

# Stockton Unified School District Board Study Session

June 10, 2014



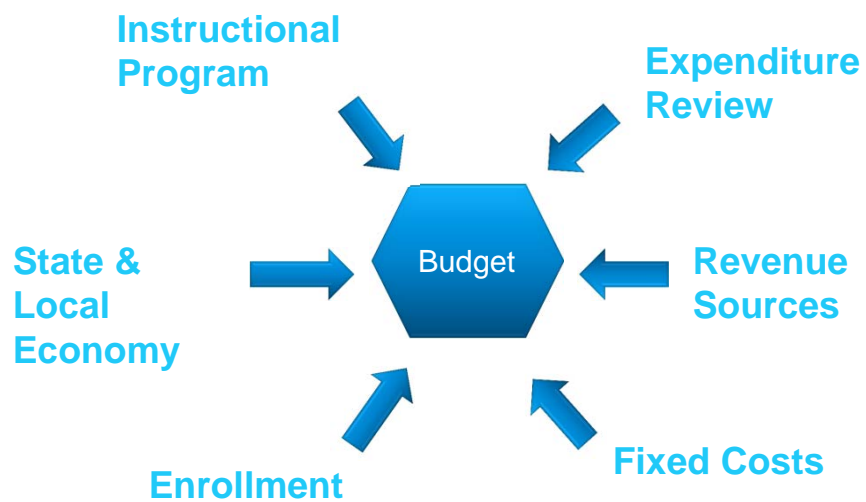
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## Budget Basics

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- Budget Development Process
  - Revenue
    - ADA driven
  - Expenditures
    - Enrollment driven
  - Fund Balance
  - Multi-Year Projection

## Budget Development Process



## Budget Assumptions

- Cost of Living Adjustments
- Status of Negotiations
- Enrollment and ADA Projections
- Multi-Year Projections
- Class Size and Staffing Ratios
- Non-Voter Approved Debt
  - Certificates of Participation (COPS) \$36 million (capital outlay)
  - Qualified Zone Academy Bonds (QZAB) \$5 million (Business and automotive programs at Stagg/Edison/Franklin)
  - Capital Leases \$1.9 million

## Unrestricted Fund Balance – Statewide Averages

2012–13 Unrestricted General Fund Balance Plus Fund 17 Special Reserve as a Percent of Total General Fund Expenditures	
Unified School Districts	14.81%
Elementary School Districts	23.03%
High School Districts	19.27%
Stockton Unified School District	12.60%
Source: CDE state-certified data	

## Multiyear Projections – Expenditure Considerations

- Step and column movement costs
- Employer health benefit contributions
- CalSTRS increased employer contributions
- CalPERS increased employer contributions
- Consumer Price Index (CPI) increases applied to supplies and services

## Cautions for Budgeting

### ADA

- Exposure
  - Critical
- Professional Standard
  - The District must have policies and procedures in place to appropriately forecast and track enrollment and ADA
- Definition
  - Enrollment drives costs
  - ADA drives revenues
  - ADA is equal to the average number of pupils actually attending classes who are enrolled for at least the minimum school day

## Cautions for Budgeting

### Budget assumptions

- Exposure
  - Critical
- Professional Standard
  - The District budget must be based upon a foundation of verifiable facts and assumptions
- Definition
  - Budget assumptions are planning factors that stand in place of facts until those facts are known

## Cautions for Budgeting

### Control of staff costs

- Exposure
  - Critical
- Professional Standard
  - Maintain staffing discipline within parameters adopted by the Governing Board
- Definition
  - Staffing control means that numbers of people, pay rates, assignments, overtime, etc., are kept within plans and budgets adopted by the Governing Board

## Cautions for Budgeting

### Estimating step and column

- Exposure
  - Critical
- Professional Standard
  - Districts must have tools and procedures to estimate the annual increase of salary and statutory benefit costs incurred each year as the result of step and column
- Definition
  - Step: Dollar change between salary steps based on years of service
  - Column: Dollar change between columns based on educational units or accomplishments
    - Automatic pay raises for employees returning to work from the previous year

## Cautions for Budgeting

### Use of one-time dollars

- Exposure
  - Significant
- Professional Standard
  - Ongoing expenses must be covered by ongoing revenues
  - One-time dollars should not be used for ongoing expenses
- Definition
  - One-time dollars include ending balances, audit adjustments, retroactive revenues, and other nonrecurring revenues

## Cautions for Budgeting

### Budget monitoring

- Exposure
  - Critical
- Professional Standard
  - AB 1200 requires budget monitoring and self-assessment
  - The budget should be revised when necessary
- Definition
  - Budget monitoring means actual results are compared with planned results and adjustments are made

## Cautions for Budgeting

### Deficit spending

- Exposure
  - Critical
- Professional Standard
  - The budget should be balanced
  - Any deficit spending should be visible and explained
- Definition
  - Deficit spending means the District is spending beyond its resources available

THANK YOU!