802.68	$6,551,700.91	
Net Increase (Decrease) in Fund Balance		$0.00		$0.00	$0.00	
Fund Balance						
Beginning Fund Balance	9791	$0.00		$0.00	$0.00	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$0.00		$0.00	$0.00	
Ending Fund Balance		$0.00		$0.00	$0.00	

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 6512 - Special Ed: Mental Health Services

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$0.00		$0.00	$0.00	
Other State Revenues	8300 - 8599	$350,476.00		$355,663.04	$364,198.95	(1)
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$350,476.00		$355,663.04	$364,198.95	
Expenditures						
Certificated Salaries	1000 - 1999	$0.00		$0.00	$0.00	
Classified Salaries	2000 - 2999	$0.00		$0.00	$0.00	
Employee Benefits	3000 - 3999	$0.00		$0.00	$0.00	
Books and Supplies	4000 - 4999	$0.00		$0.00	$0.00	
Services and Other Operating	5000 - 5999	$326,873.00		$330,018.05	$333,486.19	
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$23,603.00		$23,603.00	$23,603.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$350,476.00		$353,621.05	$357,089.19	
Excess (Deficiency) of Revenues Over Expenditures		$0.00		$2,041.99	$7,109.76	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$0.00		$0.00	$0.00	
Total Other Financing Sources\Uses		$0.00		$0.00	$0.00	
Net Increase (Decrease) in Fund Balance		$0.00		$2,041.99	$7,109.76	
Fund Balance						
Beginning Fund Balance	9791	$9,340.00		$9,340.00	$11,381.99	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$9,340.00		$9,340.00	$11,381.99	
Ending Fund Balance		$9,340.00		$11,381.99	$18,491.75	

Notes:
(1) Funds must be exclusively used to support mental health services that are included within an individualized education program (IEP).

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 6520 - Special Ed: Project Workability I LEA

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$0.00		$0.00	$0.00	
Other State Revenues	8300 - 8599	$40,132.00		$40,725.95	$41,703.37	(1)
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$40,132.00		$40,725.95	$41,703.37	
Expenditures						
Certificated Salaries	1000 - 1999	$0.00		$0.00	$0.00	
Classified Salaries	2000 - 2999	$27,363.00		$27,683.15	$28,007.04	
Employee Benefits	3000 - 3999	$10,070.00		$10,619.53	$11,359.30	
Books and Supplies	4000 - 4999	$0.00		($275.73)	($361.97)	(2)
Services and Other Operating	5000 - 5999	$0.00		$0.00	$0.00	
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$2,699.00		$2,699.00	$2,699.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$40,132.00		$40,725.95	$41,703.37	
Excess (Deficiency) of Revenues Over Expenditures		$0.00		$0.00	$0.00	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$0.00		$0.00	$0.00	
Total Other Financing Sources\Uses		$0.00		$0.00	$0.00	
Net Increase (Decrease) in Fund Balance		$0.00		$0.00	$0.00	
Fund Balance						
Beginning Fund Balance	9791	$0.00		$0.00	$0.00	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$0.00		$0.00	$0.00	
Ending Fund Balance		$0.00		$0.00	$0.00	

Notes:

(1)

(1.1) Object 8590: The WorkAbility I program provides comprehensive The funding is designated for pre-employment training, employment placement, and follow-up for high school students in special education who are making the transition from school to work, independent living, and postsecondary education or training

(2)

(2.1) Object 4200: Negative adjustment to balance the resource District will need to review in the budget development process for 2017-18

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 7220 - Partnership Academies Program

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$0.00		$0.00	$0.00	
Other State Revenues	8300 - 8599	$74,700.00		$75,805.56	$77,624.89	(1)
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$74,700.00		$75,805.56	$77,624.89	
Expenditures						
Certificated Salaries	1000 - 1999	$11,247.00		$11,438.20	$11,632.65	
Classified Salaries	2000 - 2999	$803.00		$812.40	$821.91	
Employee Benefits	3000 - 3999	$1,807.00		$1,978.06	$2,196.76	
Books and Supplies	4000 - 4999	$25,368.00		$25,300.72	$25,773.91	(2)
Services and Other Operating	5000 - 5999	$30,452.00		$31,253.18	$32,136.66	
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$5,023.00		$5,023.00	$5,023.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$74,700.00		$75,805.56	$77,584.89	
Excess (Deficiency) of Revenues Over Expenditures		$0.00		$0.00	$40.00	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$0.00		$0.00	$0.00	
Total Other Financing Sources\Uses		$0.00		$0.00	$0.00	
Net Increase (Decrease) in Fund Balance		$0.00		$0.00	$40.00	
Fund Balance						
Beginning Fund Balance	9791	$0.00		$0.00	$0.00	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$0.00		$0.00	$0.00	
Ending Fund Balance		$0.00		$0.00	$40.00	

Notes:

(1) This is annual funding for current operational CPA programs included in the State Budget. The CPA model is mandated per California Education Code (EC) sections 54690-54697. They are effective school/district/business partnerships, providing integrated academic and career technical instruction to students who are at risk of dropping out of school or who are not motivated by traditional curricula. The CPA model is a school-within-a-school for students in the tenth through the twelfth grades. Emphasis is placed on student achievement, attendance, and program accountability.

(2)

(2.1) Object 4200: Negative adjustment to eliminate encroachment District will need to review during 2017-18 Budget Development

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 7338 - College Readiness Block Grant

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$0.00		$0.00	$0.00	
Other State Revenues	8300 - 8599	$128,116.00		$0.00	$0.00	(1)
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$128,116.00		$0.00	$0.00	
Expenditures						
Certificated Salaries	1000 - 1999	$0.00		$0.00	$0.00	
Classified Salaries	2000 - 2999	$0.00		$0.00	$0.00	
Employee Benefits	3000 - 3999	$0.00		$0.00	$0.00	
Books and Supplies	4000 - 4999	$128,116.00		$0.00	$0.00	
Services and Other Operating	5000 - 5999	$0.00		$0.00	$0.00	
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$0.00		$0.00	$0.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$128,116.00		$0.00	$0.00	
Excess (Deficiency) of Revenues Over Expenditures		$0.00		$0.00	$0.00	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$0.00		$0.00	$0.00	
Total Other Financing Sources\Uses		$0.00		$0.00	$0.00	
Net Increase (Decrease) in Fund Balance		$0.00		$0.00	$0.00	
Fund Balance						
Beginning Fund Balance	9791	$0.00		$0.00	$0.00	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$0.00		$0.00	$0.00	
Ending Fund Balance		$0.00		$0.00	$0.00	

Notes:

(1) Preliminary entitlements are allocated to each eligible county office of education, school district, and charter school (both local and direct funded) at a rate of $149.32 per unduplicated pupil enrolled in grades nine through twelve (9–12) as certified in the California Longitudinal Pupil Achievement Data System (CALPADS) during the 2015–16 fiscal year, with minimum funding provided at $75,000. Eligible local educational agencies (LEAs) will receive a final allocation of funds only for unduplicated pupils attending a school that is currently accredited or in the process of obtaining accreditation from the Accrediting Commission for Schools, Western Association of Schools and Colleges (WASC). As a condition of receipt of funds, LEAs are required to report to the California Department of Education (CDE) by January 1, 2017, on how they will measure the impact of CRBG funds received on their unduplicated pupils' access and successful matriculation to institutions of higher educati

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 7690 - STRS On-Behalf Pension Contributions

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$0.00		$0.00	$0.00	
Other State Revenues	8300 - 8599	$2,586,395.00		$2,959,611.80	$3,441,436.60	
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$2,586,395.00		$2,959,611.80	$3,441,436.60	
Expenditures						
Certificated Salaries	1000 - 1999	$0.00		$0.00	$0.00	
Classified Salaries	2000 - 2999	$0.00		$0.00	$0.00	
Employee Benefits	3000 - 3999	$2,586,395.00		$2,959,611.80	$3,441,436.60	
Books and Supplies	4000 - 4999	$0.00		$0.00	$0.00	
Services and Other Operating	5000 - 5999	$0.00		$0.00	$0.00	
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$0.00		$0.00	$0.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$2,586,395.00		$2,959,611.80	$3,441,436.60	
Excess (Deficiency) of Revenues Over Expenditures		$0.00		$0.00	$0.00	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$0.00		$0.00	$0.00	
Total Other Financing Sources\Uses		$0.00		$0.00	$0.00	
Net Increase (Decrease) in Fund Balance		$0.00		$0.00	$0.00	
Fund Balance						
Beginning Fund Balance	9791	$0.00		$0.00	$0.00	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$0.00		$0.00	$0.00	
Ending Fund Balance		$0.00		$0.00	$0.00	

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 8150 - Ongoing & Major Maintenance Account (RMA: Education Code Section 17070.75)

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$0.00		$0.00	$0.00	
Other State Revenues	8300 - 8599	$0.00		$0.00	$0.00	
Other Local Revenues	8600 - 8799	$0.00		$0.00	$0.00	
Total Revenues		$0.00		$0.00	$0.00	
Expenditures						
Certificated Salaries	1000 - 1999	$0.00		$0.00	$0.00	
Classified Salaries	2000 - 2999	$576,242.00		$582,984.03	$589,804.95	
Employee Benefits	3000 - 3999	$261,405.00		$274,447.16	$292,058.96	
Books and Supplies	4000 - 4999	$129,315.00		$132,832.37	$136,711.08	
Services and Other Operating	5000 - 5999	$252,168.00		$258,833.58	$266,183.91	
Capital Outlay	6000 - 6900	$94,000.00		$94,000.00	$94,000.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$87,827.00		$87,827.00	$87,827.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$1,400,957.00		$1,430,924.14	$1,466,585.90	
Excess (Deficiency) of Revenues Over Expenditures		($1,400,957.00)		($1,430,924.14)	($1,466,585.90)	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$1,400,957.00		$1,431,979.66	$1,469,106.36	
Total Other Financing Sources\Uses		$1,400,957.00		$1,431,979.66	$1,469,106.36	
Net Increase (Decrease) in Fund Balance		$0.00		$1,055.52	$2,520.46	
Fund Balance						
Beginning Fund Balance	9791	$0.00		$0.00	$1,055.52	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$0.00		$0.00	$1,055.52	
Ending Fund Balance		$0.00		$1,055.52	$3,575.98	

LEA: Newark Unified
Projection: Newark Unified MYFP FCMAT-2nd Interim

General Fund/County School Service Fund
Restricted Resources Only
Resource: 9010 - Other Restricted Local

Name	Object Code	Base Year 2016 - 17	Rules	Year 1 2017 - 18	Year 2 2018 - 19	Note
Revenues						
LCFF/State Aid	8010 - 8099	$0.00		$0.00	$0.00	
Federal Revenues	8100 - 8299	$0.00		$0.00	$0.00	
Other State Revenues	8300 - 8599	$0.00		$0.00	$0.00	
Other Local Revenues	8600 - 8799	$183,902.00		$183,902.00	$183,902.00	
Total Revenues		$183,902.00		$183,902.00	$183,902.00	
Expenditures						
Certificated Salaries	1000 - 1999	$0.00		$0.00	$0.00	
Classified Salaries	2000 - 2999	$138,535.00		$140,155.86	$141,795.69	
Employee Benefits	3000 - 3999	$33,319.00		$36,103.81	$39,764.68	
Books and Supplies	4000 - 4999	$34,354.00		$35,288.43	$36,318.86	
Services and Other Operating	5000 - 5999	$15,939.00		$16,172.81	$16,430.64	
Capital Outlay	6000 - 6900	$0.00		$0.00	$0.00	
Other Outgo	7000 - 7299	$0.00		$0.00	$0.00	
Direct Support/Indirect Cost	7300 - 7399	$12,665.00		$12,665.00	$12,665.00	
Debt Service	7400 - 7499	$0.00		$0.00	$0.00	
Total Expenditures		$234,812.00		$240,385.91	$246,974.87	
Excess (Deficiency) of Revenues Over Expenditures		($50,910.00)		($56,483.91)	($63,072.87)	
Other Financing Sources\Uses						
Interfund Transfers In	8900 - 8929	$0.00		$0.00	$0.00	
Interfund Transfers Out	7600 - 7629	$0.00		$0.00	$0.00	
All Other Financing Sources	8930 - 8979	$0.00		$0.00	$0.00	
All Other Financing Uses	7630 - 7699	$0.00		$0.00	$0.00	
Contributions	8980 - 8999	$0.00		$0.00	$0.00	
Total Other Financing Sources\Uses		$0.00		$0.00	$0.00	
Net Increase (Decrease) in Fund Balance		($50,910.00)		($56,483.91)	($63,072.87)	
Fund Balance						
Beginning Fund Balance	9791	$199,031.00		$148,121.00	$91,637.09	
Audit Adjustments	9793	$0.00		$0.00	$0.00	
Other Restatements	9795	$0.00		$0.00	$0.00	
Adjusted Beginning Fund Balance		$199,031.00		$148,121.00	$91,637.09	
Ending Fund Balance		$148,121.00		$91,637.09	$28,564.22	

Appendix B – Sample Fiscal Recovery Plans

Santa Barbara School Districts

Date: April 14, 2008

To: Dr. J. Brian Sarvis, Superintendent

From: Eric D. Smith, Deputy Superintendent

Subject: Second Reading of Fiscal Recovery Plan

Action Item *(Time Required: 100 min.)*

Background
On January 10, 2008, the Governor unveiled his proposed fiscal year 2008-09 budget. In the wake of a $14.5 billion State deficit, the Governor's proposed 2008-09 proposed budget called for a 10 percent across the board cut to state-funded services, including K-12 education. In addition to a 6.99 percent deficit to the revenue limit, California school districts were subjected to a 6.5 percent deficit on most state-funded categorical programs. In totality, the proposed cuts to K-12 education result in most school districts having to operate on 2.4 percent less revenue in fiscal year 2008-09 than what they operated on in fiscal year 2007-08.

Results
Based on the assumptions included in the Governor's budget proposal, School Services of California (SSC) prepared an independent multi-year projection which showed that the structural deficit (i.e. the imbalance between ongoing revenues and expenditures) had grown to roughly *$6 million*, and that the districts would have to *cut, at a minimum, $4 million*, going into next year. At this point in time, the districts self certified their Second Interim Report as "*negative*", meaning (absent board approved expenditure reductions in the amount of $4 million) that they could not meet their current and subsequent two year obligations.

Exercising their fiscal oversight authority under Assembly Bill 1200, the Santa Barbara County Education Office has informed us of our need to provide them with a proposal for addressing the fiscal condition of the districts (i.e., the Fiscal Recovery Plan) as well as updated financial projections for fiscal year 2008-09 and 2009-10 that reflect board approved expenditures.

On April 8, the board received public input on the proposed Fiscal Recovery Plan and directed staff to gather more information and perform additional analysis on specific items. The plan has been modified to reflect this information.

The attached plan represents our best thinking to date regarding expenditure reductions and/or revenue enhancements for the 2008-09 fiscal year. It also represents our attempt to comprehensively address all proposals from stakeholders during the budget development process. Changes and/or additions to the original plan have been underlined.

Fiscal Impact
At least $4 million in expenditure reductions and/or revenue enhancements for the 2008-09 fiscal year.

Recommendation
Staff recommends that the Board approve the Fiscal Recovery Plan with at least four million dollars in ongoing expenditure reductions and/or revenue enhancements for the 2008-09 fiscal year.

Attachment(s)?	X	**Yes** *(if so, please attach)*		**No**		*Powerpoint*		*Ovrhead*		*Consultant*

Administration Offices: • 720 Santa Barbara St. • Santa Barbara, CA 93101 • (805) 963-4338 • FAX (805) 962-3146

Santa Barbara
SCHOOL
DISTRICTS

SANTA BARBARA SCHOOL DISTRICTS FISCAL RECOVERY PLAN

April 22, 2008

Santa Barbara School Districts
Fiscal Services Recovery Plan

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SANTA BARBARA SCHOOL DISTRICTS FISCAL RECOVERY PLAN

INTRODUCTION

Twice each year, the Santa Barbara School Districts Board of Education is asked to certify interim financial reports regarding the districts' financial position and submit them to the Santa Barbara County Education Office for review and analysis. For each interim report, the districts must certify one of the following: ***Positive*****:** that the districts can meet the current year and subsequent two-year obligations; ***Qualified*****:** that the districts may not be able to meet the current year and subsequent two-year obligations; or ***Negative*****:** that the districts cannot meet the current year and subsequent two-year obligations.

The multi-year financial projection rest on a series of assumptions, including but not limited to, forecasted levels of state funding, forecasted increases in personnel expense, and assumptions regarding the continued decline in student enrollment. In the event that some of the assumptions do not materialize as expected, the multi-year financial projection could change as well.

On December 11, 2007, the board was presented with the First Interim Financial Report. The report indicated that due to significant declining enrollment in the secondary district, coupled with the compounding effect of multi-year salary agreements, the districts would need to reduce expenditures by at least $1.5 million in the 2008-09 fiscal year to achieve a balanced budget. At this point in time, the districts self certified their First Interim Report as "qualified,", meaning that they may not be able to meet its current and subsequent two year obligations, under the auspices of Assembly Bill 1200.

On January 10, 2008, the governor unveiled his proposed fiscal year 2008-09 budget. The governor's plan identified a $14.5 billion deficit in the state's budget and then called for a ten percent across the board cut to state-funded services, including K-12 education. In addition to a 6.99 percent deficit to the revenue limit, California school districts were subject to a 6.5 percent deficit on most state-funded categorical programs. In totality, the proposed cuts to K-12 education result in most school districts having to operate on 2.4 percent less revenue in fiscal year 2008-09 than what they operated on in fiscal year 2007-08.

Based on the assumptions included in the governor's budget proposal, School Services of California (SSC) prepared its own multi-year projection that showed the ***structural deficit*** (i.e. the imbalance between ongoing revenues and expenditures) had grown to roughly ***$6 million***, and that the Santa Barbara School Districts would have to ***cut, at a minimum, $4 million***, going into next year. At this point in time, the districts self certified their Second Interim Report as "***negative***," meaning (absent board approved expenditure reductions) it could not meet its current and subsequent two-year obligations.

Exercising its fiscal oversight authority under Assembly Bill 1200, the Santa Barbara County Education Office (SBCEO) has informed the districts of the need to provide them with a proposal for addressing the fiscal condition of the districts (i.e., the Fiscal Recovery Plan) as well as updated financial projections for fiscal year 2008-09 and 2009-10 that reflect the actions of the board to implement the Fiscal Recovery Plan.

With this in mind, the board has approved the following timeline for fiscal year 2008-09 budget reductions:

- Public hearing and first reading of Fiscal Recovery Plan (April 8, 2008);
- Second and final reading of Fiscal Recovery Plan (April 22, 2008);
- Board approval of Third Interim Financial Report and updated Multi-Year Projections (May 27, 2008).

Recognizing that closing the current structural deficit of roughly $6 million in one year could not be achieved without disrupting the districts; staff has prepared a Fiscal Recovery Plan which lays the foundation for restoring fiscal solvency on a multi-year basis.

RECOVERY PLAN COMPONENTS

The plan is the best work to date, given the unknown factors from the governor's May revision to the state's budget. The plan also represents our attempt to comprehensively address suggestions made for expenditure reductions and/or revenue enhancement from stakeholders. However, our analysis has been limited by the personnel resources necessary to examine every line item of every budget and by timelines imposed on the districts by external forces.

PLAN ASSUMPTIONS

The cost savings identified in this document are based on the following assumptions:

- That the average total compensation (medical and statutory benefits) for classroom teachers is estimated to be, in FY 2008-09, $78,000.
- Classified personnel total compensation (medical and statutory benefits) is calculated at the approximate actual cost of the identified position.
- Estimated cost savings have been rounded.
- Cost savings are identified as ongoing unless explicitly identified as one time.
- For the purposes of the plan, expenditure reductions and revenue enhancements are both construed as cost savings.
- Only the cost savings to the unrestricted general fund is quantified, even though some cost savings may accrue to the restricted general fund.
- The plan already presumes that there will be a reduction of approximately 14 certificated full time equivalents to account for declining enrollment over the 2008-09 and 2009-10 fiscal years.
- For the purpose of this plan, all expenditure reductions in 2007-08 should be assumed to be for a one year period only.
- The plan does not contemplate costs that may be associated with the recommendations from SSC to reorganize the business office to improve operational efficiency.
- The plan contemplates salary increases for certificated, classified and management/confidential for the 2008-09 fiscal year.
- Certain items contained in the plan are negotiable and will require the cooperation of our employee associations to implement. In the event the board approves these recommendations and we fail to negotiate their implementation, the board will need to adopt additional measures to reduce expenditure and/or enhance revenues equal to the dollar value of those items that could not be negotiated.

DIRECT AND INDIRECT SUPPORT COSTS

It is highly recommended that the board develop a consistent policy of charging to all restricted and unrestricted funds consistent rates for direct and indirect costs. Over the years the definitions of what is chargeable by state accounting requirements have not been consistently applied, and some funds or grants have even been exempted. Consequently, it is recommended that the following guidelines be adopted and charged to all funds permitted by law:

Direct Costs

These are costs clearly identifiable by program service and relate to the delivery of the instructional program, i.e., principals, school secretaries, personnel in pupil support services, teacher salaries, textbooks, bus drivers, duplicating costs by program users.

Indirect Support

Costs associated in this category are those remaining that cannot be easily identifiable by program user, or direct instructional support. As an example, the processing of paychecks, accounting services, data processing, purchasing, risk management, safety, utilities, etc. The indirect rate varies each year depending on inflation, enrollment, and employee work force.

Program administrators and business services have agreed on the definitions outlined and support the legal charge backs when applicable. The board's concurrence to implement a consistent policy will certainly benefit the general fund but it may cause budget modifications to some restricted programs.

We anticipate increased savings but presently this will need to be a part of next year's budget development in the spring and estimated savings are unknown at this time.

CASH MANAGEMENT

Symptomatic of organizations that experience continuing deficit spending is dwindling cash availability. An entity that continues to spend more than it receives depletes its cash resources. This is the circumstance for the Santa Barbara School Districts. For most California school districts, the major cash "in-flow" is from state "revenue limit" funds and local property taxes. The major cash "out-flow" is payroll. State revenue limit funds are distributed to school districts on a somewhat monthly basis throughout the year. Property taxes are received from the citizens in December and April and then distributed to districts soon after that. Payrolls for most districts start in July and increase significantly in September when teachers return to the school. As a result, low cash periods occur in November, December, March, and April because property taxes have not been received. As of the Second Interim Report, the districts are projected to start fiscal year 2008-09 with cash resources of $7,704,142. However, given the rate of deficit spending, the districts may end the 2008-09 fiscal year with a negative cash balance, unless significant expenditure reductions are effected.

Low cash periods can be managed through cash-flow analysis and utilizing alternative cash resources. School districts in California have traditionally managed low or negative cash periods through short-term financing (issuing Tax Revenue Anticipation Notes, which are known as TRANS) or borrowing from other funds within the districts. TRANS have been the alternative of choice in the past for the districts as well as most school districts throughout the state. This is because of the advantage of the spread between interest cost and interest earnings on the available dollars borrowed.
The cash flow for the 2008-09 fiscal year is anticipated to be much lower and begins earlier than in previous years due to the shift in the state's July apportionment to September.

The continued monitoring and management of cash is important as the need for cash will fluctuate depending on how quickly the districts can stop deficit spending.

Due to the districts' negative certification on the Second Interim Report, our current financial advisor, Piper Jaffray, has notified us that we will not be able to participate in their TRANS pool. After investigating whether Piper Jaffray could accommodate our cash flow needs with a stand alone TRANS, we have opted to go with Banc of America Securities with their smaller Santa Barbara pool that will consist of us, Goleta Union School District, and the Santa Maria Joint Union High School District.

MID-YEAR REDUCTIONS, FISCAL YEAR 2007-08 DISTRICT OFFICE SERVICES

In February of this year the superintendent initiated a freeze in hiring, overtime, conference/travel and non mission critical purchase orders in an effort to reduce present year costs. Those savings to date have not yet been calculated in each object code account but the reductions in spending should be reflected in the Third Interim Report.

It is important to note that any on going expense reduced in current year avoids the compounding effect on next year's budget. Although the goal is to immediately reduce this compounding effect of costs, many proposed reductions in personnel, which could be made in the current year, adversely affect schools and programs and thus, were delayed until next year.

CHARGE RESTRICTED FUNDS THEIR PROPORTIONAL SHARE OF PAY-AS-YOU-GO COST FOR RETIREE HEALTH BENEFITS

The districts have provided a benefit to its retired employees if they met certain criteria at the time of retirement. The retirement benefit has been historically carried as a cost to the unrestricted general fund, even though all employees from all funding sources have been eligible for this benefit in the past.

The practical way to assign costs to other funds and resources for this expense is to express it as a payroll benefit and distribute it to each resource and fund. Costs would be distributed on a $0.011 per one hundred dollar of salary rate based upon actual costs for each fiscal year. A similar method is used to allocate employer paid workers compensation costs among funds and resources. The current pay as you go cost for retiree health benefits is $849,559 annually. Using the methodology above, approximately 28 percent of the pay-as-you-go cost should be allocated to categorical programs.

Establishing a rate based on payroll for the current year is estimated to be 0.011 percent. The actual cost for the benefit may adjust up or down from year to year depending on the final cost for all employee benefits and final salary costs based on the number of employees. However, the 0.011 percent rate should be used for budgeting purposes for all funds in the current budget year.

One-time savings: $338,788

REFLECT ACCOUNTS RECEIVABLE FROM SELPA

During our review of year end closing entries, we were apprised of $274,804 in low incidence funding that should have been set up as accounts receivable at the close of the 2006-07 fiscal year. Since the amount was not recognized in the 2006-07 fiscal year, we will recognize it as income in the current year.

One-time savings: $274,804

USE PORTION OF ELEMENTARY AND SECONDARY DISCRETIONARY BLOCK GRANT TO MAKE DEFERRED MAINTENANCE CONTRIBUTION

During the 2006-07 fiscal year, school districts were apportioned district discretionary block grants to be used for instructional materials; classroom and laboratory supplies and materials, school and classroom library materials, and educational technology. It may also be used for deferred maintenance, professional development, home-to-school transportation, one-time expenditures designed to close the achievement gap, or one-time fiscal obligations of school districts. Based on our review, the elementary and secondary districts have $60,000 and

$144,000, respectively, remaining of their discretionary block grants. By making a portion of the deferred maintenance contribution with the discretionary block grant, a like amount can be "freed up" within the unrestricted general fund.
One-time savings: $204,400

ADJUST WORKERS COMPENSATION RATE TO REFLECT EXPERIENCE MODIFICATION FACTOR FOR CURRENT YEAR
During our review of current year operations, we discovered that the rate of $1.33 per $100 of payroll for workers compensation was overstated and did not reflect the districts' unique experience modification factor (i.e., ex mod) of .74. Applying the ex mod of .74 to the base rate of $1.33 results in a workers compensation rate of $.9842 per $100 of payroll for a savings to the unrestricted general fund of $197,153.
One-time savings: $197,153

REVERSE ACCOUNTS PAYABLE TO SELPA
During our review of year end closing entries, we noted that accounts payable entries to the Santa Barbara County Special Education Local Plan Area (SELPA) were posted in error. After validating with the SELPA that these payables were posted in error, we reversed the entries, thereby increasing the current year fund balance.
One-time savings: $180,843

CHARGE ROUTINE RESTRICTED MAINTENANCE ACCOUNT INDIRECT COSTS
School districts that participate in the state School Facilities Program for funding for the new construction or modernization of school facilities are required to dedicate three percent of their general fund expenditures toward the ongoing major maintenance of districts facilities. This account, commonly referred to as the Routine Restricted Maintenance Account (RRMA) is a restricted account to fund the maintenance operations of the districts. Since the RRMA is considered a restricted resource under the California School Accounting Manual (CSAM), it is appropriate for the districts to charge an indirect cost rate to the program. Because of the current year implementation, it was necessary for the budget manager in charge of the RRMA to relocate expenditures among major object groupings, and transfer some expenses to other funds to accommodate the indirect cost rate. Even with these efforts, it was not possible to charge the RRMA the full indirect cost rate in the current year.
One-time savings: $150,902

SHIFT FULL-TIME EQUIVALENTS FROM CALIFORNIA HIGH SCHOOL EXIT EXAM (CAHSEE) CORE TO CAHSEE INTENSIVE
We will be shifting the payment of salaries and benefits for five teachers of non-passing CAHSEE students from a combination of CAHSEE hourly program funds and the unrestricted general fund to CAHSEE intensive instruction funds.
One-time savings: $99,000

CHARGE THREE PERCENT ADMINISTRATIVE FEE TO CAPITAL FACILITIES FUND FOR CURRENT AND PRIOR YEAR
Education Code Section 17620 allows school districts to retain up to three percent of the fees collected in that fiscal year to pay for the administrative costs of collecting the fees. Although the districts were entitled to retain up to three percent of developer income received in prior fiscal years, we are limited to the prior year with respect to our ability to recoup these funds.
One-time savings: $69,667

POST ONE-TIME INSURANCE REBATE FROM SOUTHERN CALIFORNIA RELIEF PROPERTY AND LIABILITY INSURANCE CARRIER

The districts received a one-time rebate from Southern California Relief as a result of excess premiums it contributed to the joint powers authority in prior fiscal years. Southern California Relief has rebated this amount and we have receipted it as other local income.

One-time savings: $51,264

COST REDUCTIONS AND REVENUE ENHANCEMENTS FISCALYEAR 2008-2009

DISTRICT OFFICE SERVICES

An increase of responsibilities for district administration and a reorganization of duties and tasks among classified staff can potentially increase efficiency and generate savings. However, this will require some additional training, which needs to be budgeted, and an investment of time to learn new responsibilities.

CHARGE RESTRICTED FUNDS THEIR PROPORTIONAL SHARE OF PAY-AS-YOU-GO COST FOR RETIREE HEALTH BENEFITS

The districts have provided a benefit to its retired employees if they met certain criteria at the time of retirement. The retirement benefit has been historically carried as a cost to the unrestricted general fund, even though all employees from all funding sources have been eligible for this benefit in the past.

The practical way to assign costs to other funds and resources for this expense is to express it as a payroll benefit and distribute it to each resource and fund. Costs would be distributed on a $0.011 per $100 of salary rate based upon actual costs for each fiscal year. A similar method is used to allocate employer paid workers compensation costs among funds and resources. The current pay as you go cost for retiree health benefits is $849,559 annually. Using the methodology above, approximately 28 percent of the pay-as-you-go cost should be allocated to categorical programs.

Establishing a rate based on payroll for the current year is estimated to be 0.011 percent. The actual cost for the benefit may adjust up or down from year to year depending on the final cost for all employee benefits and final salary costs based on the number of employees. However, the 0.011 percent rate should be used for budgeting purposes for all funds in projected budget year.

Savings: $338,788

ADJUST WORKERS COMPENSATION RATE TO REFLECT EXPERIENCE MODIFICATION FACTOR AND TO REFLECT RATE DECREASE FOR FISCAL YEAR 2008-09

During our review of current year operations, we discovered that the rate of $1.33 per $100 of payroll for workers compensation was overstated and did not reflect the districts' unique experience modification factor (i.e., ex mod) of .74. Applying the ex mod of .74 to the base rate of $1.33 results in a workers compensation rate of $.9842 per $100 of payroll for a savings to the unrestricted general fund of $197,153. Additionally, SISC I indicates that our workers compensation rate will decrease to $.6912 per $100 of payroll for the 2008-09 fiscal year. This will result in an additional savings of $170,108.

Savings: $367,261

UNIVERSAL BREAKFAST

The nutrition services operations are currently projected to end the year with a negative fund balance and will require support from the general fund. The districts retained an outside consultant to analyze its food service operations and to make recommendations to improve its efficiency. The districts' consultant identified that the districts' labor cost exceeds the industry standard for food service delivery in school districts. The consultant also identified that the food service operation could generate a significant increase income if it changed its delivery of its universal breakfast program at the K-6 level. Studies have show that many students do not eat

a nutritionally adequate breakfast at home before school. As a result, by mid morning, they are calorie and nutrient deficient. Rather than provide breakfast before school, the districts should provide breakfast in the classroom or at a mid morning nutrition break. The districts will need the assistance of their employee associations to implement this proposal.
Savings through reduced encroachment: $200,000

CHARGE ROUTINE RESTRICTED MAINTENANCE ACCOUNT INDIRECT COSTS
School districts that participate in the state School Facilities Program for funding for the new construction or modernization of school facilities are required to dedicate three percent of their general fund expenditures toward the ongoing major maintenance of districts facilities. This RRMA account is a restricted account to fund the maintenance operations of the districts. Since the RRMA is considered a restricted resource under the CSAM, it is appropriate for the districts to charge an indirect cost rate to the program.
Savings: $175,000

CHANGE INSURANCE CARRIERS FOR PROPERTY AND LIABILITY INSURANCE AND RECOGNIZE RATE REDUCTION FOR FISCAL YEAR 2008-09
The district currently receives property and liability insurance through Southern California Relief, a joint powers authority of school districts administered by Keenan and Associates. For fiscal year 2006-07, the districts paid Southern California Relief a premium $638,880. In addition, Keenan and Associates charges the districts an additional $24,000 per year to process property and liability claims. However, last year the districts exceeded this amount and paid $56,966 to Keenan directly for a combined total of $695,486. In our ongoing effort to reduce expenditures and increase efficiency, the districts solicited an alternate proposal for property and liability insurance from SISC II. The quote for $618,220.57 is inclusive of all claims administration, excess insurance, formerly provided by Southern California Relief. On February 26, 2008, the board approved this change, effective with the 2008-09 fiscal year.

SISC II recently notified us that the premium they originally quoted us for property and liability insurance would be decreased from $618,220.57 to $550,273.65 for an additional savings of $67,946.92 effective with the 2008-09 fiscal year.
Savings: $145,213

MAKE PORTION OF SECONDARY DEFERRED MAINTENANCE TRANSFER WITH ISLA VISTA AND GOLETA REDEVELOMENT PROJECT AREA REVENUE
The secondary district is currently receiving redevelopment pass through revenue from the Isla Vista and Goleta redevelopment project areas. Since the expenditure of these funds is restricted to use on educational facilities, it is permissible to spend them on deferred maintenance. By making a portion of the secondary district's deferred maintenance contribution with redevelopment revenue, we can free up $75,511 in unrestricted funds.
Savings: $75,511

ELIMINATE BROKER OF RECORD FOR WORKERS COMPENSATION INSURANCE
During our review of the districts' workers compensation program, we noted that the districts' premium for workers compensation insurance included a commission for a broker. Since the districts participate in SISC I, a workers compensation insurance joint powers authority, the use of a broker is superfluous.
Savings: $60,000

CHARGE THREE PERCENT ADMINISTRATIVE FEE TO CAPITAL FACILITIES FUND

Education Code Section 17620 allows school districts to retain up to three percent of the fees collected in that fiscal year to pay for the administrative costs of collecting the fees. Although the districts were entitled to retain up to three percent of developer income received in prior fiscal years, we are limited to the prior year with respect to our ability to recoup these funds. Unlike an indirect cost rate that is charged against expenditures, the three percent administrative fee is charged against annual income received.

Savings: $34,833

INCREASE PRICE ON PAID MEALS FOR SCHOOL LUNCH

The nutrition services department is currently challenged with two objectives: providing the most nutritious meals for our students and decreasing its dependency on the districts' unrestricted general fund. With this in mind, staff proposed and the board approved a modest increase of $.25 per paid meal. If participation rates for fiscal year 2008-09 remain the same as they were in fiscal year 2007-08, the increase will generate an additional $31,746.75 for the cafeteria fund.

Savings through reduced encroachment: $31,747

ENFORCE BOARD POLICY ON METROPOLITAN TRANS DISTRICT STUDENT BUS PASSES

Board Policy 3541.26 provides for a reduction in the cost of Metropolitan Transportation District (MTD) passes for secondary students if the student is unable to pay for the cost of the pass and lives at least three miles from their school of residence. Students on intradistrict transfers are responsible for their own transportation to school. A cursory review of student ridership shows that the districts are paying for bus passes for a large number of students that live within the three mile walking radius. Last year, the districts paid the MTD $149,565 for bus passes. By enforcing Board Policy, 3541.26, we are projecting that the districts could save in excess of $25,000.

Savings: $25,000

IMPLEMENT VARIOUS ENERGY EFFICIENCY MEASURES

Our facilities and planning department has compiled a list of energy efficiency measures that will result in a financial savings to the districts if implemented. Some of these measures, such as reducing pool water temperatures from 80 to 78 degrees, have already been implemented. Others, such as standardizing heating and air conditioning temperatures, replacing failed incandescent light bulbs with compact fluorescent bulbs, an eliminating the use of HVAC overrides during off hours, will be implemented with the beginning of the 2008-09 fiscal year.

Savings: $25,000

POTENTIAL ADMINISTRATIVE REDUCTIONS

The districts have been experiencing a declining enrollment pattern for at least the last four years. During this time, administrative, certificated and classified positions have been eliminated. However, it is clear that the rate of attrition has not kept pace with the rate of enrollment decline. As a result, we are recommending that the following positions be eliminated effective with the 2008-09 fiscal year:

ELIMINATE 2.85 ADMINISTRATIVE FTEs
The anticipated reduction is in three areas. The first is in assistant principal positions. The second is in the cost savings in not replacing the assistant superintendent for secondary education. The third is in reducing an administrative position in special education.

Secondary schools are generally staffed at one administrator for each 500 students. Assistant principal positions can be adjusted at secondary schools for enrollment declines. The board approved lay-off notices in anticipation of possible cuts at the February 26, 2008 board meeting for 1.6 FTEs.

The superintendent notified the board in January 2008 that the assistant superintendent for secondary education would not be replaced and that district office administrative responsibilities would be reorganized. A significant amount of the savings (40 percent) was used to fund the new deputy superintendent position. As described by the superintendent to the board, the reorganization of district office responsibilities may also require some of the funds (ten percent). The reorganization plan will be presented, including upgrading position such as the current assistant superintendent for elementary education to associate superintendent, later this spring. The overall savings in not replacing the assistant superintendent for secondary education position is nevertheless planned to yield $75,000 to the districts' unrestricted budget.

Lastly, as the administrative staffing study showed, district office departments are generally lean in administrative staff. However, the special education administrative staffing ratio is much higher than in any other district department. A reduction in the special education administrative staff would share the burden for lean administrative staffing. The board approved a lay-off notice of one special education coordinator at the February 26, 2008 board meeting. Postponing the cut for three months would yield a .75 FTE cut for the 2008-09 budget.
Savings: $360,000

IMPOSE TEN PERCENT REDUCTION IN ALL DISTRICT OFFICE DISCRETIONARY BUDGETS
All district office administrators have been advised to plan a budget reduction of ten percent in object code 4000-6000 budgets for next year. In addition, the superintendent is planning a 15 percent reduction in the departments served through the superintendent's budget.
Savings: $160,000

REDUCE ELEMENTARY ADMINISTRATIVE POSITIONS AT "SMALLER" ELEMENTARY SCHOOLS
Operating small elementary schools with fewer than 400 students is more expensive than operating schools with 500-600 students in large part because a full-time principal serves the school. A reduction of allocated principal time for schools with an enrollment of 300-400 students to 80 percent would make the school more cost-effective.

Presumably, principals at such schools could be given additional administrative duties funded from restricted funding source to provide 100 percent employment assignments.
Savings: $51,000

PROVIDE DISTRICT LETTERHEAD AND NUMEROUS FORMS IN ELECTRONIC FORMAT RATHER THAN HARD COPY
Electronic letterhead and many forms are currently being sent to all users.
Savings: $4,000+

POTENTIAL PROGRAM REDUCTIONS

ELIMINATE NINTH-GRADE CLASS SIZE REDUCTION

The Morgan-Hart Class Size Reduction Act allocates funds to school districts for participating high schools to reduce class size in ninth-grade English and one other course required for graduation (mathematics, science, or social studies).
Industry standard is to require restricted program to be self-contained rather than require assistance from the unrestricted general fund. Eliminating ninth grade class size reduction would result in an ongoing savings of $571,000.
Savings: $571,000 for both; $285,500 for math only

REDUCE THE NUMBER OF INSTRUCTIONAL ASSISTANTS, ESPECIALLY IN SPECIAL EDUCATION

In August 2003, the California Department of Education (CDE) started monitoring compliance with federal special education maintenance-of-effort requirements (also known as the "supplement and not supplant" requirement). At that time, CDE indicated that since the state allocates federal aid to SELPAs, and since SELPAs meet the federal definition of a local educational agency (LEA), it would monitor compliance only at the SELPA level.

The general rule under this maintenance of effort requirement is that LEAs must spend the same level of state and local funds (or local funds only) on special education as in the prior year, either in terms of total or per-capita expenditures. If an LEA fails this initial test, it may make adjustments for any of the following several exceptions (ref. Sections 300.232 and 300.233 of the Title 34 CFR):

1. The departure of staff, either voluntarily or for just cause, who are replaced by qualified, lower-paid staff.
2. The termination of a special education program that is exceptionally costly to a pupil because the pupil has moved out of the district, is no longer age-eligible, or no longer needs the service.
3. A decrease in the enrollment of children with disabilities.
4. The termination of costly expenditures for long-term purchases.
5. To the extent of 20 percent of the increase in federal part B funds over the prior year.

Because the special education student numbers have declined it is appropriate to reduce staff who work with this population. Special education instructional assistants would be reduced by five employees from the elementary schools, five employees from the junior highs and five employees from the high schools. Along with declining enrollment, 1:1 aides per the IEP and maintenance of effort will be taken into consideration as we reduce this staff.
Savings: $433,874

REDUCE SCHOOL PYSCHOLOGISTS FROM 18 TO 13 FTEs

The special education population of the combined districts has decreased 48 students over prior year, with a decrease of 18 students over prior year in the elementary and a decrease of 30 students over prior year in the secondary district. Because the number of special education students in the districts is declining, it is appropriate to reduce staff associated with serving this population. The ratios of pupils to school psychologists are as follows:

State ratio is 1,658:1 County Ratio is 1,482:1 Current District Ratio is 900:1

The new district ratio 1230:1 would be well below the county and state ratios.
Savings: $425,000

STAFF ALL COMPREHENSIVE HIGH SCHOOLS AT PARITY
San Marcos High School (SMHS) is staffed at higher levels than other high schools in the district. The formula, established two superintendents ago, to staff SMHS uses certificated contract student/teacher ratios, currently 31:1 at San Marcos, and 35:1 at both Dos Pueblos High School (DPHS) and Santa Barbara High School (SBHS) (previously 30:1 and 32:1). The cost of staffing SMHS next year, based on an anticipated student enrollment of 1,920 students, would yield 73.0 FTEs. The cost of staffing at the other two high schools, assuming a comparable enrollment of 1,920 students, would be 64.8 FTEs. The differential is equivalent to $640,000 more in funding for SMHS than for schools with comparable enrollment. The additional allotment is paid from the unrestricted general fund. (The smaller differential reported in the previous Fiscal Recovery Plan as potential savings, $560,000, attempted to accommodate the needs of the block schedule, but objections were made regarding tying the formula to the block schedule.) We have been working with SMHS and Santa Barbara Teachers Association (SBTA) for a number of months in an attempt to resolve the discrepancy and believe that this change can be phased in over two years starting with a partial reduction in fiscal year 2008-09 and the remaining reduction in fiscal year 2009-10 for a total savings over two years of $640,000. We are seeking an affirmative vote through the SBTA in order to achieve this goal.
Savings: $320,000

PROVIDE CERTIFICATED RETIREMENT INCENTIVE
Approximately one-third of the districts certificated staff is of an age where retirement could be a viable option. The districts surveyed the staff to ascertain interest in accepting a retirement incentive if there was an overall savings to the districts. In order to implement this plan the districts prepared a preliminary cost analysis by comparing the salaries and benefits of potential retirees who responded to the survey with the number of reduction-in-services FTEs. Based on the actual number and salary range of the teachers who have submitted letters of retirement, we estimate the average savings to be $345,744 for the 2008-09 fiscal year.
Savings: $345,744 in 2008-09

ELIMINATE FOUR SITE-BASED RESOURCE PROGRAM SPECIALISTS AND REPLACE WITH CLERICAL POSITIONS
The districts provide funding to the three high schools to have one special education teacher take the responsibility of overseeing special education program services at each site. Each high school is given a .6 FTE from the general fund. The three program specialists each receive a stipend of $3,476 and ten extra days of pay at their per diem rate. The total cost is $133,576. The fourth program specialist was strictly funded by the site FTEs. Eliminating the districts funding for the program specialist would require the resource specialist to return to the classroom thereby replacing four other employees. The savings to the districts by replacing three resource specialists ($234,000) with existing staff and eliminating their associated stipend and ten additional duty days is $113,066.
As an alternative, the districts would provide one six-hour clerical position at each high school to assist the special education staff in continuing the essential program services. The cost of providing three clerical positions including salary and benefits is $69,046
Savings: $298,530

REVISED 4-22-08

REPLACE RETIRING CERTIFICATED LIBRARIANS WITH MEDIA TECHNICIANS
Each of the secondary schools, with the exception of La Cuesta High School, has a librarian. Two of the secondary librarians will be retiring, one high school and one junior high school respectively. The savings to the district is $182,285. Since the school libraries will still need staff to support the students and sites, the districts are proposing a plan to provide training and support for two library technicians who will replace the retiring librarians. The cost of two six-hour library technicians is $66,000. The cost for training and support of the technicians will be approximately $8,000.
Savings: $108,285

REDUCE CLASSIFIED SUPPORT STAFF PROPORTIONAL TO ENROLLMENT DECLINE
Due to declining enrollment the districts will consider reducing classified support staff accordingly at each site. Based on student enrollment numbers, elementary health assistants, site clerical, maintenance and operations staff, and library technicians are a part of the support staff is under consideration for a proportional reduction.

Our initial propose is to reduce the hours of health assistants at all schools. Site clerical staffing is robust as compared to districts of like size. In addition to a school secretary and clerk, most sites are equipped with a .75 to 1.0 FTE health assistant positions. Additionally, the two year round school sites are equipped with 12-month health assistants. By reducing those health assistant positions with more than six hours to a .75 FTE, and reducing 12-month health assistant at the year round school sites to ten months, the districts can achieve a total savings of $46,435. Alternately, site administrators may choose to reduce the hours of site clerical in lieu of reducing the hours of health assistants on a dollar-for-dollar basis.
Savings: $46,435

PRO-RATE ELEMENTARY DISTRICT HEALTH ASSISTANTS ACCORDING TO SCHOOL SIZE
The districts have been experiencing a declining enrollment pattern for at least the last four years. During this time, administrative, certificated, and classified positions have been eliminated. However, it is clear that the rate of attrition has not kept pace with the rate of enrollment decline. Our previous recommendation with regard to health assistants stopped short of correlating their number of hours with the size of each elementary school site, however, we are of the opinion that the following adjustments need to be made at the elementary level:

Reduce health assistants
3 hours (.375 FTE) for 200 students based on prior year California Basic Educational Data System
4 hours (.5 FTE) for 300 students
5 hours (.625 FTE) for 400 students
6 hours (.75 FTE) for 500 students
Savings: $40,715

STAFF ALL JUNIOR HIGH SCHOOLS AT PARITY
La Cumbre Junior High School receives an additional staffing allotment of 0.6 FTE to supplement the Core Knowledge Program. Staff recommends the elimination of this additional allotment because the contribution for these supplementary classes is made from the unrestricted general fund, not from categorical programs.
Savings: $46,800

allotment because the contribution for these supplementary classes is made from the unrestricted general fund, not from categorical programs.
Savings: $46,800

ELIMINATE THE EXPENSE OF ORAL-J TESTING INCLUDING ASSOCIATED COST FOR USE OF SUBSTITUTES
ORAL-J testing for reading concepts and literacy and substitute costs could be replaced by unit tests.
Savings: $27,000

REQUIRE STUDENTS TO MAKE UP *EVERY* ABSENCE WITH SATURDAY SCHOOL
Currently only SBHS is operating Saturday School for the purposes of recapturing average daily attendance (ADA). As of March 14, 2008, the school had cleared 146 full day cuts at a current year funding rate of $36.85 for a total of $5,380.10 in recaptured ADA. Other secondary sites do operate Saturday schools, primarily for the purposes of truancy makeup and/or discipline. Staff is currently collecting data on how to expand Saturday school offerings at each site in order to recoup lost ADA. If a Saturday School model for recapturing ADA was implemented at DPHS and SMHS, we estimate an additional savings of $6,300.
Savings: $6,300

ADDITIONAL ANALYSIS AND LONG TERM HEALTH

It is a requirement that we demonstrate to the Santa Barbara County Education Office that we identify potential areas for reduction in order to give assurances that we can maintain solvency in future years. However, time to develop these additional recommendations requires meeting with our unions, staff, and community. Thus, more specific details regarding positions, programs and implementation strategies cannot be presented at this time. But, unless the assumptions used in the multi-year projection change dramatically, the following proposals may be necessary to balance our budget over the next two years.

PURSUE PARCEL TAX BALLOT MEASURE

California law allows school districts to assess parcel taxes on local residents if they can secure a two-thirds approval from voters. Parcel taxes are a non ad valorum tax, that is, a flat fee on each parcel rather than on the assessed value of property. Ballot language prepared by the school districts' governing board prescribes the purposes for which the money may be used.

The districts are aggressively investigating this avenue as an option to raise revenue. On March 11, 2008, the board hired a community opinion survey consulting firm to gauge whether there is community support for a parcel tax to fund educational programs. However, in order to place a parcel tax measure on the ballot, the governing board must call the election at least 90 days before the election. For example, an election held on November 4, 2008 would have to be called no later than August 6, 2008.

ELIMINATE THIRD-GRADE CLASS SIZE REDUCTION

When K-3 class size reduction (CSR) was introduced in 1996, it was funded based on the average cost to implement CSR. Over time, most districts have found that, as compensation costs have risen, CSR has not kept pace with the increase cost to operate the program. The original implementation of the K-3 CSR program required districts to implement the program first at first grade, then second and then either kindergarten or third grade. However, if a school decides to stop participating, it must “de-implement” the program in reverse order of implementation. In other words, the first classes to cease participation would be kindergarten and/or third grade followed by second grade and first grade, respectively.

Generally K-3 CSR funding has not kept pace with costs, primarily due to the fact that these slots are generally occupied by our most senior teachers. In the event that the districts discontinue CSR at the third grade, presumably due to retirements and resignations, less senior teachers would take their place. Under the SBTA contract class size, the third grade classes would return to a 28:1 ratio with a hard cap of 30:1. This would reduce staffing by a minimum of 12 FTEs and result in an ongoing savings of $1,494,852.

Whether the change could be implemented for the 2008-09 school year would depend largely on the number of retirees from the elementary district.

PURSUE DEVELOPMENT OR EXCHANGE OF DISTRICT PROPERTIES FOR GENERAL FUND REVENUE

The board will be looking at request for proposal language in order to pursue development or exchange of the properties.

RE-EXAMINATION OF ASSEMBLY BIL 602 SELPA FUNDING MODEL FOR SPECIAL EDUCATION TO REDUCE ENCROACHMENT

The superintendent initiated a review of the funding model by the SELPA Joint Power Authority last spring. There is resistance to changes in the model by SELPA. Nevertheless, the deputy superintendent and assistant superintendent have undertaken a study of the model and alternatives with the SELPA director and accountant.

RELOCATE DISTRICT OFFICE TO SANTA BARBARA JUNIOR HIGH SCHOOL, LEASE OF COMMERCIAL PROPERTY AT 720 SANTA BARBARA STREET

The availability of commercial space in central Santa Barbara is limited. Lease rate for a commercial property are roughly $2.65 per square foot per month. The district office has been located on a school campus in the past (Santa Barbara Junior High School) and may be moved if there is sufficient space anticipated for a significant period of time. The possibility is being investigated.

RENEGOTIATE GROUND LEASE OR OFFER TO SELL MODOC FIRE STATION PROPERTY TO CITY OF SANTA BARBARA AT FAIR MARKET VALUE

The districts and the city of Santa Barbara entered into a 50-year ground lease on May 1, 1966, for the construction of the fire station on Modoc Road. Currently, the city pays the district $600 per year for this lease. Rather than wait until 2016, the districts should approach the city regarding their long-term plans with respect to this property.

REDUCE OVERIDENTIFICATION OF SPECIAL EDUCATION STUDENTS/OFFER ADDITIONAL SUPPORT CLASSES THROUGH THE STUDENT STUDY TEAM PROCESS BEFORE IDENTIFYING STUDENTS AS SPECIAL EDUCATION

These issues will be a major charge of the districts' new director of special education.

ADJUST STAFFING PATTERNS FOR SPECIAL EDUCATION TEACHERS TO REDUCE THE NEED FOR MORE TEACHERS

Each of the elementary schools is staffed to serve resource specialist program and special day class (SDC) students from the schools attendance areas. This service delivery model often results in low class sizes in SDC in several schools. It also creates classrooms with a wide age span between students who need special services, leading occasionally to safety concerns. The new director of special education will work on a revised service delivery model that may offer classrooms of different age spans and specific disability groupings in different schools in the district. Even with the potential increase in transportation needs, this model should reduce the number of teachers and improve student services.

TEACH SECONDARY SPECIAL EDUCATION STUDENTS TO USE METROPOLITAN TRANSIT DISTRICT BUSSES IN LIEU OF CONTRACTED TRANSPORTATION.

This issue will also be charged to the new director of special education.

ELIMINATE DISTRICT OFFICE PROGRAM SPECIALIST (.6 FTE) AND ONE SECRETARY

If other personnel cuts in special education are enacted (e.g., coordinator position and teacher on assignment), these positions will be necessary to get the work done. Similar to the recommendation above, this should be considered as part of the general special education reorganization.

NEGOTIATE MEMORANDUM OF UNDERSTANDING FOR ADULT EDUCATION USE OF FACILITIES TO COVER COST OF MAINTENANCE

The secondary district and Santa Barbara City College are negotiating an agreement to pay for the maintenance, operation, and utilities of school facilities used by the adult education program.

ELIMINATE REDUNDANT BULK MAILINGS

Previously, all bulk mail was handled at the district office by office services. School sites brought their bulk mailings to the district for processing. Due to budget reductions this process was curtailed and the responsibility for bulk mailing was transferred to the individual school sites in the secondary district.

Lack of training at the school sites in how bulk mail works creates a workload problem for the district office staff. The post office frequently rejects our bulk mailings for incomplete or missing paperwork, causing delays and additional labor. To save money, we want to encourage the school sites to use bulk mail for their large mailings. However, to ensure that there are no unintended consequences from the use of the bulk mail permit, we should require each site to designate one key person from each secondary site to attend a postal service training.

BID HOME-TO-SCHOOL TRANSPORTATION

Student Transportation of America provides home-to-school and special education transportation services pursuant to Education Code Section 39800 et. seq. Because Education Code Section 39803 provides for “continuing contracts,” the districts are not legally obligated to “bid” these services and could continue with the status quo, ad infinitum. However, since the contract has not been competitively bid since 1997, the board may want to consider re-bidding these services in the near future. Moreover, the board may want to consider adding the transportation services being rendered by the MTD and the Goleta Union School District as an additive alternate to this bid.

INSTALL PHONE SYSTEMS THAT USE VOICE OVER INTERNET PROTOCOL (VoIP) TO REDUCE COSTS

The districts are pursuing E-rate funding for the infrastructure for phone systems that will accommodate VoIP which will ultimately reduce monthly telecommunications charged incurred by the unrestricted general fund.

INSTALL SOLAR PANELS ON ROOFS

The installation of solar panels will require a one time investment of capital funds. Since the districts’ bond funds are already oversubscribed, the district would have to borrow to fund this investment. Because the districts currently have “negative certification” they cannot issue non voter approved debt without the approval of the Santa Barbara County Education Office. Although the installation of solar panels at specific schools may not be feasible at this time, it is something the districts will continue to evaluate in the future.

SELL CARBON OFFSET CREDITS

Carbon offsetting is the act of mitigating ("offsetting") greenhouse gas emissions. We are not aware of any school districts that are selling carbon offset credits but we will pursue this to see if it makes fiscal sense for our districts.

HAVE PUBLIC PAY FOR SPORTS EVENT PARKING

By calculating the approximate annual cost of facilities repairs to school parking lots, driveways, and gates, we can potentially charge for parking during large events in which the community participates, such as football. We will investigate this option through California Education Code provisions and board policies, potentially leading to a relief of some expenditures from the general fund to maintain the quality of our facilities.

PROVIDE SECONDARY SCHOOLS WITH INCENTIVES TO REDUCE COSTS FOR SUBSTITUTE TEACHERS

Each secondary school is allotted a specific amount of money to cover the costs of substitute teachers during the school year. Many schools over spend this allotment, leading to an encroachment in the general fund. We will investigate a method to provide schools with an incentive for keeping the substitute costs within the budgeted amount (on an annual basis). For example, schools that do not spend the entire allotment may be allowed to keep the balance of the funds in the substitute fund for site-discretionary needs.

RECYCLE/HAUL TRASH FOR MONEY

Stepping up the districts' recycling efforts goes hand in hand with evaluating whether it makes sense for the districts to become their own waste hauler. The city of Santa Barbara currently contracts with two firms to haul solid waste for its customers, including the Santa Barbara School Districts. Their fees are based on the number of times they "tip" our waste containers, regardless of whether those containers are full, half-full or nearly empty. By becoming its own waste hauler, the districts would control the scheduling and frequency of waste collection and realize ongoing savings to the unrestricted general fund.

In order to implement this plan, the districts would need to cost out the acquisition of hauling equipment and waste containers, creation of a new job classification, hiring and training of personnel, as well as development of a workable operational plan.

HAVE COUNTY PAY FOR MORE REGIONAL OCCUPATIONAL PROGRAM (ROP) COURSES

The secondary district is working closely with the new South County ROP director to increase the number of qualified ROP-funded classes. In order to accomplish this, each high school will need to increase career technical education (CTE) course pathways, and ensure that staff is qualified to teach CTE courses.

IMPLEMENT PERS GOLDEN HANDSHAKE

The PERS Golden Handshake is a retirement incentive that provides for two additional years of PERS service credit to qualified classified employees wishing to retire. The plan is authorized under Government Code Section 20904. The PERS Golden Handshake can be used effectively during periods of declining enrollment.

In order for the PERS Golden Handshake to be offered, the districts would have to negotiate the impact of the retirement incentive with their classified employee association and adhere to the following:

1. The board must determine that because of an impending curtailment of or change in the manner of performing service, the best interests of the agency would be served by reducing staff.
2. Any vacancies created shall remain permanently unfilled, thereby resulting in an overall reduction in the workforce of the department or organizational unit.
3. The amount of additional service credit for those qualified retirees must be two years regardless of credited service.

4. An employee wishing to retire under the PERS Golden Handshake must have five or more years of service credit.

Before adopting a golden handshake early retirement benefit, the board must, with timely public notice, place the consideration of such an action on the agenda of a public meeting of the governing body. Disclosure must be made of the additional employer contributions and the funding necessary to implement the early retirement incentive.

The districts, in collaboration with California School Employee Association (CSEA), have circulated a survey to classified employees to determine if there is sufficient interest to participate in a PERS Golden Handshake retirement incentive plan.

REDUCE BOARD COMPENSATION

Education Code Section 35120 prescribes the manner in which board members are compensated for their work as trustees. Specifically Education Code Section 35120 (a) (4) states that:

"In any school district in which the average daily attendance for the prior school year was 25,000, or less, but more than 10,000, each member of the city board of education or the governing board of the district who actually attends all meetings held may receive as compensation for his or her services a sum not to exceed four hundred dollars ($400) in any month. The board may increase this amount by no more than 5 percent on an annual basis."

Currently, our board members receive $400 per month. The board considered this issue and acted on it just last year.

ELIMINATE COORDINATOR OF SPECIAL PROJECTS

The coordinator of special projects serves a number of important roles in the district including responsibility for board policies and administrative regulations, emergency preparedness, communications, Public Records Act requests, daily parent information and media requests, diversity efforts, as well as other responsibilities. She is also the point person for district emergencies. With the elimination of the assistant superintendent of secondary education position, and other administrators absorbing the responsibilities of the assistant superintendent, the responsibilities of special projects cannot be absorbed by others. In fact, the position may need to be broadened in the district administrative reorganization.

REDUCE FISCAL SERVICES STAFF

The districts contracted with School Services of California (SSC) to perform, among other things, a review of business office staffing and operational efficiency. Based on preliminary information from SSC, it is likely that the districts' business office is understaffed by industry standards and that SSC will make recommendations to increase staffing rather than reduce staffing in their final report.

INSTITUTE PARENT PAY TRANSPORTATION

The districts' currently offer home-to-school transportation for our elementary students. Information obtained from Student Transportation of America indicates that our elementary ridership is roughly 533. As of the Second Interim Report, the home to school transportation program in the elementary district required a $115,267 contribution from the unrestricted general fund.

In accordance with Education Code Section 39800, the governing board of any school district that provides home to school transportation may require all or some of the parents and guardians to pay a portion of the transportation costs. The governing board may establish the rate of the fee; however, in no instance shall the rate be greater than the statewide average non-subsidized cost of providing this transportation to a pupil on a publicly owned or operated transit system.

The current maximum allowable rates below are expressed on a "cost per passenger trip" basis:

Cost per passenger trip	$3.85
Daily round-trip cost	$7.70

School districts have had varying success in the implementation of parent pay transportation programs. However, there are at least two important considerations when opting to implement a parent pay fee program. The first is that parent pay fees plus the districts state home-to-school transportation apportionment cannot exceed the districts approved home to school transportation expense on an annual basis. The second is estimating the amount of ridership that will be exempt from the fees on the basis of indigence. Indigence is generally measured using free and reduced-price lunch program and/or proof of receipt of Temporary Assistance to Needy Families (TANF).

Given that 65 percent of the elementary district qualifies for free and reduced lunch, it is likely that this percentage would be applicable to home to school transportation rider ship, and that a significant proportion of the ridership's parents would be exempt from fees.

CONVERT YEAR ROUND ELEMENTARY SCHOOLS TO TRADITIONAL CALENDARS

The elementary district's two year round calendar schools, Cleveland Elementary School and Santa Barbara Community Academy have been more expensive to operate. The analysis of their operating costs covers four areas:

1. Historically, the health assistants at these two schools work during the two intersession periods under 12 month assignments, compared to the nine month assignments of the traditional calendar school health assistants. Reducing these current 12 month assignments to nine month assignments realizes a savings of $13,256. In addition, these two smaller year round calendar schools would have their health assistants' assignments reduced to four hours per day under the proposed reduction plan based on student enrollment and staff ratios. This would bring an additional $22,400 savings. The total savings of $35,656 is already listed as a reduction in health assistants' hours.
2. Enrollment at the beginning of the school year in the year round schools can be slow in growing, particularly for kindergarten students if families don't realize school starts in July. If a gradual build-up in enrollment over the first six weeks of school, until the traditional schools begin, occurred at both schools with as many as 20 students each, the cost of teachers and the loss of ADA revenue could reach over $16,000. During the 2007-2008 school year, neither year round school experienced a gradual build up in enrollment, incurring no additional cost. However, gradual enrollment build up has occurred in previous years.
3. Having only two year round schools affects teacher to student ratios and the ability to balance staffing needs across the district. In the past, there have been years when year round teachers have been retained for classes below capacity because the other district

schools were not in session yet. When all schools begin on the same start date, teachers and/or students can be shifted to balance teacher to student ratios.

4. District office staff in various departments may spend additional time in performing certain tasks twice following two school calendars. This cost however, would be very minimal.

Given that the two year round schools demonstrate academic achievement levels above other elementary district schools with similar student demographics, the potential savings of gradual build-up in enrollment, averaged over a three-year period does not appear to warrant a change in the year round school calendar.

IMPLEMENT NEW HOME SCHOOL PROGRAM

The design and implementation plan for the new K-12 Santa Barbara Home School is underway for a start up in August, 2008. Although we do not have exact figures at this time, we believe this new alternative program will generate additional ADA and therefore increased revenue.

ELIMINATE SUBSIDY FOR REDUCED FEE FOR METROPOLITAN TRANSIT DISTRICT PASSES

Board Policy 3541.26 provides for a reduction in the cost of MTD passes for secondary students if the student is unable to pay for the cost of the pass and lives at least three miles from their school of residence. Students on intradistrict transfers are responsible for their own transportation to school. We currently sell buss passes at a regular price of $7.50 and a reduced price of $5.50. Using actual data from fiscal year 2006-07 on the number of bus passes sold at a reduced rate, we estimate the elimination of subsidized MTD passes would generate an additional $23,600, assuming that these riders' parents possess the ability to pay.

RENT ORTEGA STREET CAMPUS

The Facilities Master Plan adopted by the board in December 2007 anticipated relocating the Las Alturas School classrooms as well as some of the students from the La Cuesta High School facility at SBHS to the Ortega site. However, in the event that the board elects not to move this program to the Ortega site, then the site could eventually be leased as office space. As of January of 2008, rental rates for office space in Santa Barbara were averaging $2.65 per square foot per month with a vacancy rate of 2.4 percent. Using total square footage of 17,570 and a rental rate of $2.65 per square feet per month, the lease of the facility could generate $558,726 annually. Education Code 17388 requires that the board appoint an advisory committee to advise the board regarding the disposition of property prior to its sale or lease. This committee, commonly referred to as a 7-11 Committee (because it must contain at least seven members and not more than 11). Presumably, the districts would first have to convene its 7-11 Committee before the property could be declared surplus and then leased.

ELIMINATE ATHLETIC TRAINERS AT EACH COMPREHENSIVE HIGH SCHOOL

The districts currently spend $145,725 on athletic trainers, one for each of the comprehensive high schools. Although not all high schools in California have athletic trainers, a compelling argument can be made that athletic trainers help to reduce risk by preventing and treating student injuries.

RELOCATE PARMA CHILDREN'S CENTER TO AN EXISTING SCHOOL SITE AND LEASE MONTECITO STREET PROPERTY

The Parma Children's Center on Montecito Street is comprised of one permanent building of 3,185 square feet and two portable buildings that are far in excess of their useful life. If the districts relocated the children's center to another site, it could lease the permanent facility at a rate of $2.65 per square feet for an annual amount of $101,283. Since the site is not currently used as a school site, we would have to consult with legal counsel to see if the 7-11 Committee would have to be convened prior to leasing the site. The rental of four portables to house the current programs would be roughly $22,000 per year. In addition there would be one-time site development costs, of approximately $83,000 per building.

CONSIDERED BUT WOULD PROBABLY NOT YIELD COST SAVINGS

The administration received numerous suggestions to reduce expenditures and/or enhance revenues. Each was carefully considered. However, many of the suggestions were discarded, either because they focused on negotiable items between the districts and their employee associations; could not be accomplished absent changes in current law; or could result in unintended consequences, including but not limited to a decreased level of funding elsewhere in the districts. The following items were considered but discarded:

SELL REAL PROPERTY OF COLLATERALIZE REAL PROPERTY TO FUND THREE PERCENT RESERVE REQUIREMENT

Education Code Section 17462 restricts the funds derived from the sale of real property to capital outlay and/or deferred maintenance. In the event the districts sold one or more pieces of real property, the proceeds from the sale could not be used to fund the reserve for economic uncertainties.

CLOSE AN ELEMENTARY SCHOOL

Education Code 17388 requires that the board appoint an advisory committee to advise the board regarding the disposition of property prior to its sale or lease. This committee, commonly referred to as a 7-11 Committee (because it must contain at least seven members and not more than 11) is required to do all of the following prior to the sale or lease of district surplus property:

1. Review the projected school enrollment and other data as provided by the district to determine the amount of surplus space and real property.
2. Establish a priority list of use of surplus space and real property that will be acceptable to the community.
3. Cause to have circulated throughout the attendance area a priority list of surplus space and real property and provide for hearings of community input to the committee on acceptable uses of space and real property, including the sale or lease of surplus real property for child care development purposes pursuant to Education Code Section 17458.
4. Make a final determination of limits of tolerance of use of space and real property.
5. Forward to the district governing board a report recommending uses of surplus space and real property.

Although there had been initial discussion regarding closing one or more of the elementary schools in the districts, it now appears that the declining enrollment pattern in the elementary district has flattened out and is projected to gradually increase over time. Moreover, with the recent action of the Hope School District board to discontinue interdistrict requests, the number of new students entering the elementary district may be further increased. The current projection for non-charter elementary enrollment for next year is an increase of 92 students in total enrollment.

ALL STAFF, INCLUDING THE SUPERINTENDENT, SHOULD REJECT THE PAY INCREASE FOR NEXT YEAR

The pay increase was negotiated by employee associations and a reduction would also have to be negotiated. When unfounded rumors circulated earlier this year that the districts would renege on the salary increase staff was upset. The superintendent is willing to join with staff in a rejection of the pay increase but it is not likely to be approved.

REDUCE LEGAL AND CONSULTANT FEES
Legal fees are largely used for student expulsion, resolving special education claims, charter school issues, and protection from lawsuits. Consultant fees (e.g., land use, parcel tax) are used to pursue additional revenue or to advise the district on fiscal or organizational issues.

ELIMINATE THE ELEMENTARY MUSIC PROGRAM
The elementary district funding for music instruction leverages funding from the Santa Barbara Education Foundation (SBEF). A total of 2.5 FTEs are jointly funded by the unrestricted general fund, a state music grant, and the SBEF donation. In addition, local donors contribute to our musical instrument maintenance fund, further reducing our costs in this area.

CONTRACT OUT MAINTENANCE
Senate Bill 1419 (Alarcon, D-Sylmar), which limits the flexibility school agencies and community colleges have to choose between permanent employees or contractors to provide services. Prior to the passage of SB 1419, school districts could select the high-value low-cost producer of services without regard to whether the service would be provided by a contractor or by in-house labor. Under SB 1419, the default position is that the district must hire in-house employees unless it can prove that it meets one of several exceptions:

- new functions for which the state legislature authorizes independent contractors' services are not available or can't be satisfactorily performed by district employees;
- the services are incidental to a purchase or lease contract;
- the goals of the district can't be accomplished through the regular hiring process;
- an emergency condition exists.

PROVIDE INCENTIVE FOR INSURANCE "OPT OUT"
Underwriter guidelines normally preclude employees from "opting out" on the basis that premium (i.e., income) estimates needed to pay claims are based on full participation. Excluding a portion of the population from the premium calculation would result in the cost of claims being spread across a smaller revenue base, thereby increasing insurance premiums in the future.

ELIMINATE EDUSOFT CONTRACT NOT REQUIRED FOR COMPLIANCE
The Edusoft contract is necessary for compliance program monitoring and as a vehicle for building common assessments to allow more data-based instructional decisions. The contract does not have separate modules and is paid out of categorical funds. Elimination of the contract would put us out of compliance and would not save money from the unrestricted fund.

CONVERT HIGH SCHOOL FOREIGN LANGUAGE CLASSES AND ADVANCED PLACEMENT COURSES TO DUAL ENROLLMENT COURSES, AND CONVERT CAREER TECHNICAL ELECTIVE CLASSES TO REGIONAL OCCUPATIONAL PROGRAM
Santa Barbara City College (SBCC) determines the qualifications of their instructors. In the case of high school dual enrollment courses, many teachers are not qualified to teach these classes because the teachers do not meet the SBCC requirements; therefore, this is not a consistently viable option. Further, SBCC pays the school sites and the "adjunct" faculty directly with small curricular stipends. These stipends do not consistently allow sites to offset the costs of instructor salaries and benefits.

CANCEL DISTRICT STAFF TRAININGS
Almost all district staff trainings are funded by categorical income. As a result, elimination of trainings would not result in a savings to the unrestricted general fund and therefore would not improve the districts' financial position.

HIRE A SPECIAL EDUCATION LAWYER TO BE AT NEEDED INDIVIDUALIZED EDUCATION PLANS
Use of additional legal services would be more expensive and would not replace the need for more training.

HIRE A GRANT WRITER
Hiring a grant writer would not result in more unrestricted revenue since the majority of grants available have "supplement and not supplant" provisions that do not allow the districts to "backfill" unrestricted expenditures from grant funds. Moreover, since the grant writer would have to be paid with unrestricted funds, this would result in a greater impact to the districts' unrestricted general fund.

ELIMINATE GENERAL FUND SUPPORT FOR ATHLETICS
The unrestricted general fund does not pay for athletics, with the exception of coaching stipends. Sports are self-funded through gate receipts and fundraisers. The unrestricted general fund offsets the cost of ambulance and additional police only.

CHARGE STUDENTS FOR PARKING AT HIGH SCHOOLS, WITH REDUCED FEE FOR ECONOMICALLY DISADVANTAGED STUDENTS
Charging students would encourage parking off-campus and would have a negative impact on nearby neighbors and business.

REDUCE ONE PERSONNEL OFFICE EMPLOYEE
Under consideration is an office assistant position that is shared between the personnel office and fiscal services. Reducing this position would not allow both departments to get necessary work completed without having a negative impact on day-to-day operations.

ELIMINATE EITHER STIPEND OR OVERTIME FOR FOOD SERVICE ADMINISTRATIVE ASISTANT
Overtime for this position has been curtailed and the stipend is scheduled to expire in April 2008.

REDUCE HOURS FOR DISTRICT COMPUTER OPERATOR
Reducing the hours of this four hour position would slow down the processing of purchasing and payroll and generally result in operational inefficiency.

TWO YEAR MORATORIUM ON CSBA DUES (ONE-TIME)
The districts pay the California School Board Association (CSBA) dues of $13,626 on an annual basis, which includes a portion that goes to fund the CSBA Legal Alliance. By placing a two-year moratorium on this membership, the districts could save $27,252 over two years. However, it should be noted that CSBA provides us access to updated board policies through GAMUT, their online board policy service at a cost of $3,250 per year. In the event that the districts terminated their membership with CSBA, the districts would no longer be able to access the GAMUT board policy service.
One-time savings: $16,876

CSEA FURLOUGH DAYS

CSEA has asked us to consider furlough days in lieu of reductions in force as their contribution toward the districts' efforts to regain fiscal solvency. We estimate that the savings to the unrestricted general fund is roughly $60,000 per furlough day. While we appreciate CSEA's recognition of the districts' financial status, and their efforts to problem solve, we have serious reservations about the use of furlough days. For one, we feel the use of furlough days is one size fits all approach to deal with budgetary problems. Rather than implement a uniform reduction in work days district-wide, we prefer to look at the operations of the districts independently and then make systematic reductions that don't reduce the districts' entire organizational capacity. However, we want to commend CSEA for their willingness to problem solve and will continue to look for their input during this period of financial difficulty for the districts.

BOARD ACTIONS

On April 8, 2008 the board unanimously approved removing the following items from the proposed cut list for the 2008-09 fiscal year:

REDUCE 7.4 CERTIFICATED FTEs PROVIDING JUNIOR HIGH ELECTIVES
Each of the junior high schools receives an additional staffing allotment of 2.0 FTE (although not fully used) for additional elective offerings in the master schedule. This additional staffing allotment is the result of cuts to the junior high school programs in 2002-2003 when the seven-period day was reduced to a six-period day. While an additional FTE was allowed this year at each junior high school, due to student schedule changes after the school year began, only a total of 3.4 FTEs were actually added this year, bringing the total number of additional FTEs provided by the current budget to 7.4. Full funding for all eight FTEs would cost $46,800 more next year than is currently funded. Half of the additional electives are used to support music, art, and performing arts.

The board may consider:

- Maintaining the additional elective FTE level of 8.0 FTEs, allocating 0.2 FTE to schools for every 75 students, which would ensure an equitable level of staffing, based on student enrollment.
- Capping the additional elective FTE level at 4.0 FTEs for next year, allocating 0.2 FTE to schools for every 150 students, which would ensure an equitable level of staffing, based on student enrollment.
- Eliminating all of the additional electives because the additional allotments place a further burden on the unrestricted general fund.

Amount: $577,000

MID-YEAR REDUCTIONS FISCAL YEAR 2007-08
DISTRICT OFFICE SERVICES (one-time)

	Description	Savings
A	Charge restricted funds their proportional share of pay-as-you go cost for retiree health benefits	$338,788
B	Reflect accounts receivable from SELPA	$274,804
C	Use portion of elementary and secondary discretionary block grant to make deferred maintenance contribution	$204,400
D	Adjust workers compensation rate to reflect experience modification factor for current year	$197,153
E	Reverse accounts payable to SELPA	$180,843
F	Charge RRMA indirect costs	$150,902
G	Shift FTEs from CAHSEE core to CAHSEE intensive	$99,000
H	Charge three percent administrative fee to capital facilities fund for current and prior year	$69,667
I	Post one time insurance rebate from Southern California Relief property and liability insurance carrier	$51,264
	TOTAL	**$1,566,821**

REVISED 4-22-08

COST REDUCTIONS AND REVENUE ENHANCEMENTS
FISCAL YEAR 2008-09

	Description	Savings
A	Charge restricted funds their proportional share of pay-as-you-go cost for retiree health benefits	$338,788
B	Adjust workers compensation rate to reflect experience modification factor and to reflect rate decrease for fiscal year 2008-09	$367,261
C	Universal breakfast	$200,000
D	Charge RRMA account indirect costs	$175,000
E	Change insurance carriers for property and liability insurance and recognize rate reduction for fiscal year 2008-09	$145,213
F	Make portion of secondary deferred maintenance transfer with Isla Vista and Goleta redevelopment project area revenue	$75,511
G	Eliminate broker of record for workers compensation insurance	$60,000
H	Charge three percent administrative fee to capital facilities fund	$34,833
I	Increase price on paid meals for school lunch	$31,747
J	Enforce board policy on MTD student bus passes	$25,000
K	Implement various energy efficiency measures	$25,000
L	Eliminate 2.85 administrative FTEs	$360,000
M	Impose ten percent reduction in all district office discretionary budgets	$160,000
N	Reduce elementary administrative positions at smaller elementary schools	$51,000
O	Provide district letterhead and numerous forms in electronic format rather than hard copy	$4,000
P	Eliminate ninth-grade class size reduction	$571,000
Q	Reduce the number of instructional assistants, especially in special education	$433,874
R	Reduce school psychologists from 18 to 13 FTEs	$425,000
S	Staff all comprehensive high schools at parity	$320,000
T	Provide certificated retirement incentive	$345,744
U	Eliminate four site-based resource program specialists and replace with clerical positions	$298,530
V	Replace retiring certificated librarians with media technicians	$108,285
W	Reduce classified support staff proportional to enrollment decline	$46,435
X	Pro-rate elementary district health assistants according to school size	$40,715
Y	Staff all junior high schools at parity	$46,800
Z	Eliminate the expense of Oral-J testing including associated cost for use of substitutes	$27,000
AA	Require students to make up *every* absence with Saturday School	$6,300
	TOTAL	**$4,723,036**

Fiscal Recovery Plan

Fiscal Years 2016-2019

SONORA UNION
HIGH SCHOOL DISTRICT

Tuolumne County, California

Prepared by:

Patrick Chabot

Superintendent

Presented to the Board of Trustees

December 13, 2016

Sonora Union High School District

100 School Street

Sonora, CA 95370

Sonora Union High School District

Fiscal Recovery Plan and Recovery Recommendations

Introduction

This Fiscal Recovery Plan has been created by the joint, collaborative efforts of the Sonora Union High School District management team with input provided by the newly created SUHSD Fiscal Crisis Task Force whose sole purpose is to provide financial and stakeholder feedback to the Board of Trustees through the superintendent during this fiscal transition in the district's history. This Fiscal Recovery Plan outlines the preliminary steps the district is proposing to take in order to make budgetary adjustments to impact the multi-year financial projections to reflect a sound fiscal foundation which supports the district's primary purpose; the education of our students. Though substantial steps in this transition are necessary, many of which include budgetary reductions, an open and transparent collaboration that levies the support of all district stakeholders will be the only viable path to a sound fiscal future.

This Fiscal Recovery Plan was developed to address the structural deficit identified in the District's budget, of which the district notified the Tuolumne County Superintendent of School (TCSOS) and the Fiscal Crisis and Management Assistance Team (FCMAT). The goal of this plan is to outline the steps that the district plans to take in order to directly address key and targeted areas to improve the district's 2016-2019 multi-year financial projections. This plan is meant to be adaptable to all budgetary conditions in California's school funding laws, to the current enrollment projections for the district, and the educational needs of the students of the district.

FCMAT's Fiscal Health Risk Analysis identifies twenty different fiscal indicators used to measure a district's potential risk. According to the county report, components of greatest concern for the district are deficit spending, fund balance, reserve for economic uncertainty, enrollment, bargaining agreements, and encroachment. During the Fall of 2016, the District began a preliminary budgetary investigation, looking at all of these components to analyze where adjustments could be made. This Fiscal Recovery Plan seeks to utilize the recommendations from FCMAT's study and work to direct budgetary projections for the district with specific actions and timelines. Deficit spending is when expenditures exceed revenues. In the multi-year projections, the district anticipates deficit spending an average of $600,000 per year over the next three years. In order to change this trajectory, expenditures must be reduced in the current year and the subsequent following years to balance the budget. Fund balance is the dollars unspent in prior years where expenditures did not exceed revenues. The state requires a reserve of 4% of the General Fund expenditures. The district maintains approximately a *$1,098,000* reserve in Fund 17 for economic uncertainties.

Over the past 10 years the district has seen a decline in student population averaging 66 students per year. The district projected a slight increase of enrollment for the 2016-2017 school year, budgeting for an estimated enrollment of 1067 students. Projections beyond 2016-2017 indicate that enrollment in the county may stabilize which will allow the district to conservatively project a flat enrollment over the next three years. The decline in enrollment has been coupled with an historically low Average Daily Attendance (ADA) ratio calculated for the year at approximately 91%, which is low compared to the state average of 95%. Other factors that contributed to this year's approved budget include changes made through the negotiations process during the 2015-2016 school year with the bargaining agreements of the Certificated and Classified units. Each received a 3% increase in the 2015-2016 school year. Subsequently, two additional days were added to the teacher's calendars for professional development and paid for out of Supplemental Funds. Encroachment is often an issue with Special Education, Transportation and the Cafeteria programs. Rising salaries and food costs in combination with declining enrollment has increased the encroachment for the Cafeteria.

Sonora Union High School District is committed to the District's Mission adopted by the Board of Trustees on April 16, 2016. With the joint collaboration of the district faculty, classified staff, management team, parents, and community members, this Fiscal Recovery Plan centers around this mission: "To maintain focus on student learning and wellness by engaging in sound resource allocation and policy management to ensure that the Sonora Union High School District is an excellent place to learn, teach, and work."

This Fiscal Recovery Plan is also committed to continue to implement the Board of Trustees' District Goals adopted by the Board on April 16, 2016:

2016 – 2017 District Goals

1. **Academic Achievement** – Students and teachers are held to a high standard of academic achievement with increased completion of the entrance standards (A-G requirements) of the University of California and California State University system.

2. **Staff Development** – Staff development and training programs are relevant, of high interest and support new academic assessment and technology initiatives and innovations.

3. **Facilities** – The District supports the construction and modernization of district facilities and technology to better support staff and student learning, safety and efficiency.

4. **Assessment Data** – Departments will develop common assessments to help drive instruction and evaluate the effectiveness of programs, personnel and student achievement. Each department shall report the results of this evaluation to the Board on an annual basis.

5. **Finances** – The District is a good steward of existing resources while developing additional sources of funding for current programs and new initiatives.

6. **Career Technical Education** – Students have the opportunity to learn workforce skills through high quality career technical and community learning programs aligned to the regional economy.

7. **School Culture** – All members of our educational community engage in positive interpersonal relationships promoting a culture of cooperation, trust and respect.

8. **Alternative Programs** – The District supports other academic programs including adult education, Middle College, independent study and alternative education.

9. **Co-Curricular Programs** – The District recognizes that arts, athletics and student organizations are essential facets of the high school experience and supports increased student engagement and achievement.

10. **Wellness** – The District promotes physical and mental health through student programs that encourage healthy habits, improved nutrition, and access to personal counseling.

Recovery Plan

Sonora Union High School District is proposing five areas to begin addressing the structural deficit forecasted in the district's 2016-2019 multi-year financial projections. These five areas work together to address significant concerns that were brought to the district by the superintendent, the Fiscal Crisis Task Force and district stakeholders. The areas are designed to address the structural problems within the budget while seeking to uphold the strictest adherence to the needs of the students of the schools.

An important consideration of this Fiscal Recovery Plan has been the 2016-2017 Local Control and Accountability Plan (LCAP) approved by the Board of Trustees in June of 2016. Each goal of the LCAP, and the projected three years of action are currently being analysed for appropriateness and considered for revision and developed by the district based on the information the superintendent has received through the fiscal recovery process. The 2016-2017 budget year will be built upon the goals, sustained and revised, in the LCAP and the renewed focus lent to the services targeted for the district's unduplicated count students. Stakeholder input will be a crucial component of the development and changes to the 2017-2018 Local Control Accountability Plan.

The five areas, outlined further in this documents, represent accommodation from each area of the district.

Summary of Changes		Date	Changes
I	Reductions in Sonora Union High School District Management	2017-2019	$71,595 in reductions to expenses
II	Reductions in Sonora High School Classified and Certificated Staff	2017-2019	$1,189,061 in reductions to expenses
III	Restructuring the Graduation Requirements and the Sonora High School Master Schedule	January 2017	unknown
IV	Negotiation with Bargaining Units	January 2017	unknown
V	Other District and Site Measures	2016-2019	$500,000 in additional revenues for salaries
	Total savings for 3 school years (2016/17, 2017/18, 2018/19)	2016-2017 2017-2018 2018-2019	$1,760,656

I - Management

Certificated and Classified Management has agreed to a reduction of 2 days in their contract for the 2016-2017 school year and of 5 days for the 2017-2018 and 2018-2019 school years. The superintendent has agreed to a 5 day reduction in salary for the remainder of the 2016-2017 school year and of 10 days for the 2017-2018 and 2018-2019 school years. Any positions vacated by retirement or resignation will be evaluated and possibly not filled. These reductions are not reflected in the 2016-2017 1st interim multi-year projections, but will be incorporated into the 2nd interim report as the required notices have not been made and certain details are still being reviewed.

	2016-2017 Reductions	2017-2018 Reductions	2018-2019 Continued Savings	Total
Certificated Management	$10,229	$23,561	$23,561	$57,351
Classified Management	$2,374	$5,935	$5,935	$14,244
Total	$12,603	$29,496	$29,496	**$71,595**

II - Certificated, Classified, and Confidential Staff

The district is projecting to reduce some instructional services, including classroom teaching positions starting in the 2017-2018 school year, and classified support positions starting towards the end of the 2016-2017 school year. The reductions in certificated and classified personnel are identified in the table below. Certificated reductions equal approximately 5.8 FTE and would start in the 2017-2018 school year. Classified reductions equal approximately 2.5 full time positions plus additional days, or hours, off of several individual's yearly, or daily, work schedules, and would start by the last two months of the 2016-2017 school year. Confidential employee reductions are 2 days in the 2016-17 school year and 5 days each year for the 2017-18 and 2018-19 school years. Any positions vacated by retirement or resignation will be evaluated and possibly not filled.

Staffing ratios are currently being developed and will continue to be evaluated after class sign-ups for each school year, so that adequate staffing can be achieved. These reductions are not reflected in the 2016-2017 1st interim multi-year projections, but will be incorporated into the 2nd interim report as the required notices have not been made and certain details are still being reviewed. The reductions for 2017-2018 and 2018-2019 do not reflect an increase due to step and column or STRS and PERS.

	2016-2017 Reductions	2017-2018 Continued Reductions	2018-2019 Continued Savings	Totals
Classified	$62,835	$155,725	$155,725	$374,284
Certificated	0	$398,209	$398,209	$796,418
Confidential	$3,059	$7,650	$7,650	$18,359
Totals	$65,894	$561,584	$561,584	**$1,189,061**

III - Graduation Requirements and Master Schedule

Currently the graduation requirements for Sonora High School is 230 credits, students must attempt 240 credits, and pass 50 credits their senior year. Many students take a "0" period course in PE2, Leadership, or Jazz Band to increase the number of credits by the time they graduate. Many students are also concurrently enrolled in courses at Columbia College, receiving high school and college credit concurrently. But, if a student struggles and fails more than a single required class, the student must make it up during summer school or after school APEX program. Current structures in the master schedule restrict space for credit recovery. California Education Code requires just 130 credits to obtain a high school diploma.

	CA Ed Code	**Sonora High**	***Proposed***	**CSU/UC Requirement**
English	30	40	40	4 Years
Math	20	20	20	3 Years (4 Recommended)
Biological Science	10	10	10	2 Years of Lab Science
Physical Science	10	10	10	(3 Years Recommended)
Social Science				3 Years of Social Science
World History	10	10	10	
US History	10	10	10	
Govt/Civics	5	5	5	
Economics	5	5	5	
Life Skills		10	10	
VPA/FL/CTE	10	10	10	2 Years of Foreign Language (3 Rec)
Vocational		10	10	1 Year Visual and Performing Art
Physical Edu	20	20	20	
Electives		70	**50**	College Prep Electives
Total	130	230	210	No Official Minimum

By reducing the number of elective credits to 50, and requiring 210 credits to graduate, SHS will allow students to make up any failed coursework during their junior and senior years. This also adds flexibility to their schedule to allow concurrent enrollment in college courses, while still allowing for A-G completion.

The 2016-2017 Master Schedule has many singletons which restricts the flexibility of scheduling students. Eliminating as many singletons as possible, and combining these courses with similar courses, will give more flexibility to scheduling students throughout the day, and help level the teacher/student ratio in many classes.

IV - Negotiations

Starting in January of 2017, the district will work to negotiate changes to the collective bargaining agreements with the SUHSD Federation of Teachers (Certificated) and the SUHSD CSEA chapter #774 (Classified) unions. The district is also evaluating all stipend positions to verify job descriptions and cost/benefit analysis of the stipend positions. The impact of any possible negotiations is not reflected in this Fiscal Recovery Plan. However, once negotiated changes are reached, the district will update this Fiscal Recovery Plan to reflect any budgetary changes achieved.

V - Other Measures

a. The district is evaluating and implementing the 25 recommendations from the FCMAT report dated November 4, 2016.
b. The district is currently evaluating the it's capacity to assume responsibility for special education programs and services for SUHSD students currently provided by TCSOS in consideration of the recent movement to shift county operated programs back to the district of residence.
c. The district is evaluating the options for an outside agency's review of the district's food service, maintenance & operations, transportation, facilities, and special education operations. These reviews could offer additional areas of savings and/or improved services.
d. The district is continuing to look for cost savings in supplies, materials, and services.
e. The district has received a Career and Technical Education (CTE) Incentive Grant in 2016 for $225,273 which approximately $60,000 has been spent on equipment and supplies. The next two periods of funding are expected to be $174,140 each. The majority of these funds will be used for CTE salaries and benefits over the next three years, for an approximate total of $475,000

f. The district qualifies for the College Readiness Block Grant of $75,000. Approximately $25,000 will be applied towards existing employee salaries and benefits over the three year period of the grant.
g. Board members are considering reducing their stipends and/or benefits.
h. The district is evaluating the possibility of allowing off campus passes at lunch for juniors and seniors only during the 2017-18 school year, and for seniors only during the 2018-19 school year. The impact of the encroachment on the cafeteria is a key consideration in addition to student safety concerns.

Summary of Savings

Summary	2016-2017	2017-2018	2018-2019	Total
Certificated Management	$10,229	$23,561	$23,561	$57,351
Classified Management	$2,374	$5,935	$5,935	$14,244
Confidential	$3,060	$7,650	$7,650	$18,359
Classified	$62,835	$155,725	$155,725	$374,284
Certificated	0	$398,209	$398,209	$796,418
Total Reductions	$78,498	$591,079	$591,079	$1,260,656
Additional Funding from *Career Technical Education Block Grant* and *College Readiness Block Grant*	$166,000	$166,000	$167,000	$500,000
Total				**$1,760,656**

Concluding Remarks

This Fiscal Recovery Plan is subject to revisions and will adapt to changing fiscal conditions of the district. This Fiscal Recovery Plan will be updated as progress is made. Implementation of many parts of this plan has already begun and will continue to require tough decisions and a change in the way of doing things, and provides a pathway for success.

Appendix C – Study Agreement

FCMAT
FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
CSIS California School Information Services

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
STUDY AGREEMENT
February 15, 2017

The Fiscal Crisis and Management Assistance Team (FCMAT), hereinafter referred to as the team, and the Newark Unified School District, hereinafter referred to as the district, mutually agree as follows:

1. **BASIS OF AGREEMENT**

The team provides a variety of services to local education agencies (LEAs). The district has requested that the team assign professionals to study specific aspects of the district's operations. These professionals may include staff of the team, county offices of education, the California State Department of Education, school districts, or private contractors. All work shall be performed in accordance with the terms and conditions of this agreement.

In keeping with the provisions of Assembly Bill 1200, the county superintendent will be notified of this agreement between the district and FCMAT and will receive a copy of the final report. The final report will also be published on the FCMAT website.

2. **SCOPE OF THE WORK**

A. Scope and Objectives of the Study

1. Review the district's 2016-17 general fund budget and develop a multiyear financial projection (MYFP) for the current and two subsequent fiscal years to determine the district's financial status. Make recommendations for expenditure reductions and/or revenue increases to help the district to eliminate its structural budget deficit and maintain financial solvency. The MYFP will be a snapshot in time of the district's current financial status and will use the district's 2016-17 first interim report as its baseline. The MYFP will be developed as a trend based on certain criteria and assumptions instead of a prediction of exact numbers. It will be developed for the district's general fund and will include review and fiscal impacts of other funds on the general fund.

2. Review operational processes and procedures for the business services department and make recommendations for improved efficiency, if any, in the following areas:

   - Budget development
   - Budget monitoring
   - Position control
   - Purchasing
   - Accounts payable
   - Accounts receivable
   - Payroll
   - Bond oversight
   - Associated student body oversight
   - School-connected organizations oversight

B. Services and Products to be Provided

1. Orientation Meeting - The team will conduct an orientation session at the district to brief district management and supervisory personnel on the team's procedures and the purpose and schedule of the study.
2. On-site Review - The team will conduct an on-site review at the district office and at school sites if necessary.
3. Exit Meeting - The team will hold an exit meeting at the conclusion of the on-site review to inform the district of significant findings and recommendations to that point.
4. Exit Letter - Approximately 10 days after the exit meeting, the team will issue an exit letter briefly memorializing the topics discussed in the exit meeting.
5. Draft Report - Electronic copies of a preliminary draft report will be delivered to the district's administration for review and comment.
6. Final Report - Electronic copies of the final report will be delivered to the district's administration and to the county superintendent following completion of the review. Printed copies are available from FCMAT upon request.
7. Follow-Up Support – If requested by the district within six to 12 months after completion of the study, FCMAT will return to the district at no cost to assess the district's progress in implementing the recommendations included in the report. Progress in implementing the recommendations will be documented to the district in a FCMAT management letter. FCMAT will work with the district on a mutually convenient time to return for follow-up support that is no sooner than eight months and no later than 18 months after completion of the study.

3. **PROJECT PERSONNEL**

The study team will be supervised by Michael H. Fine, Chief Administrative Officer, Fiscal Crisis and Management Assistance Team, Kern County Superintendent of Schools Office. The study team may also include:

A. To be determined	*FCMAT Staff*
B. To be determined	*FCMAT Consultant*
C. To be determined	*FCMAT Consultant*
D. To be determined	*FCMAT Consultant*

4. **PROJECT COSTS**

The cost for studies requested pursuant to Education Code (EC) 42127.8(d)(1) shall be as follows:

A. $650 per day for each staff member while on site, conducting fieldwork at other locations, presenting reports or participating in meetings. The cost of independent FCMAT consultants will be billed at their actual daily rate for all work performed.

B. All out-of-pocket expenses, including travel, meals and lodging.

C. The district will be invoiced at actual costs, with 50% of the estimated cost due following the completion of the on-site review and the remaining amount due upon the district's acceptance of the final report.

Based on the elements noted in section 2A, the total not-to-exceed cost of the study will be $26,100.

D. Any change to the scope will affect the estimate of total cost.

Payments for FCMAT's services are payable to Kern County Superintendent of Schools - Administrative Agent.

5. **RESPONSIBILITIES OF THE DISTRICT**

A. The district will provide office and conference room space during on-site reviews.

B. The district will provide the following if requested:

1. Policies, regulations and prior reports that address the study scope.
2. Current or proposed organizational charts.
3. Current and two prior years' audit reports.

4. Any documents requested on a supplemental list. Documents requested on the supplemental list should be provided to FCMAT only in electronic format; if only hard copies are available, they should be scanned by the district and sent to FCMAT in electronic format.
5. Documents should be provided in advance of field work; any delay in the receipt of the requested documents may affect the start date and/or completion date of the project. Upon approval of the signed study agreement, access will be provided to FCMAT's online SharePoint document repository, where the district will upload all requested documents.

C. The district's administration will review a preliminary draft copy of the report resulting from the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the team prior to completion of the final report.

Pursuant to EC 45125.1(c), representatives of FCMAT will have limited contact with pupils. The district shall take appropriate steps to comply with EC 45125.1(c).

6. **PROJECT SCHEDULE**

The following schedule outlines the planned completion dates for different phases of the study and will be established upon the receipt of a signed study agreement:

Orientation:	to be determined
Staff Interviews:	to be determined
Exit Meeting:	to be determined
Draft Report Submitted:	to be determined
Final Report Submitted:	to be determined
Board Presentation:	to be determined, if requested
Follow-Up Support:	if requested

7. **COMMENCEMENT, TERMINATION AND COMPLETION OF WORK**

FCMAT will begin work as soon as it has assembled an available and appropriate study team consisting of FCMAT staff and independent consultants, taking into consideration other jobs FCMAT has previously undertaken and assignments from the state. The team will work expeditiously to complete its work and deliver its report, subject to the cooperation of the district and any other parties from which, in the team's judgment, it must obtain information. Once the team has completed its fieldwork, it will proceed to prepare a preliminary draft report and a final report. Prior to completion of field work, the district may terminate its request for service and will be responsible for all costs incurred by FCMAT to the date of termination under Section 4 (Project Costs). If the district does not provide written notice of termination prior to completion of fieldwork, the team will complete its work and deliver its report and the district will be responsible for the full costs. The district understands and agrees that FCMAT is a state agency and all FCMAT reports are published on the FCMAT website and made available to interested parties in state government. In the absence of extraordinary circumstances, FCMAT will not withhold preparation, publication and distribution of a report once fieldwork has been completed, and the district shall not request that it do so.

8. **INDEPENDENT CONTRACTOR**

FCMAT is an independent contractor and is not an employee or engaged in any manner with the district. The manner in which FCMAT's services are rendered shall be within its sole control and discretion. FCMAT representatives are not authorized to speak for, represent, or obligate the district in any manner without prior express written authorization from an officer of the district.

9. **INSURANCE**

During the term of this agreement, FCMAT shall maintain liability insurance of not less than $1 million unless otherwise agreed upon in writing by the district, automobile liability insurance in the amount required under California state law, and workers compensation as required under California state law. FCMAT shall provide certificates of insurance, with Newark Unified School District named as additional insured, indicating applicable insurance coverages upon request prior to the commencement of on-site work.

10. **HOLD HARMLESS**

FCMAT shall hold the district, its board, officers, agents and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of its board, officers, agents and employees undertaken under this agreement. Conversely, the district shall hold FCMAT, its board, officers, agents and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of its board, officers, agents and employees undertaken under this agreement.

11. CONTACT PERSON

Name: Patrick Sanchez
Telephone: (510) 818-4112
E-mail: psanchez@newarkunified.org

Feb 15, 2017

Patrick Sanchez, Superintendent
Newark Unified School District

Date

February 15, 2017

Michael H. Fine,
Chief Administrative Officer
Fiscal Crisis and Management Assistance Team

Date