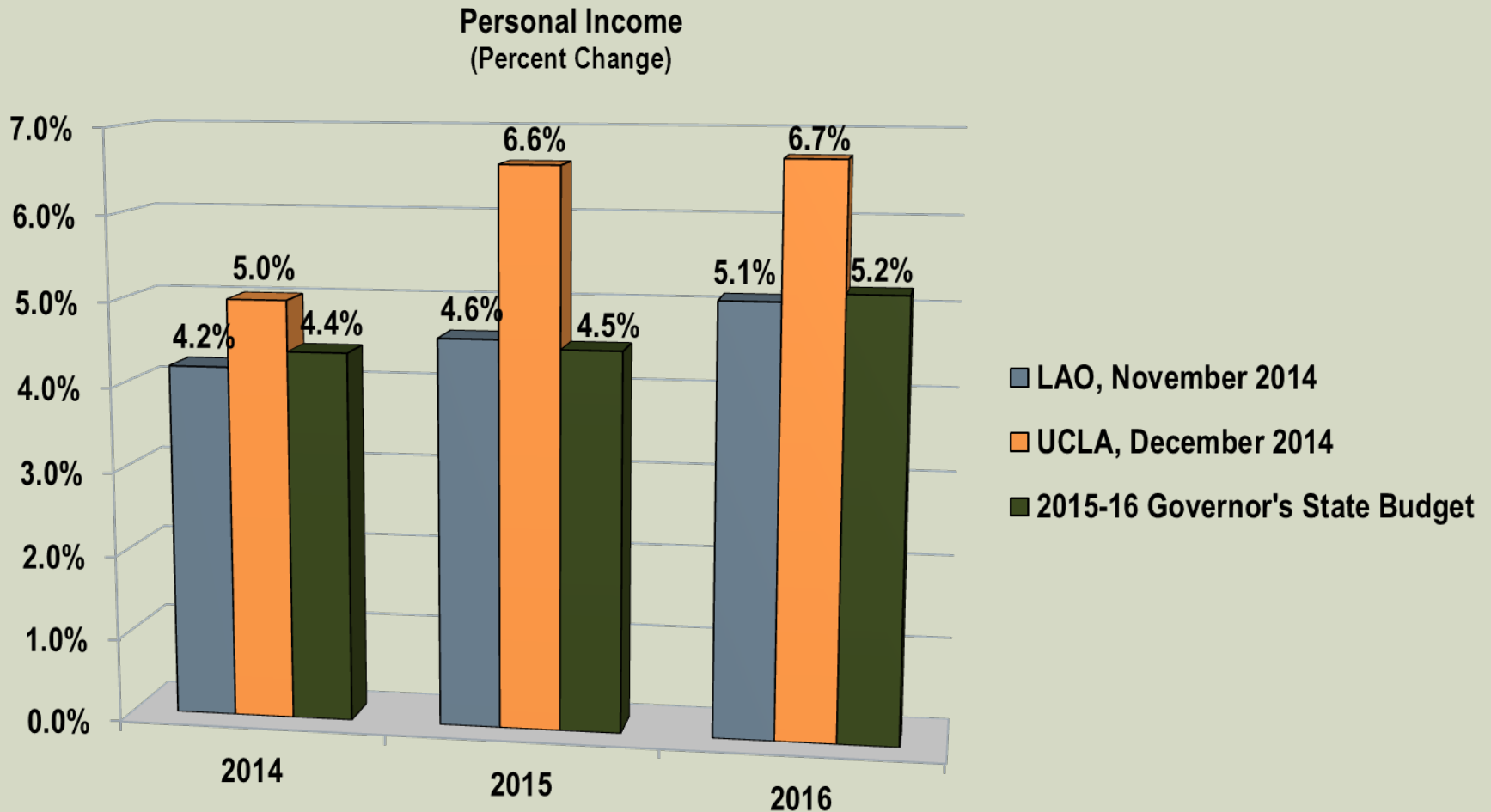


2014-15 MBUSD SECOND INTERIM BUDGET REPORT

**Actuals
through
January 31,
2015**

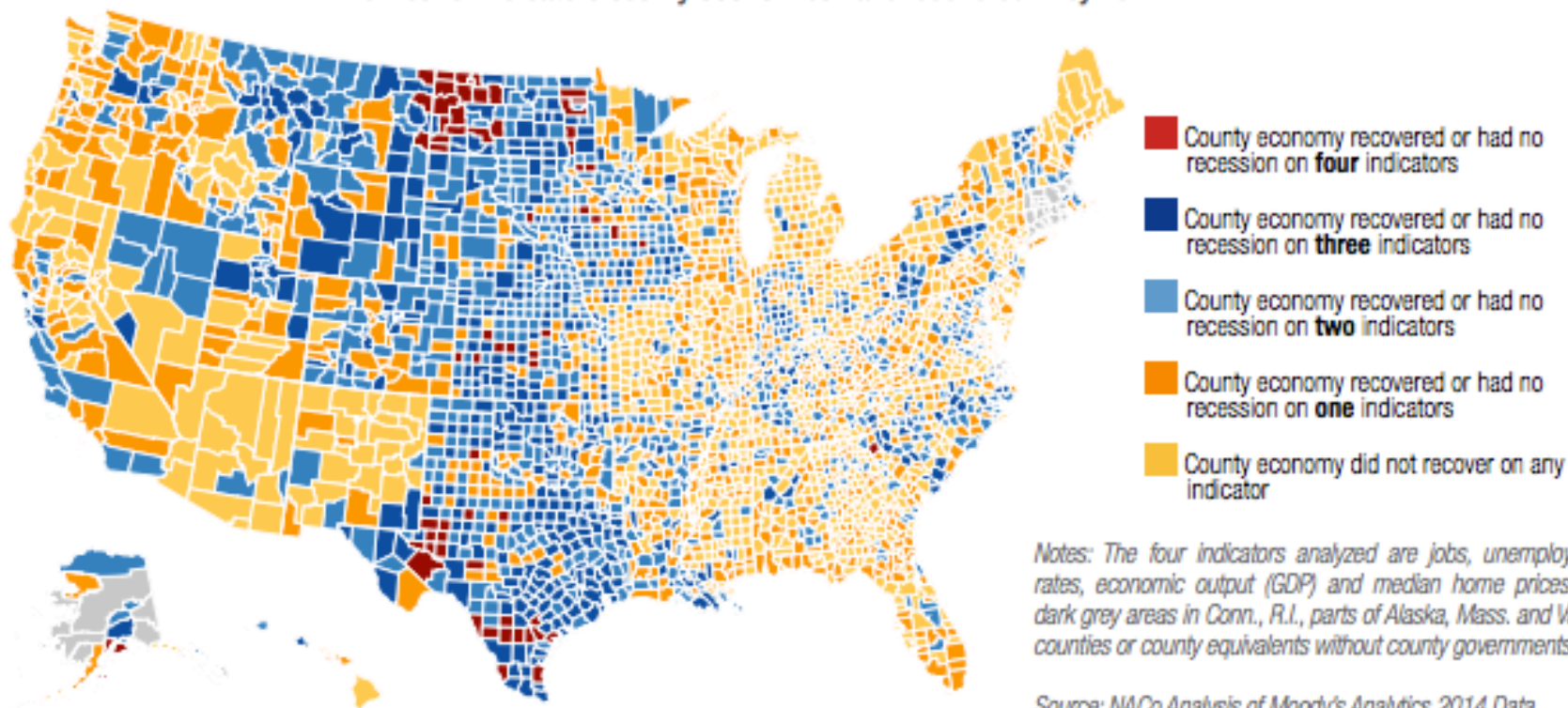
UCLA CALLS U.S. “AN ISLAND OF STABILITY”



NATIONAL RECOVERY IS SLOW

65 COUNTY ECONOMIES RECOVERED ON ALL FOUR INDICATORS BY 2014

Number of indicators county economies have recovered in by 2014



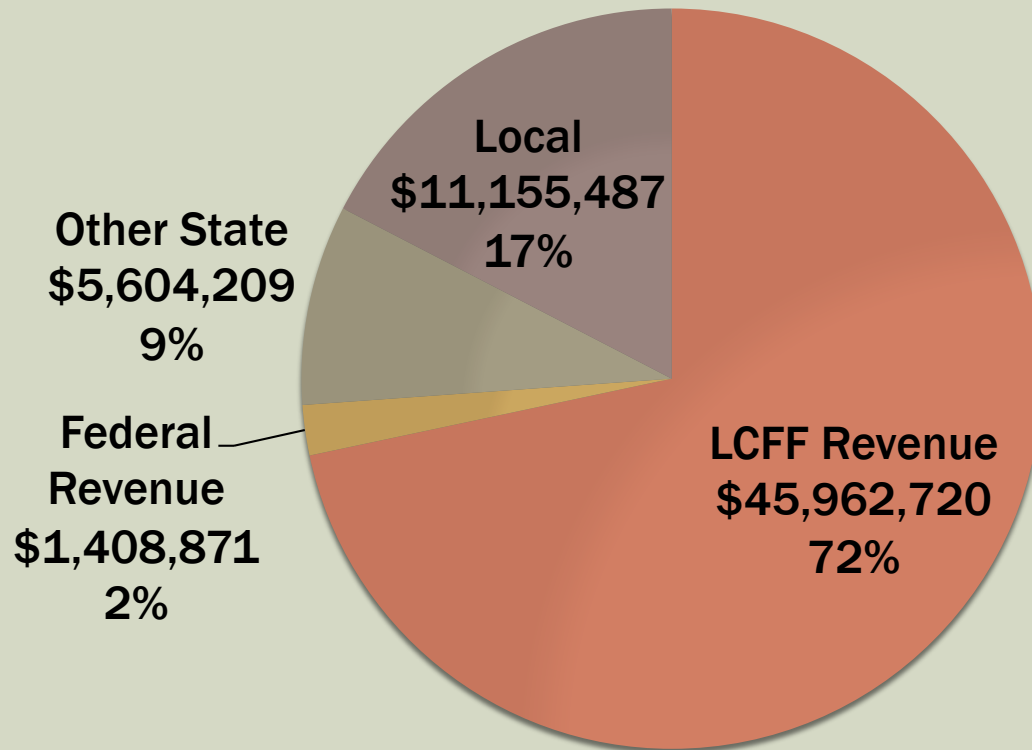
Source: NACo Analysis of Moody's Analytics 2014 Data

EQUITY V. ADEQUACY

Equity and Spending Indicators

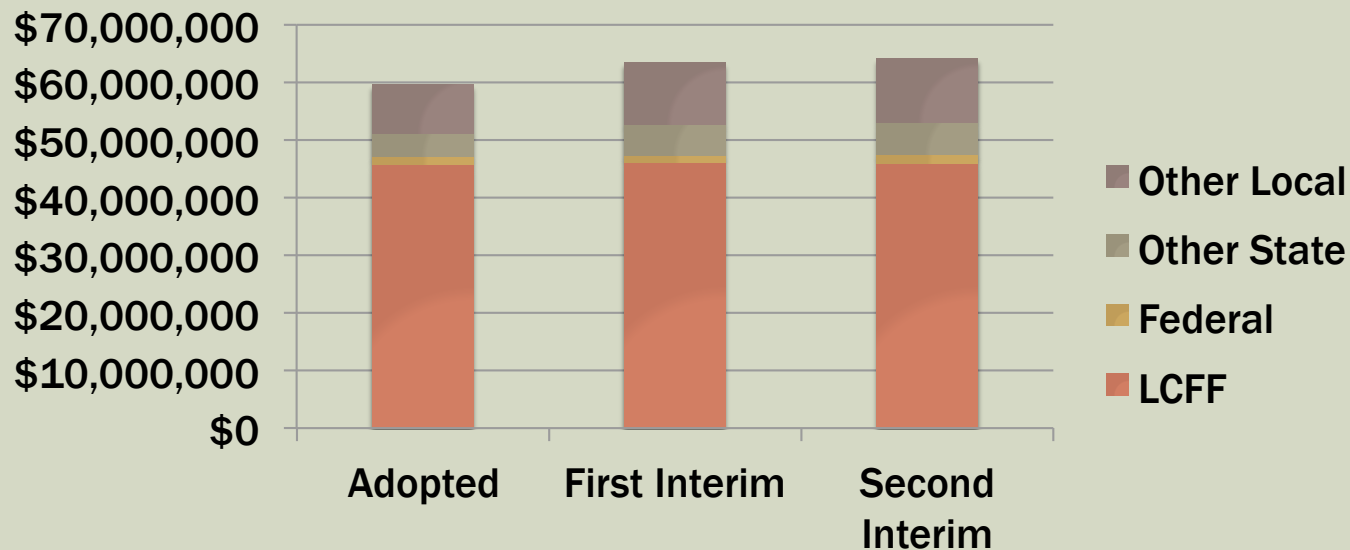
From <i>Quality Counts 2015</i>	California State Average	Rank	National Average
Equity (2012)			
Wealth-Neutrality Score – Relationship between district funding and local property wealth	0.080	11	0.139
McLoone Index – Actual spending as percent of amount needed to bring all students to median level	90.8%	23	90.8%
Coefficient of Variation – Amount of disparity in spending across districts within a state	0.194	39	0.167
Restricted Range – Difference in per-pupil spending levels at the 95th and 5th percentiles	\$3,305	16	\$4,559
Spending (2012)			
Adjusted per-pupil expenditures (PPE) – Analysis accounts for regional cost differences	\$8,308	46	\$11,735
Students funded at or above national average – Percent of students in districts with PPE at or above U.S. average	7.9%	42	43.4%
Spending Index – Per-pupil spending levels weighted by the degree to which districts meet or approach the national average for expenditures	85.1	37	89.4
Spending on education – State expenditures on K-12 schooling as a percent of state taxable resources	2.7%	44	3.4%
GRADE	D+	40	C

REVENUE

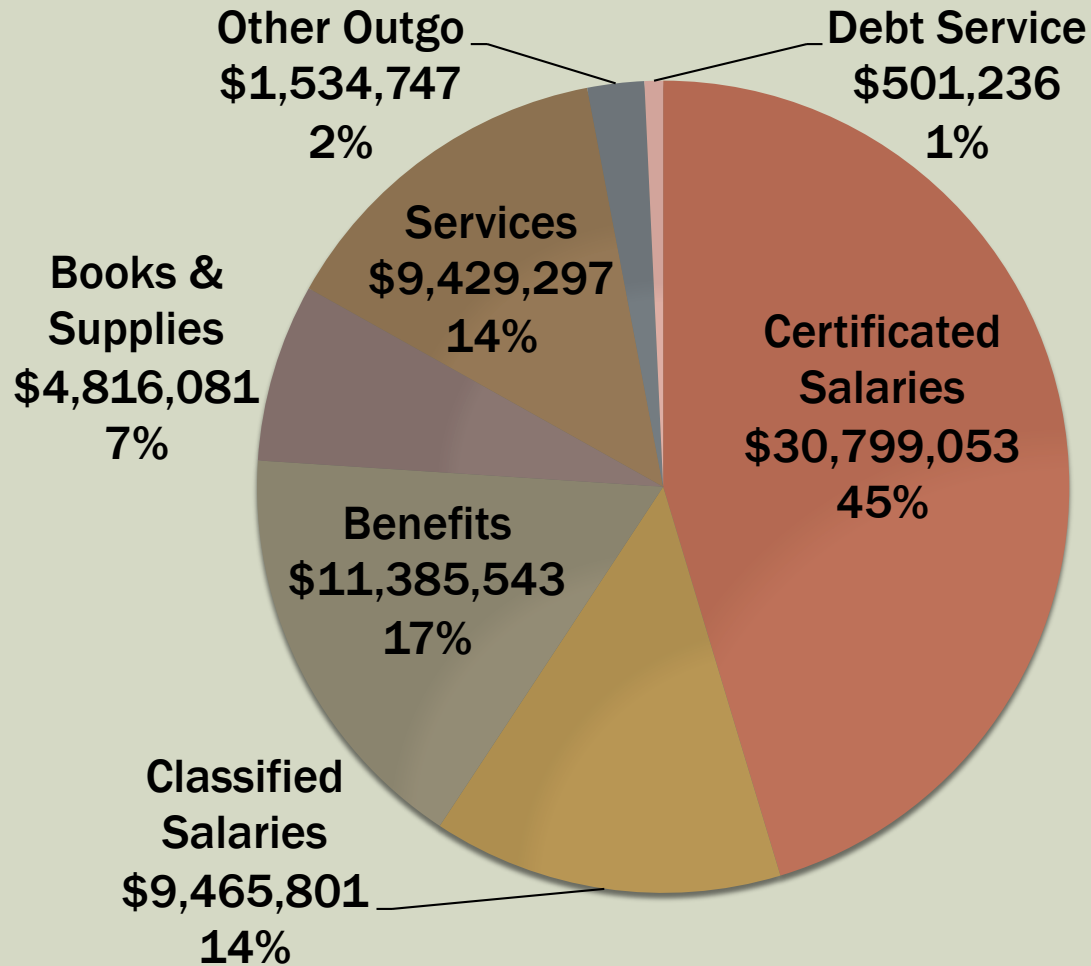


REVENUE

	Adopted Budget	First Interim	Change	Second Interim
LCFF	\$45,708,102	\$46,008,923	-\$46,203	\$45,962,720
Federal	\$1,456,980	\$1,278,217	\$130,654	\$1,408,871
Other State	\$3,999,227	\$5,341,368	\$262,841	\$5,604,209
Other Local	\$8,415,983	\$10,740,254	\$415,233	\$11,155,487
TOTAL	\$59,580,292	\$63,368,762	\$762,525	\$64,131,287

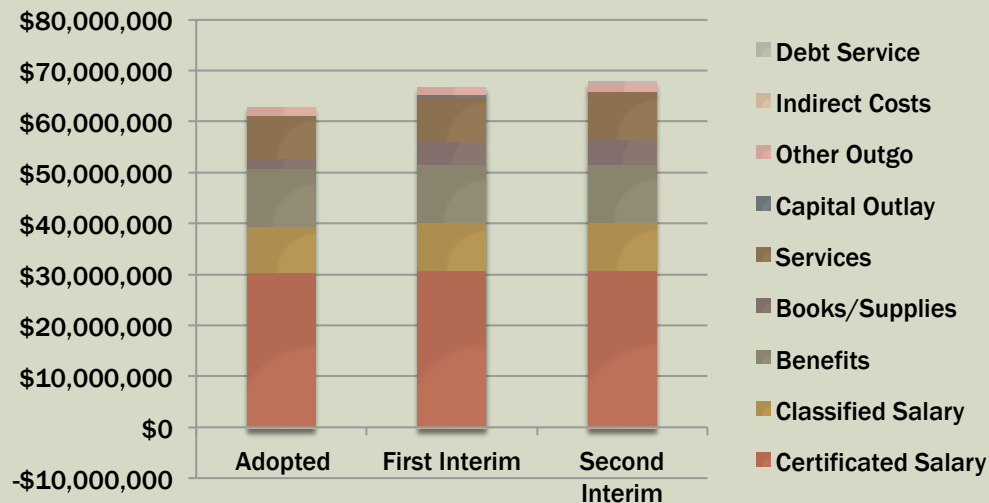


EXPENDITURES



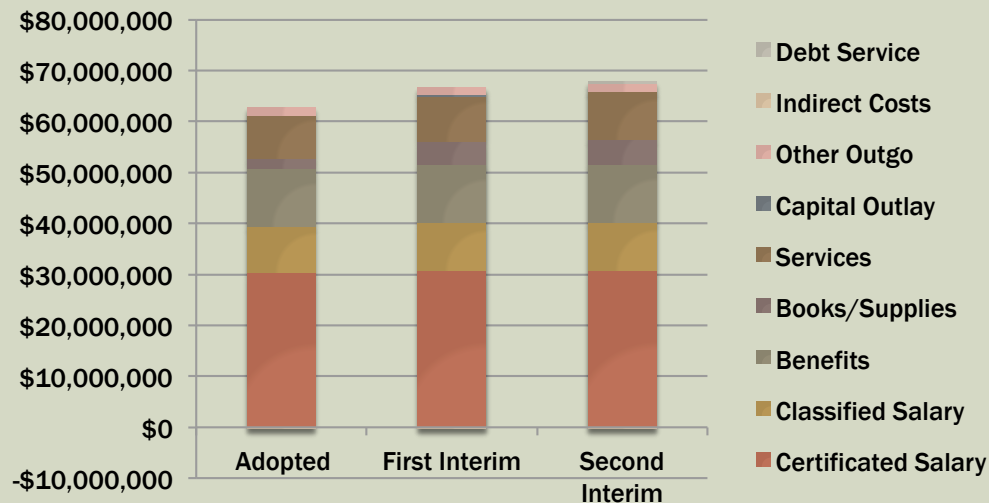
EXPENDITURES

Expenditure	Adopted	First Interim	Change	Second Interim
Certificated Salary	\$30,300,357	\$30,714,572	\$84,481	\$30,799,053
Classified Salary	\$9,064,556	\$9,423,592	\$42,209	\$9,465,801
Benefits	\$11,379,016	\$11,376,217	\$9,326	\$11,385,543
Books/Supplies	\$1,989,020	\$4,590,081	\$226,000	\$4,816,081
Services	\$8,454,755	\$8,888,104	\$541,193	\$9,429,297
Capital Outlay	\$0	\$238,395	-\$238,395	\$0
Other Outgo	\$1,659,395	\$1,534,747	\$0	\$1,534,747
Indirect Costs	-\$55,000	-\$102,000	\$0	-\$102,000
Debt Service	\$0	\$0	\$501,236	\$501,236
TOTAL	\$62,792,099	\$66,663,708	\$1,166,050	\$67,829,758



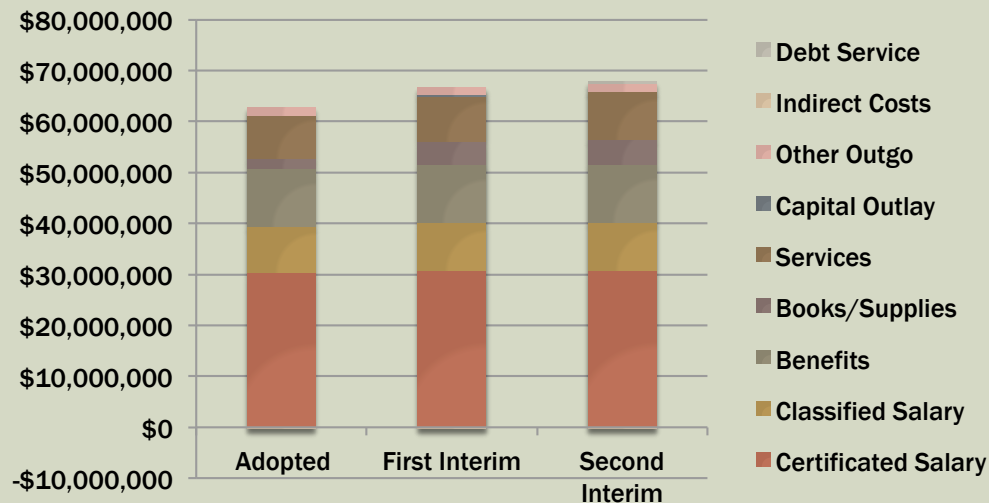
EXPENDITURES

Expenditure	Adopted	First Interim	Change	Second Interim
Certificated Salary	\$30,300,357	\$30,714,572	\$84,481	\$30,799,053
Classified Salary	\$9,064,556	\$9,423,592	\$42,209	\$9,465,801
Benefits	\$11,379,016	\$11,376,217	\$9,326	\$11,385,543
Books/Supplies	\$1,989,020	\$4,590,081	\$226,000	\$4,816,081
Services	\$8,454,755	\$8,888,104	\$541,193	\$9,429,297
Capital Outlay	\$0	\$238,395	-\$238,395	\$0
Other Outgo	\$1,659,395	\$1,534,747	\$0	\$1,534,747
Indirect Costs	-\$55,000	-\$102,000	\$0	-\$102,000
Debt Service	\$0	\$0	\$501,236	\$501,236
TOTAL	\$62,792,099	\$66,663,708	\$1,166,050	\$67,829,758



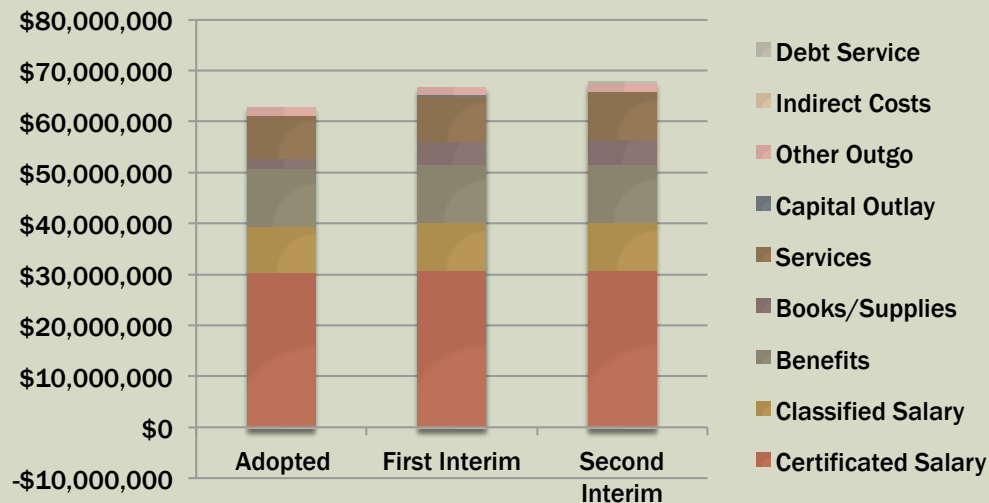
EXPENDITURES

Expenditure	Adopted	First Interim	Change	Second Interim
Certificated Salary	\$30,300,357	\$30,714,572	\$84,481	\$30,799,053
Classified Salary	\$9,064,556	\$9,423,592	\$42,209	\$9,465,801
Benefits	\$11,379,016	\$11,376,217	\$9,326	\$11,385,543
Books/Supplies	\$1,989,020	\$4,590,081	\$226,000	\$4,816,081
Services	\$8,454,755	\$8,888,104	\$541,193	\$9,429,297
Capital Outlay	\$0	\$238,395	-\$238,395	\$0
Other Outgo	\$1,659,395	\$1,534,747	\$0	\$1,534,747
Indirect Costs	-\$55,000	-\$102,000	\$0	-\$102,000
Debt Service	\$0	\$0	\$501,236	\$501,236
TOTAL	\$62,792,099	\$66,663,708	\$1,166,050	\$67,829,758



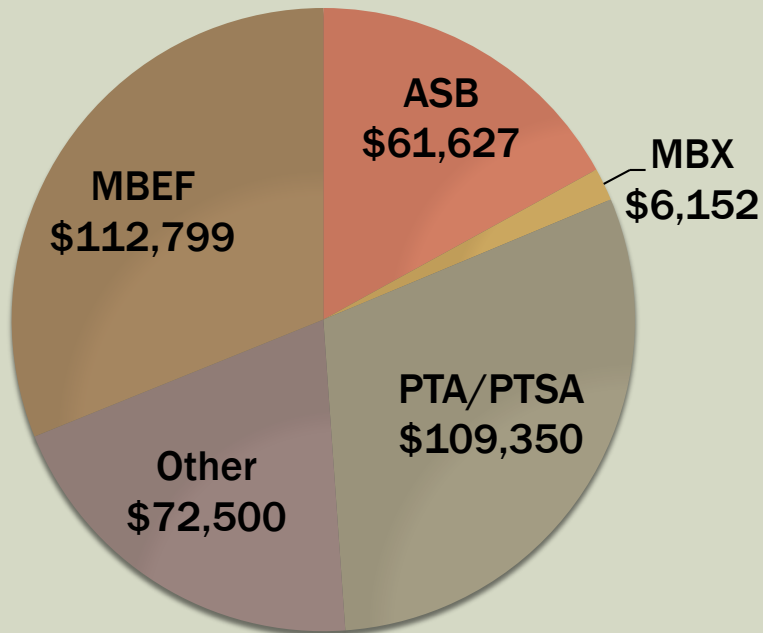
EXPENDITURES

Expenditure	Adopted	First Interim	Change	Second Interim
Certificated Salary	\$30,300,357	\$30,714,572	\$84,481	\$30,799,053
Classified Salary	\$9,064,556	\$9,423,592	\$42,209	\$9,465,801
Benefits	\$11,379,016	\$11,376,217	\$9,326	\$11,385,543
Books/Supplies	\$1,989,020	\$4,590,081	\$226,000	\$4,816,081
Services	\$8,454,755	\$8,888,104	\$541,193	\$9,429,297
Capital Outlay	\$0	\$238,395	-\$238,395	\$0
Other Outgo	\$1,659,395	\$1,534,747	\$0	\$1,534,747
Indirect Costs	-\$55,000	-\$102,000	\$0	-\$102,000
Debt Service	\$0	\$0	\$501,236	\$501,236
TOTAL	\$62,792,099	\$66,663,708	\$1,166,050	\$67,829,758

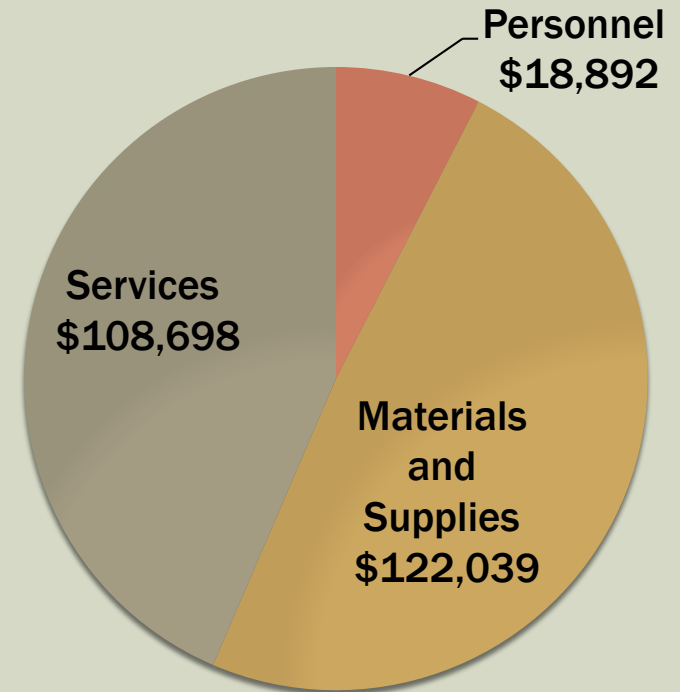


LOCAL REVENUE GROWTH

Revenues



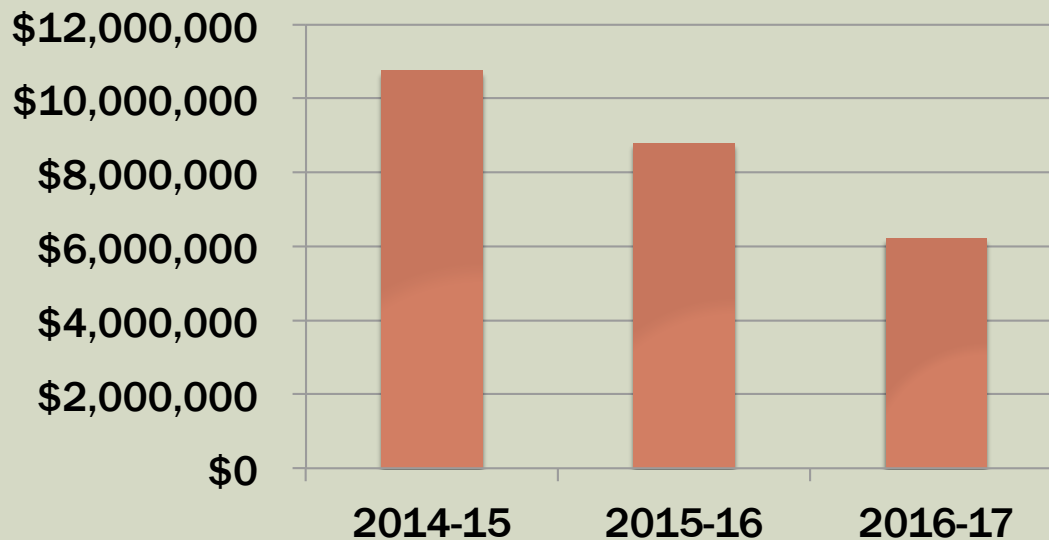
Expenditures



Total Revenue Increase = \$246,629 = Total Expenditure Increase

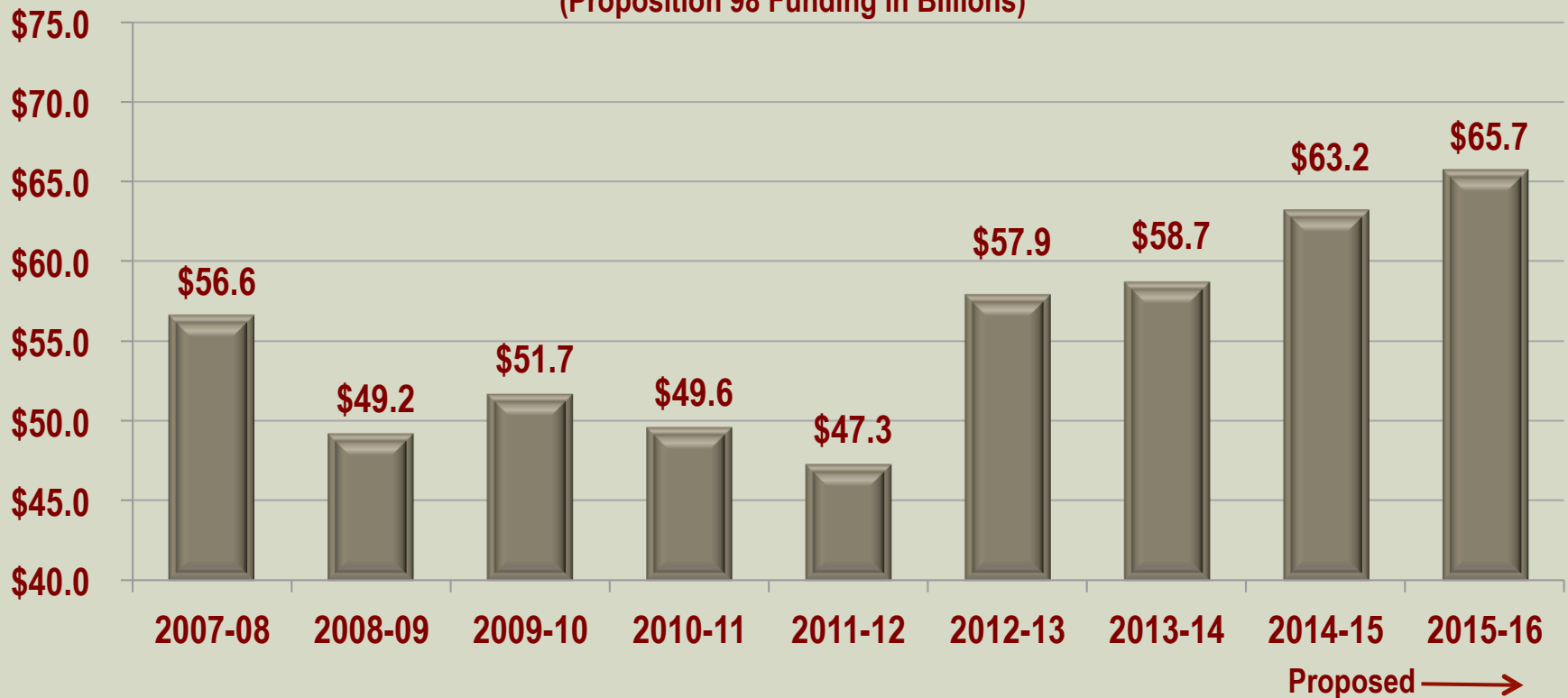
MULTI-YEAR PROJECTIONS

	2014-15	2015-16	2016-17
Beginning Balance	\$14,445,649	\$10,747,178	\$8,788,919
Total Revenue	\$64,131,287	\$65,766,891	\$67,151,355
Total Expense	\$67,829,758	\$67,725,150	\$69,728,566
Increase/(Decrease)	(\$3,698,471)	(\$1,958,259)	(\$2,577,211)
Ending Balance	\$10,747,178	\$8,788,919	\$6,211,708

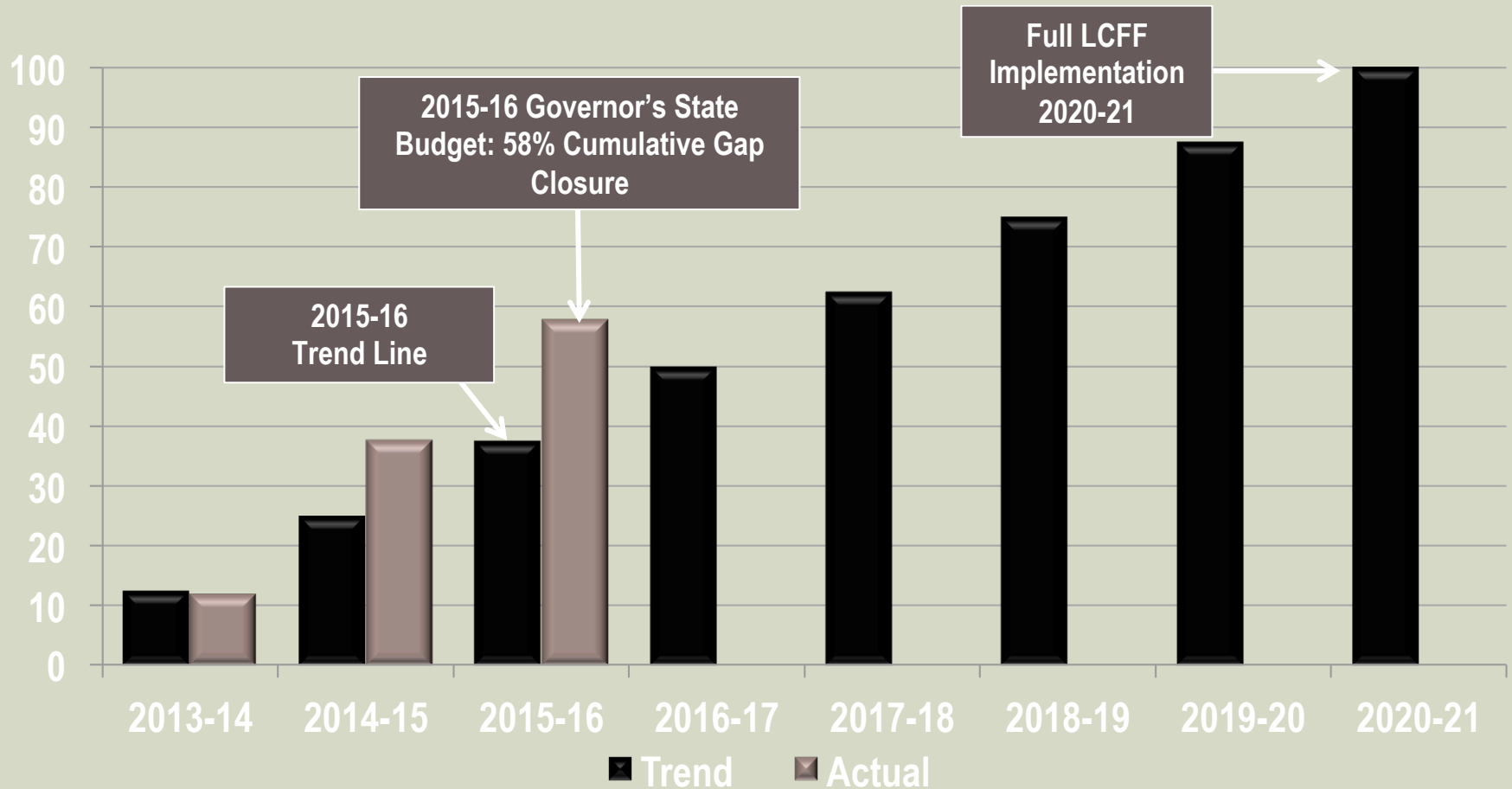


GOVERNOR PROPOSES TO CONTINUE TO INVEST IN THE LCFF

Budget Restores Investment in Education
(Proposition 98 Funding in Billions)



ONGOING PROJECTIONS FOR GAP CLOSURE ACCELERATION



GAP FUNDING VOLATILITY

- Gap Funding estimates change throughout the year depending on state revenues and projected/actual ADA.

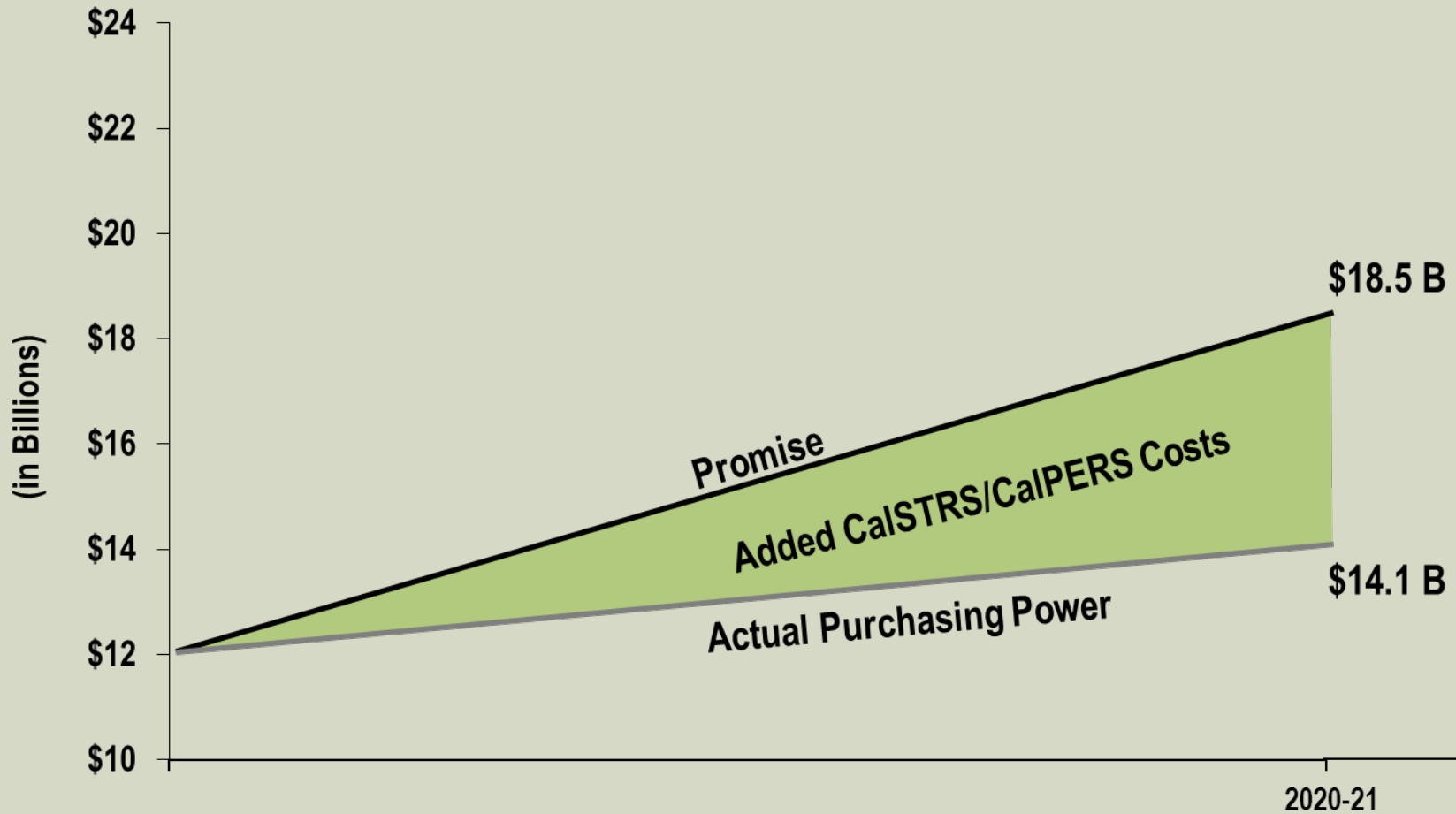
DOF Estimated Gap Closure for 2015-16		
May 2014	July 2014	January 2015
30.39%	20.68%	32.19%

- Currently, School Services advises a much more conservative projection than the DOF.

	2014-15	2015-16	2016-17	2017-18
DOF	29.15%	32.19%	23.71%	26.43%
SSC	29.15%	32.19%	11.00%	12.82%

- DOF estimates show that the amount available for LCFF gap closure will drop from \$4.7 billion in the current year to \$976 million in 2018-19. School Services estimates that this will not cover the projected 2.8% COLA (\$1.2 billion) for that year.

INCREASING PENSION COSTS



INCREASING PENSION COSTS

- STRS and PERS contributions are calculated as a percentage of employee salary. Both employees and employers will contribute at increasing rates.
- Employer contributions will increase as follows:

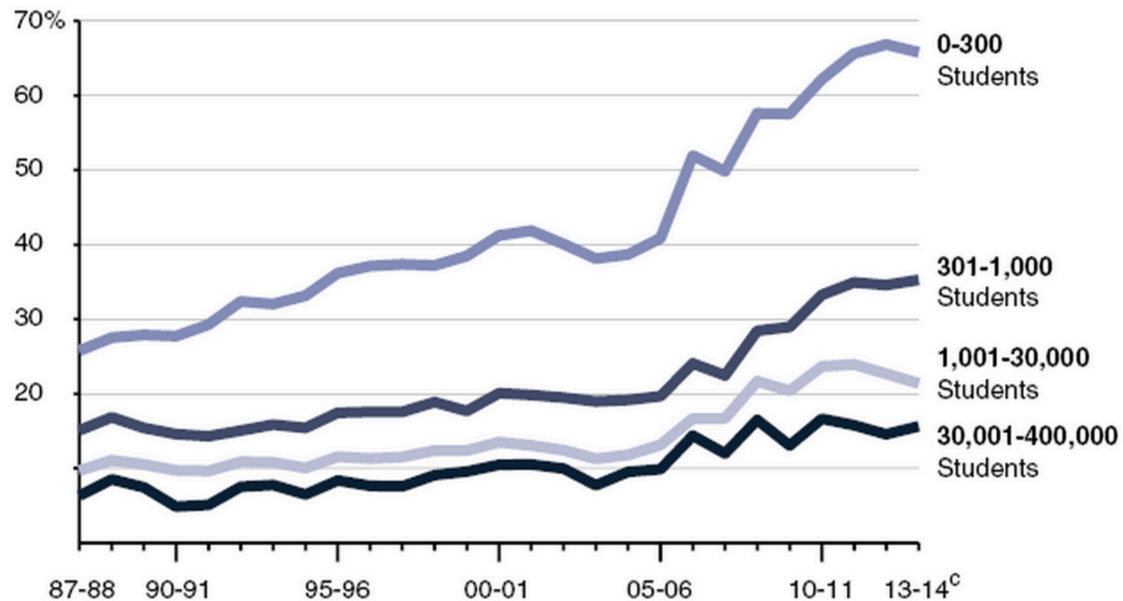
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
STRS	8.88%	10.73%	12.58%	14.43%	16.28%	18.13%	19.10%
PERS	11.77%	12.60%	15.00%	16.60%	18.20%	19.90%	20.40%

- Increasing STRS and PERS contributions will result in increased costs to the district of \$694,000 in 2015-16 and \$894,000 in 2016-17.

LAO RESERVE ANALYSIS

Median Reserve Varies Based on District Size^a

Median General Fund Reserves as a Percent of Expenditures^b



^a As measured by average daily attendance.

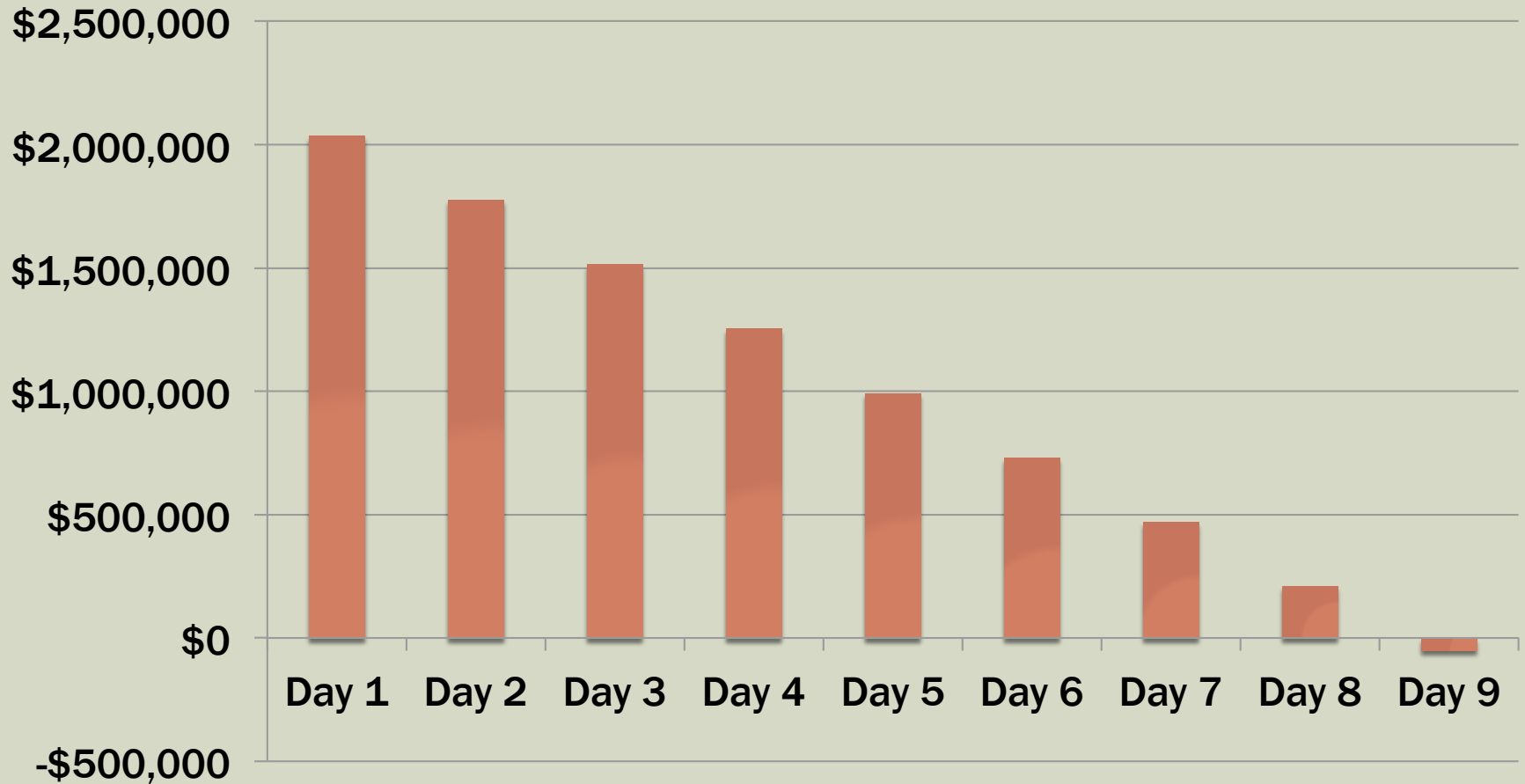
^b Includes amounts in the Special Fund for Other Than Capital Outlay.

^c Based on preliminary data.

RESERVES CAP POTENTIAL

Reserve Cap Trigger	2014-15	2015-16	2016-17
Maintenance Factor	<i>Possible</i>	<i>Possible</i>	Probable
Test 1 Funding	Met	Probable	<i>Possible</i>
Enrollment and Growth	Met	Probable	Probable
Capital Gains	Met	Probable	<i>Possible</i>

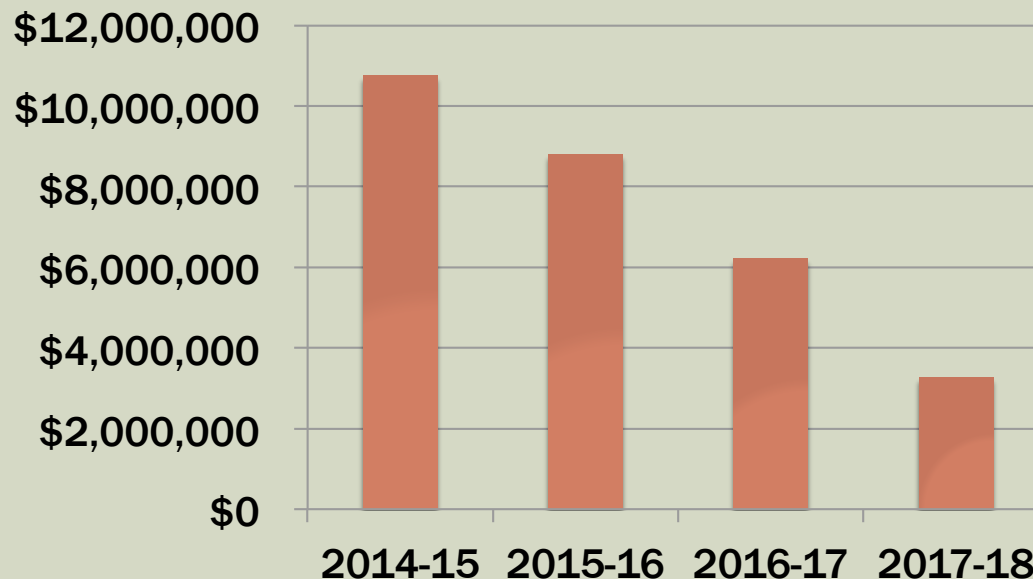
MBUSD TOTAL EXPENDITURES V. 3% REU



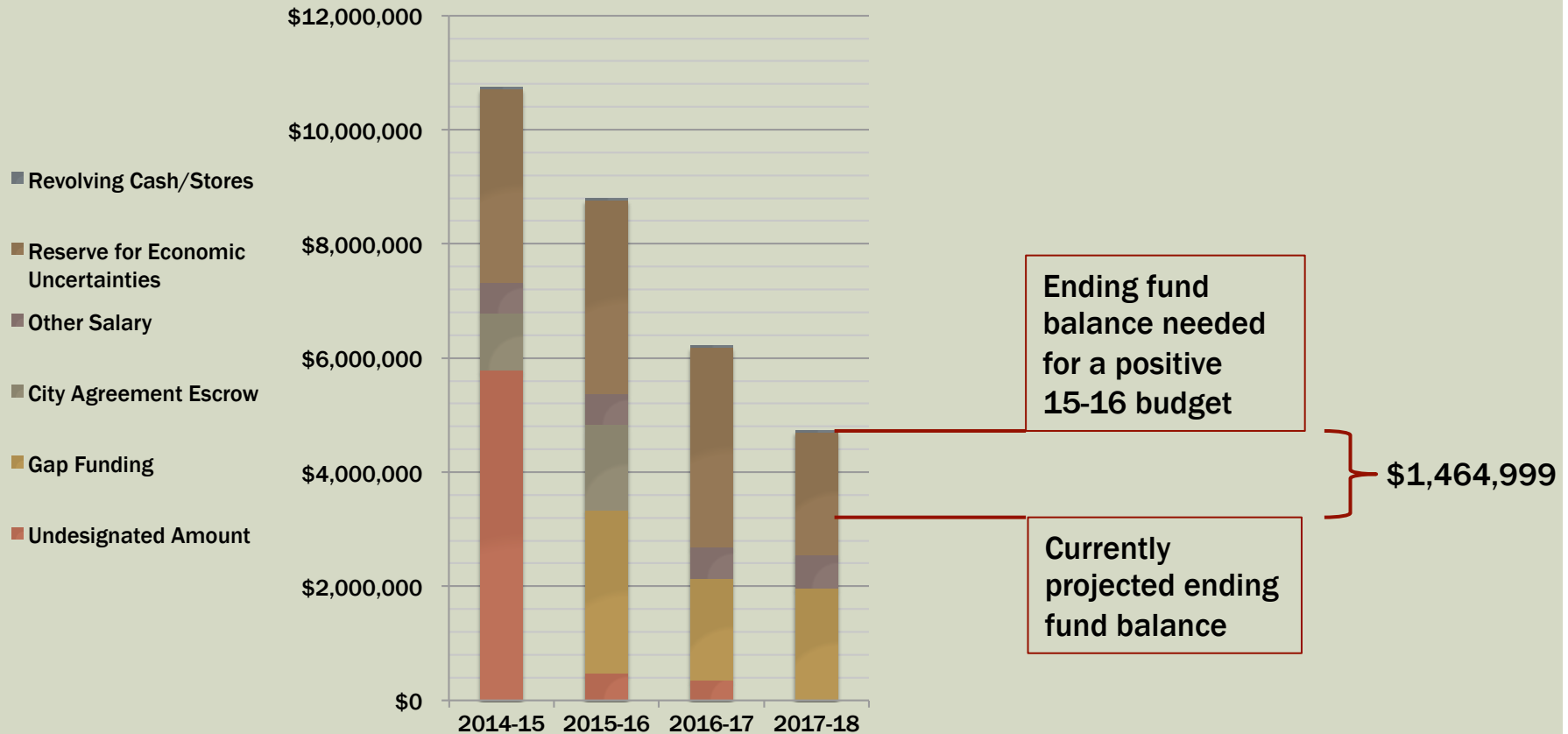
Total expenditures averaged over a 260-day work year.

MULTI-YEAR PROJECTIONS

	2014-15	2015-16	2016-17	2017-18
Beg. Balance	\$14,445,649	\$10,747,178	\$8,788,919	\$6,211,708
Total Revenue	\$64,131,287	\$65,766,891	\$67,151,355	\$68,757,027
Total Expense	\$67,829,758	\$67,725,150	\$69,728,566	\$71,701,163
Incr./ (Decr.)	(\$3,698,471)	(\$1,958,259)	(\$2,577,211)	(\$2,944,136)
Ending Balance	\$10,747,178	\$8,788,919	\$6,211,708	\$3,267,572



COMPONENTS OF THE ENDING BALANCE



Note that in 2017-18, the REU is decreased to 3% and the net result reflects a negative balance of \$1,465,019. Maintaining a 5% REU would result in a negative balance of \$2,899,042.

OTHER CONSIDERATIONS

Identified Areas	
\$ 1,300,000	Deferred Repairs and Maintenance
\$ 400,000	Technology Infrastructure Maintenance/Upgrades
\$ 650,000	Technology Replacement
\$ 640,600	Professional Dev. (less \$50,000 MBEF contrib.)
\$ 72,000	Energy Program
\$ 600,000	MBEF Grants
\$ 404,800	Site Discretionary (\$50 K-8, \$75 9-12)
\$ 500,000	Textbook adoption (pending state legislation)
\$ 575,000	Additional Staffing
\$ 5,142,600	Total Identified Cost

MULTI-YEAR PROJECTIONS

	2014-15	2015-16	2016-17
Beginning Balance	\$14,445,649	\$10,747,178	\$8,788,919
Total Revenue	\$64,131,287	\$65,766,891	\$67,151,355
Total Expense	\$67,829,758	\$67,725,150	\$69,728,566
Increase/(Decrease)	(\$3,698,471)	(\$1,958,259)	(\$2,577,211)
Ending Balance	\$10,747,178	\$8,788,919	\$6,211,708

