2017-18 BUDGET
AND
LOCAL CONTROL ACCOUNTABILITY PLAN
Monterey Peninsula Unified School District

2017-18
Budget and Local Control Accountability Plan

July 1, 2017 Final Adoption

Board of Trustees
Dr. Jon Hill, Board President
Alana Myles, Vice President
Tim Chaney
Debra Gramespacher
Dr. Bettye Lusk
Wendy Root-Askew
Tom Jennings

Superintendent
Dr. P.K Diffenbaugh

Superintendent’s Cabinet
Brett W. McFadden, Associate Superintendent, Business Services
Cresta McIntosh, Associate Superintendent, Educational Services
Beth Wodecki, Assistant Superintendent, Secondary Education
Leslie Barrow, Director, Human Resources
Ryan Altemeyer, Chief of Technology
Marci McFadden, Chief of Communications and Engagement
# Table of Contents

The Board of Trustees .................................................. 8  
The District Cabinet Team ........................................... 9  
Mission and Goals ..................................................... 10  
Fingertip Facts about MPUSD ....................................... 11  
District Schools and Enrollment .................................... 12  
The Budget Development Process ................................ 13  
  AB 1200/2756 Budget Development Process .................. 13  
  Multi-year projections ............................................... 13  
  County office review and oversight ............................... 13  
  Fiscal certification .................................................. 14  
Student Demographics ................................................ 15  
Academic Achievement .............................................. 16  
The Reimagining Secondary Learning Initiative ............... 17  
Local Control Accountability Plan ................................. 18  
Budget and Fund Overview ......................................... 19  
  The budget and LCAP document ................................. 19  
  List of funds .................................................................. 19  
  The big picture – fund accounting ............................... 20  
  Cash management .................................................... 20  
  Student enrollment .................................................... 21  
  LCFF funding based on ADA ........................................ 22  
**2017-18 General Fund** .............................................. 24  
  Reserves and ending fund balance ............................... 26  
  General Fund revenues .............................................. 26  
  General Fund expenditures ....................................... 28  
  General Fund - revenue and expenditure sources .......... 29  
  2017-18 Multi-year projection at July adoption ............ 30  
  District’s fiscal outlook ............................................. 32  
  Table 8 ....................................................................... 34  
  PERS and STRS .......................................................... 34  
**Other Budget Funds** .................................................... 35  
  Charter School Special Revenue – Fund 09 ....................... 35  
  Adult Education – Fund 11 .......................................... 35  
  Child Development – Fund 12 ..................................... 36  
  Food and Nutrition Services – Cafeteria Fund 13 ............ 36  
  Deferred Maintenance – Fund 14 ................................. 37  
  General Obligation Bond (Measure P) – Fund 21 .......... 37  
  Capital Facilities – Fund 25 ......................................... 38  
  Self-Insurance – Fund 67 ............................................ 38  
Conclusion ...................................................................... 39
June 25, 2017

Dear Colleagues and Community Members:

I am pleased to present the Monterey Peninsula Unified School District’s (MPUSD) fiscal year 2017-18 District Budget and Local Control Accountability Plan (LCAP). The district’s budget and LCAP are guiding frameworks that reflect the priorities and direction of the district in the next fiscal year.

The district has accomplished much in the past three years. During this time, the district has made substantial investments in student achievement, instruction, visual and performing arts, updated curriculum, school facilities, athletics, and student services. In addition, the district has committed fiscal resources to attract and retain its highly qualified and committed teachers, staff, and principals. Finally, the district has refocused its Measure P Bond Program and has launched a series of new school facility improvements district wide in 2017-18.

This year’s budget and LCAP continues on this trajectory by building on the strategies, programs, and people that are directly linked to our success. In 2017-18 the district will remain committed to creating the opportunities and knowledge our students need for college and/or career success. We will do so with sound analysis and data-driven decision making that is transparent and accountable to our taxpayers and our clients (our students).

None of this will be possible without the unwavering passion, courage, and commitment of our district’s teachers, staff, and leadership. Our district family remains steadfast in their commitment to ensuring our students and families receive the very best educational services available. It is this commitment and dedication that will always be the foundation for MPUSD’s ongoing success.

Thank you for your ongoing commitment and support for our schools and students. Our work continues, but I am very optimistic about MPUSD’s future and its ongoing success in serving its students and communities. I look forward to working with our board, staff, community, and stakeholders in the upcoming 2017-18 fiscal year.

Sincerely,

P.K. Diffenbaugh, Ed.L.D.
Special Recognition

The development of the district’s annual budget and LCAP is a team effort. It involves a wide spectrum of district staff, departments, and programs spanning the course of many months and hours of analysis and preparation. Throughout the process, a team of professionals is charged with the actual development and analysis its takes to put a $115 million school district budget together. Timely completion of the district’s 2017-18 July Budget and LCAP would not have been possible without the dedication and commitment of this outstanding team. They include:

- Brett W. McFadden, Associate Superintendent / Chief Business Officer
- Susan Ziebell, Director of Fiscal Services
- Janet Lee, Coordinator, Fiscal Services
- Susan Gonzales, Budget Analyst
- Yao Yu, Categorical Program Analyst
- Staff members of the Fiscal Services Department
- Marci McFadden, Chief of Communications and Public Engagement
- Isai Ogarrio-Martinez, Administrative Assistant
- Veronica Beardsley, Executive Assistant to the CBO

Special recognition goes to these individuals for their dedication and long hours on behalf of the students, families, staff, and taxpayers of the Monterey Peninsula Unified School District.
Description of the District

The Monterey Peninsula Unified School District encompasses a total of 67 square miles and serves the communities of Marina, Sand City, Seaside, Del Rey Oaks, and Monterey. The district was established July 1, 1966 and currently operates eleven (11) elementary schools (grades TK-5), three (3) middle schools (grades 6-8), three (3) comprehensive high schools (grades 9-12), one (1) charter school, one (1) continuation high school, a dual language immersion academy (grades TK-8), two (2) preschools, one (1) adult education school/program, and district administrative and support facilities.

The district is a unified school district as recognized under state law, and serves students from preschool to adult education. The makeup of the district is ethnically diverse including approximately 58 percent Hispanic, 20 percent White and 23 percent from other ethnic groups. Of TK-grade 12 students, 29.7 percent are English Language Learners. Current enrollment (as of October 2016) is approximately 10,218 students (includes DLAMP). More than 68 percent of district students are considered economically disadvantaged.

The district provides a full range of educational, student services, and athletic programs across all grade spans and programs. The district’s educational services division is charged with developing and implementing the agency’s instructional programs at all grade levels. In recent years, the MPUSD has launched a number of initiatives aimed at narrowing the achievement gap and increasing students’ college and/or career readiness. Finally, the district is proud to provide a complete spectrum of arts, music, drama, extra-curricular, and athletic programs to the students and communities it serves.

Annual enrollment projections indicate continued declining enrollment through 2024. The district has been experiencing declining enrollment for most years since the closure of the Ford Ord Army Base in 1994. The effects of the Great Recession and regional challenges associated with land use, environmental issues, and cost of housing have further exacerbated the negative effects associated with declining enrollment.

In the November 2010, 71.55 percent of voters within the district approved a $110 million General Obligation Bond (Measure P). The district has issued and spent approximately $54 million to date. The District’s board of trustees recently (December 2016) approved a list of projects for the final two issuances of the Measure P Bond. The District was successful at securing its Series C issuance in November of 2016 for $33 million and is actively engaged in the planning and construction of these projects now. As such, the district anticipates launching additional new construction and modernization projects in summer 2017 thru 2018.

The district is governed by a seven-member elected board of trustees each serving four year terms on a staggered basis. The Superintendent is appointed by the board to act as the chief executive officer to implement board policy and oversee the daily operations of the school district.
The Board of Trustees
2017-18

Dr. Jonathan Hill
President

Alana Myles
Clerk Vice President

Dr. Bettye Lusk

Tom Jennings

Wendy Root Askew

Tim Chaney

Debra Gramespacher

Dr. PK Diffenbaugh
Superintendent
The District Cabinet Team
2017-18

Day to day operations and policy implementation are overseen by the district’s superintendent of schools. The superintendent is appointed by an elected Board of Trustees and serves at its will. The superintendent serves the board and district as the chief executive officer of the entire school district. The superintendent’s cabinet team is charged with overseeing various departments, programs, and issue areas on behalf of the superintendent and Board of Trustees. The cabinet team includes:

Superintendent’s Cabinet

  Brett W. McFadden,
  Associate Superintendent, Business Services
  bmcfadden@mpusd.net

  Cresta McIntosh,
  Associate Superintendent, Educational Services
  cmcintosh@mpusd.net

  Beth Wodecki,
  Assistant Superintendent, Secondary Education
  bwodecki@mpusd.net

  Leslie Barrow,
  Director, Human Resources
  lbarrow@mpusd.net

  Ryan Altemeyer,
  Chief of Technology
  raltemeyer@mpusd.net

  Marci McFadden,
  Chief of Communications and Engagement
  mmcfadden@mpusd.net
Monterey Peninsula Unified School District

Mission and Goals
Adopted January 27, 2015

Our Mission:
Through dynamic, engaging learning experiences and collaborative partnerships within our diverse coastal community, the Monterey Peninsula Unified School District ensures that each student will attain the intellectual, social and personal knowledge to passionately seek the challenges of the future.

Our Beliefs:
- We believe that all people have inherent value.
- We believe that respect and dignity are basic human needs.
- We believe that expectations and beliefs significantly influence performance.
- We believe that supportive and caring relationships are essential to community.
- We believe that honesty, responsibility and trust are essential for a healthy community.
- We believe that we need to celebrate success.
- We believe that we will succeed!

Our Board of Trustees’ Goals:
- **Goal One:** Improve outcomes for all students and eliminate performance gaps.
- **Goal Two:** Recruit, develop and retain a diverse, high quality staff.
- **Goal Three:** Provide high quality learning environments for all students and staff.
- **Goal Four:** Maintain the fiscal solvency of the district and align resources to improve student performance.
Fingertip Facts about MPUSD
(As of June 2017)

General information:

- Total enrollment (includes extended TD and charter school) – 10,218
- Average Daily Attendance (ADA, no charters) - $9238.53 per TK-12 student (non charter)
- Number of School Sites (all) - 18
- Elementary Schools - 11
- Middle Schools - 3
- High Schools 4
- Charter Schools - 1
- Adult Schools - 1
- Preschools - 2

Elementary Class Size (Per Contract)

- Grades TK-K: 24
- Grades 1-3: 25
- Grades 4-5: 26

Staffing: Teachers, classified personnel, administrators

- Total # of district personnel (full and part time): 1,316
- Teachers: 575
- Classified employees: 626
- Total certificated administrators: 47
- Principals and asst. principals: 32
- Total number of classified management: 24
- Total district and site administrators (all): 71

Income and expenditures

- Total General Fund revenues: $110,831,140
- Total General Fund expenditures: $115,107,155
- Funding per ADA (per LCFF formula): $9,409
- Total teacher salaries: $38,614,433
- Average teacher salary: $66,350
- California Lottery income as % of revenue: 1.24%
- Income received from CA. Lottery: $1,418,557
## District Schools and Enrollment
### Fiscal Year 2016-17

<table>
<thead>
<tr>
<th>Elementary Schools</th>
<th>Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Del Rey Woods Elementary</td>
<td>474</td>
</tr>
<tr>
<td>Foothill Elementary</td>
<td>322</td>
</tr>
<tr>
<td>George C. Marshall Elementary</td>
<td>544</td>
</tr>
<tr>
<td>Highland Elementary</td>
<td>385</td>
</tr>
<tr>
<td>Ione Olson Elementary</td>
<td>409</td>
</tr>
<tr>
<td>J. C. Crumpton Elementary</td>
<td>423</td>
</tr>
<tr>
<td>La Mesa Elementary</td>
<td>474</td>
</tr>
<tr>
<td>Marina Vista Elementary</td>
<td>439</td>
</tr>
<tr>
<td>Martin Luther King Elementary</td>
<td>458</td>
</tr>
<tr>
<td>Monte Vista Elementary</td>
<td>312</td>
</tr>
<tr>
<td>Ord Terrace Elementary</td>
<td>504</td>
</tr>
<tr>
<td><strong>Total, Elementary</strong></td>
<td><strong>4,744</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Middle Schools</th>
<th>Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Arboles Middle</td>
<td>583</td>
</tr>
<tr>
<td>Seaside Middle</td>
<td>675</td>
</tr>
<tr>
<td>Walter Colton Middle</td>
<td>694</td>
</tr>
<tr>
<td><strong>Total, Middle</strong></td>
<td><strong>1,952</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>High Schools</th>
<th>Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marina High</td>
<td>585</td>
</tr>
<tr>
<td>Monterey High</td>
<td>1,280</td>
</tr>
<tr>
<td>Seaside High</td>
<td>1,127</td>
</tr>
<tr>
<td><strong>Total, High</strong></td>
<td><strong>2,992</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Continuation High Schools</th>
<th>Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Coast High</td>
<td>75</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Community Day Schools</th>
<th>Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Day School Middle</td>
<td>5</td>
</tr>
<tr>
<td>Community Day School High</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total, Community Day Schools</strong></td>
<td><strong>14</strong></td>
</tr>
</tbody>
</table>

**Total TK-12 Enrollment (non charter)** | **9,777**

<table>
<thead>
<tr>
<th>Charter Schools</th>
<th>Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual Language Academy of the Monterey Peninsula</td>
<td>441</td>
</tr>
<tr>
<td>International School of Monterey (independent charter)</td>
<td>415</td>
</tr>
<tr>
<td>Learning for Life Charter (independent charter)</td>
<td>99</td>
</tr>
<tr>
<td><strong>Total, Charter Schools</strong></td>
<td><strong>955</strong></td>
</tr>
</tbody>
</table>

**Total Enrollment (including charter schools)** | **10,732**
The Budget Development Process

All California school districts must follow a basic process for budget adoption and interim review over the course of a fiscal year. This process is spelled out and mandated in the California Education Code. The table below describes the process.

**AB 1200/2756 Budget Development Process**

<table>
<thead>
<tr>
<th>Budget action:</th>
<th>Board adoption date:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adopted budget and LCAP goes into effect</td>
<td>July 1</td>
</tr>
<tr>
<td>Unaudited actuals (fiscal activity through year end)</td>
<td>By September 15</td>
</tr>
<tr>
<td>Annual independent audit of prior year budget</td>
<td>Board review in Jan/Feb</td>
</tr>
<tr>
<td>1st Interim Report (activity through Oct. 31)</td>
<td>By December 15</td>
</tr>
<tr>
<td>2nd Interim Report (activity through January 31)</td>
<td>By March 15</td>
</tr>
<tr>
<td>3rd Interim Report (activity through June 30)</td>
<td>If required by COE</td>
</tr>
<tr>
<td>Budget and LCAP public hearing</td>
<td>Prior to final adoption</td>
</tr>
<tr>
<td>July budget and LCAP adoption</td>
<td>No later than June 30</td>
</tr>
</tbody>
</table>

Districts are required to adopt a balanced budget by July 1, regardless of whether the state has adopted its budget or not. The budget is to be aligned with the district’s LCAP. If no state budget is in place at the time of district budget adoption, districts must submit a revised budget no later than 45 days after enactment of the state budget.

**Multi-year projections**

School district budgets and interim reports must contain a three-year fiscal projection – current fiscal year, plus the next two. This fiscal projection must display major revenues and expenditures detailing how districts will meet their minimum obligations over the course of three fiscal years. The first and second interim reports are intended to be fiscal barometers for districts’ fiscal activity and health during the fiscal year. County offices of education provide districts guidance regarding multi-year revenues, expenditures, and general assumptions. These projections are subject to county office review and comment per statute.

**County office review and oversight**

Under state law, county offices of education are responsible for the fiscal oversight of districts within their jurisdiction. The Monterey County Office of Education (COE) is the district’s fiscal oversight agency on behalf of the state. The COE is authorized to approve, recommend revisions, or disapprove district budgets and interim reports. County offices utilize state adopted fiscal criteria and standards when reviewing district budget reports. This review is also influenced by state budgetary events, such as the governor’s January budget proposal, May
budget revision, and final adoption of the annual state budget. County offices coordinate their review strategies and issue a “common message” statewide to school districts in order to provide uniformity in this process.

**Fiscal certification**

Per the Education Code, COEs “shall” review and issue a certification of all school district budgets and interim reports. The law requires county offices to issue specific findings per the following:

- District July budget adoption – positive certification, conditional, or disapprove
- First and second interim reports – positive, qualified, negative

Definition of certification terms:

- *Positive* – the district can meet its minimum obligations over the three-year forecast
- *Qualified* – the district may not be able to meet its obligations over the three-year forecast
- *Negative* – the district will not be able to meet its obligations over the three-year forecast

County offices are authorized to require a district to adopt a fiscal stabilization plan to address current and out-year fiscal shortfalls if its July budget is disapproved, or if a district’s first or second interim reports are qualified or negative. County offices will most often work with district boards and staff prior to initiating a fiscal intervention. Current law states that county offices “shall” execute these oversight functions in order to protect districts’ ongoing fiscal integrity. These functions and any related oversight actions by a county office are not discretionary.
Student Demographics

The district has a diverse student population. The district’s total enrollment is more than 10,218 students based on 2016-17 data reported to the state. This figure includes students that are under the direct oversight and care of the district. The ethnic make-up of the district is 57.8 percent Hispanic; 19.6 percent White; 22.6 percent African-American, Asian, Filipino or other. Table 1 below compares the district’s demographic make-up against state and countywide estimates.

<table>
<thead>
<tr>
<th></th>
<th>Hispanic</th>
<th>White</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>MPUSD*</td>
<td>5,647</td>
<td>1,918</td>
<td>2,212</td>
</tr>
<tr>
<td>Monterey County</td>
<td>60,762</td>
<td>10,279</td>
<td>6,476</td>
</tr>
<tr>
<td>California</td>
<td>3,378,344</td>
<td>1,470,499</td>
<td>1,379,392</td>
</tr>
</tbody>
</table>

Data displayed in Tables 2 and 3 point to ongoing challenges facing the district. A majority of students face economic and language challenges that can, if not addressed with data-driven instructional strategies, adversely impact their academic achievement. However, a significant percentage of students do not fall into these categories. Designing instructional and student support strategies which successfully differentiate for all students has been a key objective driving recent board-approved instructional initiatives.

<table>
<thead>
<tr>
<th></th>
<th>Enrollment</th>
<th>Socio-Economically Disadvantaged</th>
<th>SED</th>
</tr>
</thead>
<tbody>
<tr>
<td>MPUSD*</td>
<td>9,777</td>
<td>6,690</td>
<td>68.4%</td>
</tr>
<tr>
<td>Monterey County</td>
<td>77,517</td>
<td>56,963</td>
<td>73.5%</td>
</tr>
<tr>
<td>California</td>
<td>6,228,235</td>
<td>3,741,842</td>
<td>60.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Enrollment</th>
<th>English Language Learners</th>
<th>English Learner</th>
</tr>
</thead>
<tbody>
<tr>
<td>MPUSD*</td>
<td>9,777</td>
<td>2,907</td>
<td>29.7%</td>
</tr>
<tr>
<td>Monterey County</td>
<td>77,517</td>
<td>30,590</td>
<td>39.5%</td>
</tr>
<tr>
<td>California</td>
<td>6,228,235</td>
<td>1,332,405</td>
<td>21.4%</td>
</tr>
</tbody>
</table>

* excludes charter schools
**Academic Achievement**

Over the past three years, MPUSD has built a culture of excellence through powerful teaching and learning, building leadership capacity of teachers and staff; investing in professional development and Instructional Leadership Teams at all schools; and focusing on student-staff relationships.

The district’s high percentage of English learners and economically disadvantaged students presents unique challenges to addressing the educational needs of its student and preparing for college and/or career readiness. This has required the district to carefully strategize and implement data-driven techniques that provide all students with proven instructional and intervention services. At the same time, the district has implemented standards-aligned assessments and data teams to ensure that students are meeting annual and quarterly academic benchmarks.

MPUSD is extremely proud of the following investments:

**Music and Arts**
- Music and art at all grade levels
- Expansion of instrumental music at elementary schools
- Artists in the elementary schools program

**Early Childhood Education**
- Full and half-day pre-school and Head Start
- Expanded transitional kindergarten at every school
- Abriendo Puertas (Opening Doors) Parent Education Program

**Social Emotional Support**
- Investment in Positive Behavior Intervention & Supports (PBIS)
- Social emotional counselor at every school
- Partnerships with community-based organizations

**Reimagining Secondary Education**
- Early College and Career (concurrent enrollment in high school)
- Middle Years International Baccalaureate and IB Diploma at high school
- New Tech Network and 1:1 Technology
- Project-Based learning
- Career Technical Education; Linked Learning Pathways
The Reimagining Secondary Learning Initiative

In 2015, MPUSD launched a bold initiative to transform middle and high schools across the district. Called the Reimagining Secondary Learning Initiative, it seeks to create high-quality learning environments that are student-centered, engage students in self-directed learning, utilize hands-on, project-based curriculum, and focus on real-world application of knowledge. The intent of the plan is to create challenging and relevant learning opportunities for all students — from the most vulnerable to the most accelerated.

The proposal was launched in recognition of the fact that the world is changing rapidly. Today educators must prepare students to solve social, political and health problems yet to be discovered, use technologies that have not been invented, and compete for jobs that are not even created. MPUSD’s educational strategies needed to be reimagined and transformed to address this new dynamic. This was critical if the district was to meet it mission and goals, and prepare its students for the challenges and opportunities the world has in store for them.

The Reimagining Secondary Learning proposal creates one unified district with high-quality learning options in each community. Each model is innovative, research-based, and has a track record of success serving students similar to MPUSD’s student population. At Marina High and Los Arboles Middle, the proposal is to leverage proximity to Monterey Peninsula College’s Marina campus and CSU Monterey Bay to create an Early College and Career model so students will have the opportunity to earn postsecondary credit and career experience while in high school. Seaside High and Seaside Middle will focus on Project Based Learning with 1:1 technology and continue to build their computer science pathway. Monterey High and Colton Middle will embrace the international diversity of the Peninsula and expand the existing high school academy model by adopting the International Baccalaureate (IB) Middle Years and IB programs. Finally, Central Coast High School will transform from a credit recovery model to an alternative school of choice offering career programs aligned to the strong regional hospitality and medical industries. Each unique school model will allow students and families greater choice to pursue a course of study that matches their interests, learning styles and career goals.

The plan was approved by the district’s board of trustees in November 2015. The 2016-17 year was the initiative’s first full year of implementation. Complete implementation of the initiative will take several more years, but the district has made substantial accomplishments in its first year. Components of the secondary initiative are included in the district’s LCAP and 2017-18 budget plan.
Local Control Accountability Plan

The Local Control Funding Formula (LCFF) is California's formula for determining the level of state funding provided to school districts. State LCFF funds are intended to help improve learning outcomes for all students. Additional supplemental and concentration funds are devoted to helping students specifically from low-income families, students who are learning English as a second language, and foster/homeless youth.

The Local Control Accountability Plan is Monterey Peninsula Unified School District's three-year plan for using LCFF funding. The state-mandated LCAP includes three sections:

- Goals and Measurable Outcomes (also known as progress indicators)
- Stakeholder Engagement (a stakeholder is defined as someone who is involved with, interested in, employed or affected by MPUSD. Stakeholders may include certificated or classified staff, students, parents, community members, business leaders and elected officials.
- Actions, Services and Expenditures

The LCAP focuses on the state's eight approved priorities:

- Student Achievement
- Student Engagement
- Parent Involvement
- School Climate
- Common Core State Standards
- Access to a Broad Curriculum
- Basic Services
- Other Student Outcomes

The 2017-18 LCAP continues MPUSD’s focus in the following areas:

- Investment in Visual and Performing Arts, including instrumental music, theatrical performances and art classes
- Support to English Language Learners and families, including parenting classes, investment in professional development of teachers, coaches and administrators to better serve English learners
- Increased parental involvement
- Investment in technology
- Investment in social and emotional support
- Celebration of positive student behaviors and student achievement with parents and community
Budget and Fund Overview
FY 2017-18

The following section provides an overview of the major elements included in the district’s 2017-18 budget plan.

On-time state budget

School districts’ annual budgets are heavily reliant and influenced by data, formulas, and policies enacted in the state budget. The challenge is that state requirements require districts to develop their budgets and related assumptions prior to final enactment of the state budget. As such, the district relies on the governor’s May Budget Revision for assumptions and information.

The district is required by law to adopt a budget no later than June 30 each year. In some years, final adoption of the state budget does not occur until after June 30. Should this occur, district staff will present necessary modifications to the board later in the fiscal year. The law requires local education agencies to make budget modifications no later than 45 days after enactment of the state budget. Specific steps the district must take in this regard are provided by the county office of education acting within its state appointed authority as the district’s fiscal oversight agency.

The budget and LCAP document

MPUSD’s 2017-18 Budget and LCAP displays information utilized to generate the district’s fiscal year spending plan. It includes assumptions and adjustments for the current and future budget years. Revenue and expense summaries are described by fund and program type. The staffing and budget for each program is presented, including the estimated actuals for the current and proposed years. Finally, the summary budget for the multi-year projection is included covering 2017-18 thru 2019-20 as required by law.

List of funds

All California school districts and county offices of education are required to account for their expenditures per the state’s Standardized Account Code Structure (SACS). As such, the district operates a number of specific funds. Within each fund, individual expenditures are coded to a specific list of resource codes as developed and maintained by the California Department of Education. Budget funds maintained by the district are listed below.
Table 4
Major Budget Funds Operated by the District:

<table>
<thead>
<tr>
<th>Number</th>
<th>Fund Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>General Fund</td>
</tr>
<tr>
<td>09</td>
<td>Charter School Fund</td>
</tr>
<tr>
<td>11</td>
<td>Adult Education Fund</td>
</tr>
<tr>
<td>12</td>
<td>Child Development Fund</td>
</tr>
<tr>
<td>13</td>
<td>Cafeteria Fund</td>
</tr>
<tr>
<td>14</td>
<td>Deferred Maintenance Fund</td>
</tr>
<tr>
<td>21</td>
<td>Building Fund (Bond Proceeds Only)</td>
</tr>
<tr>
<td>25</td>
<td>Capital Facilities Fund</td>
</tr>
<tr>
<td>40</td>
<td>One Time Capital Improvement Fund</td>
</tr>
<tr>
<td>63</td>
<td>Other Enterprise Fund</td>
</tr>
<tr>
<td>67</td>
<td>Self-Insurance Fund</td>
</tr>
<tr>
<td>73</td>
<td>Foundation and Scholarships</td>
</tr>
</tbody>
</table>

The big picture – fund accounting

If expenditures for all district funds were added up, the district’s total expenditures for 2017-18 are projected at more than $150 million. But this does not mean that all of this funding is readily available for unrestricted purposes. With the exception of the General Fund (Fund 01), monies in other funds are restricted within their specific categories. Although the district is allowed by law to borrow portions of balances from other funds for purposes of maintaining positive cash flow, spending from specific funds is restricted to that specific fund purpose. In addition, funds subject to inter-fund borrowing must be paid back within a specific time frame. The district maintains specific funds based on student and community needs, board approved policies, or due to statutory requirements. Detail regarding specific fund revenues and expenditures is provided in the budget document.

The largest fund is the General Fund. General Fund revenues and expenditures cover a majority of general purpose instructional and operational functions throughout the district. It is this fund that typically pays for the majority of salaries, benefits, and operations within the district.

Cash management

School districts, like other public and private sector businesses, must maintain positive cash balances throughout the fiscal year. The challenge for California school districts, however, is that state and local revenue does not come in evenly throughout the fiscal year. Local property taxes assigned to school districts, for example, are distributed only twice a year (December and April). As a result, many school districts experience periodic cash flow shortages each fiscal year.
California Government Code (Section 53850) allows school districts to borrow operating cash prior to their first installment of property taxes or other large revenue receipts when monthly expenses may exceed available cash. The financing instrument used by most school districts is the Tax and Revenue Anticipation Notes (TRAN). TRANs are short-term debt instruments issued by school districts throughout the state to create additional cash reserves to districts’ General Funds. These cash flow needs occur as a result of the timing mismatch between receipt of revenues (generally received in an uneven fashion) and the expenditure of General Fund monies (generally paid out in a more level fashion). This short term borrowing acts as a cushion to a district’s General Fund in the event that temporary cash flow needs are experienced.

District staff monitor cash flow monthly and update the district’s long term cash projections at each statutorily required budget report. The cash projection for the 2017-18 district budget indicates that the district will experience a cash shortfall in the fall of 2017. Staff updated the board on this matter at its May 23 public meeting.

In response, the district’s Board of Trustees has approved the issuance of a TRAN in July 2017. The board’s action authorizes the district to borrow up to $15 million via a short term note in order to cover projected cash shortages in 2017-18. The board will be notified that a TRAN has been executed along with the terms of repayment. TRANs must be repaid in the fiscal year in which they were issued. Staff estimates complete repayment of the TRAN in early 2018.

**Student enrollment**

A critical factor to determining General Fund revenue limit and categorical funding is enrollment. But as described below, enrollment does not always translate into funding. The district partners with DecisionInsite, an educational demographic firm, to provide short and long term student enrollment projections for staffing, program, and facility planning. These projections take into consideration regional birth rates, anticipated housing and commercial development within this district, along with state and regional population and demographic trends. They are updated annually each fall. Figure 1 details the district’s TK-12 recent historical and projected enrollment (includes the district’s dependent charter school - DLAMP).
Since the 1995 closure of the Fort Ord Military Reservation and subsequent reductions in other military facilities in the area, the district has struggled with persistent declining enrollment. The 2016-17 enrollment projection indicates that the district is at risk of continued enrollment declines in the ten-year projection. Data shows that the district could experience a total decline of more than 900 students by 2026. This would constitute an approximate 9.2 percent reduction in students attending the district.

The district will continue to monitor and update its enrollment projections. A number of factors will influence long term enrollment in the district. These will include regional economic and residential development, particularly within the City of Marina. In addition, the district has undertaken several educational initiatives aimed at offering a wider array of services and opportunities for families with school-aged children. It is hoped that these initiatives will increase the district’s competitiveness and appeal when compared to other public and private educational entities.

**LCFF funding based on ADA**

A school district’s revenue limit is calculated and then funded on an ADA basis. This figure is different than a district’s total enrollment for several reasons. First, ADA is based on how well students attended school in a particular year. The ADA calculation is based on positive attendance – even excused absences can lower a district’s overall ADA. Second, ADA is
calculated on a TK-12 grade span. Charter school attendance, adult education, and enrollment in other state and federal categorical programs are not factored into the equation. Finally, if a district’s overall enrollment is declining, it is allowed per state law to use the previous year’s ADA figure taken at the Second Principal Apportionment (P2) if it is higher.

For 2017-18, MPUSD’s TK-12 enrollment (no charter schools) is projected at 9,623 students. ADA at budget adoption is estimated at 9,076.04 students. This is approximately 94 percent of ADA to enrollment. This is the number that will determine LCFF funding for K-12 in the budget year. Table 5 shows the difference between actual student enrollment and ADA.

<table>
<thead>
<tr>
<th>Year</th>
<th>Enrollment</th>
<th>ADA (P-2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>11,135</td>
<td>10,592.25</td>
</tr>
<tr>
<td>2008-09</td>
<td>11,192</td>
<td>10,601.74</td>
</tr>
<tr>
<td>2009-10</td>
<td>11,097</td>
<td>10,344.96</td>
</tr>
<tr>
<td>2010-11</td>
<td>10,628</td>
<td>10,001.60</td>
</tr>
<tr>
<td>2011-12</td>
<td>10,409</td>
<td>9,822.76</td>
</tr>
<tr>
<td>2012-13</td>
<td>10,212</td>
<td>9,644.72</td>
</tr>
<tr>
<td>2013-14</td>
<td>10,278</td>
<td>9,703.22</td>
</tr>
<tr>
<td>2014-15</td>
<td>9,801</td>
<td>9,228.37</td>
</tr>
<tr>
<td>2015-16</td>
<td>9,711</td>
<td>9,229.77</td>
</tr>
<tr>
<td>2016-17</td>
<td>9,777</td>
<td>9,238.53</td>
</tr>
</tbody>
</table>

*excludes DLAMP (14-15 1st year of DLAMP)
*includes ETK (16-17 1st year of ETK)

The district has recently implemented several strategies to increase its ADA. Maximizing ADA is not only financially beneficial, but it ensures students receive maximum instructional time and reach academic targets. The district maintains a proactive student attendance program that encompasses daily monitoring and instant notifications to parents should a student be noted as an unexcused absence for that day.

In 2016-17, the district initiated a Saturday School ADA Recovery Program. First year implementation was successful. The district will continue to operate and expand the program in 2017-18. Although the program does not capture all ADA loss, it does provide supplemental recovery of ADA within the guidelines of state law. In addition, students are provided additional instructional time and assistance when attending Saturday school programs.
2017-18 General Fund
(Fund 01)

The General Fund is the primary operating fund for the school district. It is used to account for
the day-to-day operations of the district. All transactions, except those accounted for in
another fund, are accounted for in this fund. Restricted projects or activities within the General
Fund must be identified and reported separately from unrestricted projects or activities. This is
done by using codes in the resource field that identify whether the resources used are
restricted or unrestricted. The General Fund includes the following activity areas:

**Unrestricted**
- General unrestricted
- Lottery

**Restricted**
- Home-to-school transportation
- Special education
- Federal and state grants
- Restricted maintenance
- Community day school

Table 6 displays the district’s General Fund summary for 2017-18. The table includes revenue
and expenditure assumptions based on current law and direction provided by the Monterey
COE. It also accounts for board-adopted policies, fixed cost increases, updated LCFF revenue
assumptions, and 2017-18 projected LCAP expenditures. These figures are subject to change
over the course of the fiscal year due to unanticipated changes in revenues and/or
expenditures. A common example of such change is action or inaction by state lawmakers
regarding education funding policy.
Table 6  
General Fund Summary  
2017-18 July Adoption  
Unrestricted and Restricted

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BEGINNING FUND BALANCE</strong></td>
<td>14,176,867</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
</tr>
<tr>
<td>LCFF Sources</td>
<td>89,165,505</td>
</tr>
<tr>
<td>Federal Revenues</td>
<td>6,191,519</td>
</tr>
<tr>
<td>Other State Revenues</td>
<td>7,478,781</td>
</tr>
<tr>
<td>Other Local Revenues</td>
<td>7,995,335</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>110,831,140</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
</tr>
<tr>
<td>Certificated Salaries</td>
<td>47,213,442</td>
</tr>
<tr>
<td>Classified Salaries</td>
<td>23,151,599</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>28,804,563</td>
</tr>
<tr>
<td>Books and Supplies</td>
<td>4,696,668</td>
</tr>
<tr>
<td>Services</td>
<td>9,026,057</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>61,266</td>
</tr>
<tr>
<td>Other Outgo (excluding Transfers of Indirect Costs)</td>
<td>2,134,702</td>
</tr>
<tr>
<td>Other Outgo - Transfer of Indirect Costs</td>
<td>(799,907)</td>
</tr>
<tr>
<td>Other Uses: Transfers Out</td>
<td>818,765</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>115,107,155</td>
</tr>
<tr>
<td><strong>NET INCREASE (DECREASE) IN FUND BALANCE</strong></td>
<td>(4,276,015)</td>
</tr>
<tr>
<td><strong>ENDING FUND BALANCE</strong></td>
<td>9,900,852</td>
</tr>
</tbody>
</table>

Components of Ending Fund Balance:
- Revolving Cash                                     22,000
- Restricted                                         95,304
- Estimated vacation liability                       25,000
- Set aside for 2018-19 deficit spending              4,738,029
- Set aside for 2019-20 deficit spending              1,567,305
- Reserve for Economic Uncertainties (3%)            3,453,215

**Total**                                             9,900,852
Reserves and ending fund balance

The district is required by state law to maintain a minimum three percent Reserve for Economic Uncertainty (REU). The REU is calculated off of the district’s total General Fund expenditures. It is noted that the REU minimum amount does not cover an entire month of payroll. High LCFF funded districts (like MPUSD) are encouraged to maintain overall reserves in the 10 to 12 percent range. The district unappropriated fund balance serves as the district’s additional reserve in addition to the REU. The combination of these two amounts equates to approximately 8.5 percent of total estimated expenditures in 2017-18.

General Fund revenues

Figure 2 details the district projected revenues for 2017-18. A majority of the district’s revenues are determined by the state’s Local Control Funding Formula (LCFF). The LCFF was adopted by the state in 2013 and is the primary mechanism of how the state funds public schools in California. Per the LCFF, each school district in the state receives LCFF revenues base on a statutory formula. Each district will receive annual revenue increases as determined by annual state budget appropriations in relation to a district’s final LCFF target funding.
Figure 2
General Fund Revenues
Fiscal year 2017-18
All Sources

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>LCFF Sources</td>
<td>89,165,505.00</td>
</tr>
<tr>
<td>Federal Revenues</td>
<td>6,191,519.44</td>
</tr>
<tr>
<td>Other State Revenues</td>
<td>7,478,781.12</td>
</tr>
<tr>
<td>Other Local Revenues</td>
<td>7,995,334.66</td>
</tr>
<tr>
<td>Other Sources: Transfers In</td>
<td>0.00</td>
</tr>
<tr>
<td>Other Sources: Other Sources</td>
<td>0.00</td>
</tr>
<tr>
<td>Other Sources: Contributions</td>
<td>0.00</td>
</tr>
<tr>
<td>TOTAL REVENUES</td>
<td>110,831,140.22</td>
</tr>
</tbody>
</table>
General Fund expenditures

The majority of General Fund monies go toward employee salaries and benefits. Salaries and benefits typically make up the largest share of a school district’s expenditures. Figure 3 below breaks down the district’s 2017-18 estimated total General Fund expenditures per major function.

**Figure 3**
2017-2018 Proposed Budget
General Fund Expenditures

**EXPENDITURES**
- Certificated Salaries: 47,213,442.34
- Classified Salaries: 23,151,599.09
- Employee Benefits: 28,804,563.35
- Books and Supplies: 4,696,667.95
- Services: 9,026,056.60
- Capital Outlay: 61,266.28
- Other Outgo: 1,334,794.49
- Other Uses: Transfers Out: 818,765.22
- Other Uses: Other Uses: 0.00

**TOTAL EXPENDITURES**: 115,107,155.32
General Fund - revenue and expenditure sources

Figures 4 and 5 display major revenues and expenditures by specific General Fund resources. Expenditures from general unrestricted resources constitute the bulk of the district’s expenditures with special education and categorical programs ranked second and third. Special education, like that of other districts, is the largest categorical program expenditure in the district. Federal and state special education funding typically falls far short of revenue needs. As a result, the district’s General Fund provides a substantial fiscal contribution to the special education program to meet legal and statutory requirements and needs.

**Figure 4**
2017-18 Revenues by Resource
2017-18 Multi-year projection at July adoption

State law requires all California school districts to develop multi-year projections (MYPs) based on assumptions and directions provided by their county offices of education. MYPs include all district funds. However, only the MYP for the General Fund is utilized in the county office’s review and certification of the district’s fiscal condition.

The 2017-18 General Fund budget includes an updated MYP based on current law. At the time the budget went to print, specific aspects and details of the state budget were still in deliberation. The July MYP covers fiscal years 2017-18 to 2019-20. Districts do not receive a positive, qualified, or negative certification at budget adoption. That certification is provided at the interim reports.
Nevertheless, the COE will issue a positive, conditional, or disapproval finding upon review of the district’s July budget adoption. Table 7 below outlines the district’s MYP with updated budget assumptions for 2017-18.

**Table 7**  
*2017-18 Multi-Year Projection*  
*July 1 Budget Adoption*  
*Unrestricted and Restricted in Millions*

<table>
<thead>
<tr>
<th></th>
<th>2017-18</th>
<th>2018-19</th>
<th>2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>14.18</td>
<td>9.90</td>
<td>5.07</td>
</tr>
<tr>
<td>Revenues</td>
<td>110.83</td>
<td>112.60</td>
<td>114.65</td>
</tr>
<tr>
<td>Expenditures</td>
<td>115.11</td>
<td>117.43</td>
<td>119.97</td>
</tr>
<tr>
<td>Increase/(Decrease)</td>
<td>(4.28)</td>
<td>(4.83)</td>
<td>(5.32)</td>
</tr>
<tr>
<td>Ending Balance</td>
<td>9.90</td>
<td>5.07</td>
<td>(0.25)</td>
</tr>
<tr>
<td>Nonspendable (Revolving)</td>
<td>0.02</td>
<td>0.02</td>
<td>0.02</td>
</tr>
<tr>
<td>Restricted</td>
<td>0.10</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Assigned</td>
<td>6.33</td>
<td>1.52</td>
<td>-</td>
</tr>
<tr>
<td>Reserve for Economic Uncertainties</td>
<td>3.45</td>
<td>3.53</td>
<td>-</td>
</tr>
<tr>
<td>Unassigned/Unappropriated</td>
<td>0.00</td>
<td>0.00</td>
<td>(0.27)</td>
</tr>
</tbody>
</table>

The 2017-18 July budget MYP includes a number of assumptions as directed by the Monterey COE and the state. The following is a summary of what it does and does not include.

What the 2017-18 MYP includes:
- Current law funding formulas (i.e. LCFF) and requirements as directed by the state and Monterey COE.
- Projected LCFF funding and COLA applied to entitlement funding per the FCMAT and Department of Finance calculators as of the 2017-18 May Budget Revision.
- Projected LCAP expenditures as detailed in the plan.
- Step and column funding per existing employee salary schedules.
- Cost projections of the Tentative Agreement reached with the CSEA employee union for 2016-17 and 2017-18.
- State required three percent reserve for economic uncertainty.

What it does not include:
- Projected costs of future salary and/or benefit changes resulting from future negotiated agreements with the Monterey Bay Teachers’ Association.
- Additional detail regarding the district’s multi-year outlook for all funds is provided in the budget documents as required by law.
District’s fiscal outlook

The fiscal outlook points to challenging conditions over the course of the next several years. As the MYP indicates, the district has developed a structural deficit and, absent corrective action, is projected to incur a negative fund balance in fiscal year 2019-20. Over the course of the 2016-17 year, the district’s board of trustees has initiated actions to begin addressing this possible shortfall. In March 2016, the board adopted approximately $800,000 in ongoing reductions by eliminating vacant positions along with some programmatic reductions. In addition, the board instructed staff to institute conservative expenditure projections and curtail increased spending where possible in the upcoming fiscal year.

Addition ongoing reductions and/or revised expenditure strategies will be necessary in 2018-19. One of the district’s board adopted goals is to protect the district fiscal viability and stability long term. As such, the board of trustees will initiate a process early in the 2017-18 fiscal year to outline budgetary and programmatic priorities. The priorities will be used to execute necessary actions to maintain the district’s positive fiscal certification and protect its core services and programs. It is anticipated that the board will adopt a set of fiscal stabilization measures prior to the 2017-19 First Interim Budget Report (December, 2017).

The district’s fiscal challenges are not unique compared to other school districts throughout the state. After three years of sizable revenue increases from the state’s LCFF formula, more than half of all California school districts are beginning to experience fiscal challenges similar to MPUSD. The district’s fiscal difficulties are associated with the following:

- **Decrease in new revenues:** As districts close in on hitting their LCFF target funding amounts, yearly revenue increases have dropped significantly compared to prior years. Per Governor Brown’s 2017-18 May Budget Revision, the district’s budget year LCFF funding will increase by approximately $1 million. In prior year’s, the district saw yearly LCFF revenue gains in the $4-5 million range.

- **Fixed cost increases are outpacing new revenues:** Fixed costs associated with the daily operations, contractual agreements, and state required mandates and fiscal obligations are outpacing the amount of new revenues to address those increases. Figure 6 below displays the district’s fiscal challenges going into 2017-18. The district’s various fixed costs are far greater than the revenue increases projected for the budget year.
State required increases to employee retirement systems: The two highest fiscal obligations have been the state’s requirement that school district’s increase their contributions to employee retirement pensions in the State Teacher Retirement System (STRS) and the Public Employees Retirement System (PERS). In 2013, the state passed the new legislation that increases districts’ contribution to these two employee retirement systems. The increases are phased in annually until 2021-22. Cost increases associated with contributions to both state retirement systems are two of the fastest growing cost centers in the district’s budget. Table 8 displays the annual cost increases associated with state mandated STRS and PERS contribution increases for MPUSD.
Table 8  
PERS and STRS  
Estimated Costs To The District

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
<th>2019-20</th>
<th>2020-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAL PERS</td>
<td>1,782,828.00</td>
<td>2,096,418.54</td>
<td>2,477,353.41</td>
<td>2,886,738.83</td>
<td>3,349,338.73</td>
</tr>
<tr>
<td>CAL STRS</td>
<td>4,820,609.00</td>
<td>5,491,776.29</td>
<td>6,316,702.79</td>
<td>7,171,886.98</td>
<td>7,706,712.75</td>
</tr>
</tbody>
</table>

The district’s fiscal condition will continue to be influenced by federal, state, and local events and conditions. As such, the district’s budgeting and fiscal reporting process will be subject to unforeseen changes over the multi-year fiscal projection. As these changes occur, the district will provide ongoing updates to its board of trustees and stakeholders throughout the 2017-18 fiscal year.
Other Budget Funds

In addition to the General Fund, the district’s budget includes other funds. Each fund is designated for a specific purpose. Per state law, these funds are separate and apart from the district’s General Fund. Money allocated to each fund must be utilized for its intended purposes within that particular fund area. One exception to this is Adult Education (see below).

Each fund includes its own state and federal requirements regarding fund allocation, utilization, accounting, and regulatory compliance. A fund may encroach upon the district’s General Fund if expenditures within a particular fund exceed budget and/or individual fund balances. When this is projected to occur, district staff seeks policy input from the board for possible corrective action.

The following provides fiscal detail for 2017-18 on the district’s other major funds. Fiscal data related to each fund is included in the budget document.

Charter School Special Revenue – Fund 09

Fund 09 is used to account separately for the activities of district-operated charter schools that would otherwise be reported in the district’s General Fund. Use of this fund is for all district operated charter school operating activities.

The district has one dependent charter school that it operates – The Dual Language Academy of the Monterey Peninsula (DLAMP). The charter school is overseen and operated by the district. Its employees, facilities, and programs are under the district’s jurisdiction. Principal revenues in this fund include:

- Charter Schools General Purpose Entitlement—State Aid
- Charter Schools Categorical Block Grant
- Transfers from the district to its charter schools for in Lieu of Property Taxes
- State Lottery
- All other local revenue specific to DLAMP

Adult Education – Fund 11

The Monterey Adult School serves adults age 18 and older, primarily individuals without high school diplomas or Spanish-speaking students seeking to learn English as a second language. The school also offers much more in the form of its valuable educational and vocational classes that meet the unique needs of individuals and businesses served along the Monterey peninsula. Current courses include:
Most courses are free of charge thanks to federal and state funding. The school is also an authorized PearsonVue Test Center, and administers the General Education Development (GED) test. A GED course is offered on the Hayes campus located on Coe Ave. in Seaside, and can help prepare individuals for the test.

**Child Development – Fund 12**

The Child Development fund is used to account separately for federal, state, and local revenues to operate the district’s child development programs. Principal revenues in this fund include:

- Child Nutrition Programs (Federal) (runs thru Fund 13 Cafeteria)
- State Preschool
- Child Nutrition Programs (State) (runs thru Fund 13 Cafeteria)
- Child Development Apportionments
- All other state revenue
- Child Development Parent Fees
- All other local revenue

All monies received by the district for, or from the operation of, child development services covered under the Child Care and Development Services Act shall be deposited into this fund. Funding may be used only for the operation of child development programs pursuant to state and federal law. Costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources. Detail regarding budget year and multi-year estimates for the program are available in the summary section of the budget.

**Food and Nutrition Services – Cafeteria Fund 13**

The Food and Nutrition Services Department is one of the largest departments in the district. The department is comprised of more than 65 staff which include cafeteria assistants, cooks/bakers, site managers, warehouse and delivery personnel, technology and office support. Department staff is overseen by only two classified administrators. The department provides services to all school sites and child care centers.
Abiding by sound nutrition standards, Nutrition Services prides itself on serving a healthy meal for the body and mind, as well as providing a word of kindness for positive long-term health, academic and physical outcomes.

**Deferred Maintenance – Fund 14**

The deferred maintenance fund was initially established to account separately for state apportionments and district contributions for deferred maintenance purposes at school sites and district facilities. In 2008-09, the state eliminated the program as part of its public education funding reductions. Prior to that, the state provided a matching apportionment to the district of more than $750,000 per year.

The state’s elimination of its annual match created additional challenges to maintaining and repairing district facilities. The average school in the district is more than 55 years old and suffers from many age-related facility challenges. These include leaking roofs, mold, dry rot, old windows, failing electrical systems, and old heating/air conditioning systems. In addition, the district was forced to reduce non-classroom expenditures disproportionately during the Great Recession.

**General Obligation Bond (Measure P) – Fund 21**

In the November 2010, 71.55 percent of voters within the district approved a $110 million General Obligation Bond (Measure P). The district has issued and spent approximately $54 million to date. The District’s board of trustees recently (December 2016) approved a list of projects for the final two issuances of the Measure P bond. The District was successful at securing its Series C issuance in November of 2016 for $33 million and is actively engaged in the planning and construction of these projects now. As such, the district anticipates launching additional new construction and modernization projects in summer 2017 thru 2018.

The District developed and adopted a facilities master plan in 2010. The District will initiate an update to its master plan in the fall of 2017.

State law requires districts with Proposition 39 bond programs to appoint and maintain a citizens’ oversight committee (COC). The Board of Trustees appointed the Measure P COC in early 2011. The committee meets quarterly and is charged with reviewing bond expenditures. In addition, district staff provides quarterly bond program reports to the Board of Trustees as well. Information regarding up-to-date expenditures, projects, and COC meetings and activities is also available on the district’s website.
Capital Facilities – Fund 25

This fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (Education Code sections 17620–17626). The district is authorized to assess developer fees on new residential property pursuant to state law. A description of the district’s developer fee program can be found on the district’s website (www.mpusd.net). Interest earned in the fund is restricted to that fund. Principal revenues in this fund include:

- Interest
- Mitigation/Developer Fees

Expenditures in Fund 25 are restricted to the purposes specified in Government Code sections 65970–65981. Expenditures incurred in another fund may be reimbursed to this fund by means of an inter-fund transfer. A description of Fund 25’s fiscal activity for the fiscal year and multi-years can be found in the summary pages of the budget. Revenues and expenditures in this fund must, according law, be separately accounted for at a public hearing of the school board and audited by an independent auditor annually. The district typically conducts its public hearing in December of each year. This information is also available on the district’s website.

Self-Insurance – Fund 67

The Self-Insurance Fund is used to separate monies received for self-insurance activities from other operating funds of the district. Separate line items are established for each type of self-insurance activity, such as workers’ compensation, health and welfare, and vision/dental. Principal revenues in this fund include:

- Interest
- In-district premiums/contributions
- Interagency revenues
- Other local revenue

Expense transactions in Fund 67 are recorded for the payment of claims, estimates of costs relating to incurred-but-not-reported claims, administrative costs, deductible insurance amounts, cost of excess insurance, and other related costs. Most of the activities of Fund 67 should be coded to Function 6000, Enterprise. Amounts contributed to Fund 67, Self-Insurance Fund, are lawfully restricted for insurance purposes (Education Code Section 17566 and Government Code Section 53205). Information on Fund 67’s current and multi-year outlook may be found in the summary pages of the budget.
Conclusion

The district’s 2017-18 July budget and Local Control Accountability Plan reflect the policy priorities of the district’s Board of Trustees. Revenue and expenditure estimates also reflect legal and statutory requirements as required for a California school district. The document provides a guiding framework for program implementation and operation over the course of the fiscal year. It also provides a fiscal barometer to track and evaluate expenditures against the district’s mission, goals, and specific benchmarks encompassed in the CAF and LCAP.

The annual budget is by no means a static document. Budgets are prone to change depending on a wide variety of circumstances during a fiscal year. School district budgets remain subject to significant and unforeseen occurrences. District staff will provide periodic fiscal reports to the Board of Trustees and public per the interim budget reporting process. Members of the public are encouraged to contact the district’s Business Services Office for additional information and/or questions about the MPUSD’s budget and fiscal policies.

###