

10. CRITERION: Reserves

STANDARD: Available reserves¹ for any of the budget year or two subsequent fiscal years are not less than the following percentages or amounts² as applied to total expenditures and other financing uses³:

Percentage Level	JPA ADA		
5% or \$65,000 (greater of)	0	to	300
4% or \$65,000 (greater of)	301	to	1,000
3%	1,001	to	30,000
2%	30,001	to	400,000
1%	400,001	and	over

¹ Available reserves are the amounts in the Reserve for Economic Uncertainties and the Unassigned/Unappropriated accounts in the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects. Available reserves will be reduced by any negative ending balances in restricted resources in the General Fund.

² Dollar amounts to be adjusted annually by the prior year statutory cost-of-living adjustment (Education Code Section 42238) and then rounded to the nearest thousand.

³ A JPA that is the Administrative Unit (AU) of a Special Education Local Plan Area (SELPA) may exclude from its expenditures the distribution of funds to its participating members.

	Budget Year (2015-16)	1st Subsequent Year (2016-17)	2nd Subsequent Year (2017-18)
JPA ADA (Form MYP, Line F1, if available; else defaults to zero and may be overwritten):	0	5,000	400,001
JPA's Reserve Standard Percentage Level:	5%	3%	1%

10A. Calculating the JPA's Special Education Pass-through Exclusions (only for JPAs that serve as the AU of a SELPA)

Special education pass-through exclusions are not applicable for JPAs

10B. Calculating the JPA's Reserve Standard

DATA ENTRY: If Form MYP exists, the 1st and 2nd Subsequent Year data for lines 1 and 2 will be extracted; if not, enter data for the two subsequent years. All other data are extracted or calculated.

	Budget Year (2015-16)	1st Subsequent Year (2016-17)	2nd Subsequent Year (2017-18)
1. Total Expenditures and Other Financing Uses (Criterion 8B) (Form MYP, Line B11)	1,000,000.00	1,000,000.00	1,000,000.00
2. Less: Special Education Pass-through (Not applicable for JPAs)	N/A	N/A	N/A
3. Net Expenditures and Other Financing Uses (Line B1 minus Line B2)	1,000,000.00	1,000,000.00	1,000,000.00
4. Reserve Standard Percentage Level	5%	3%	1%
5. Reserve Standard - by Percent (Line B3 times Line B4)	50,000.00	30,000.00	10,000.00
6. Reserve Standard - by Amount (\$65,000 for JPAs with 0 to 1,000 ADA, else 0)	65,000.00	0.00	0.00
7. JPA's Reserve Standard (Greater of Line B5 or Line B6)	65,000.00	30,000.00	10,000.00

Description	Object Codes	2015-16 Budget (Form 01) (A)	% Change (Cols. C-A/A) (B)	2016-17 Projection (C)	% Change (Cols. E-C/C) (D)	2017-18 Projection (E)
(Enter projections for subsequent years 1 and 2 in Columns C and E; current year - Column A - is extracted)						
A. REVENUES AND OTHER FINANCING SOURCES						
1. LCFF/Revenue Limit Sources	8010-8099					
2. Federal Revenues	8100-8299	0.00	0.00%		0.00%	
3. Other State Revenues	8300-8599	0.00	0.00%		0.00%	
4. Other Local Revenues	8600-8799	2,000,000.00	0.00%	2,000,000.00	0.00%	2,000,000.00
5. Other Financing Sources						
a. Transfers In	8900-8929	0.00	0.00%		0.00%	
b. Other Sources	8930-8979	0.00	0.00%		0.00%	
c. Contributions	8980-8999	0.00	0.00%		0.00%	
6. Total (Sum lines A1 thru A5c)		2,000,000.00	0.00%	2,000,000.00	0.00%	2,000,000.00
B. EXPENDITURES AND OTHER FINANCING USES						
1. Certificated Salaries						
a. Base Salaries				0.00		0.00
b. Step & Column Adjustment						
c. Cost-of-Living Adjustment						
d. Other Adjustments						
e. Total Certificated Salaries (Sum lines B1a thru B1d)	1000-1999	0.00	0.00%	0.00	0.00%	0.00
2. Classified Salaries						
a. Base Salaries				0.00		0.00
b. Step & Column Adjustment						
c. Cost-of-Living Adjustment						
d. Other Adjustments						
e. Total Classified Salaries (Sum lines B2a thru B2d)	2000-2999	0.00	0.00%	0.00	0.00%	0.00
3. Employee Benefits	3000-3999	0.00	0.00%		0.00%	
4. Books and Supplies	4000-4999	0.00	0.00%		0.00%	
5. Services and Other Operating Expenditures	5000-5999	1,000,000.00	0.00%	1,000,000.00	0.00%	1,000,000.00
6. Capital Outlay	6000-6999	0.00	0.00%		0.00%	
7. Other Outgo (excluding Transfers of Indirect Costs)	7100-7299, 7400-7499	0.00	0.00%		0.00%	
8. Other Outgo - Transfers of Indirect Costs	7300-7399	0.00	0.00%		0.00%	
9. Other Financing Uses						
a. Transfers Out	7600-7629	0.00	0.00%		0.00%	
b. Other Uses	7630-7699	0.00	0.00%		0.00%	
10. Other Adjustments (Explain in Section G below)						
11. Total (Sum lines B1 thru B10)		1,000,000.00	0.00%	1,000,000.00	0.00%	1,000,000.00
C. NET INCREASE (DECREASE) IN FUND BALANCE						
(Line A6 minus line B11)						
		1,000,000.00		1,000,000.00		1,000,000.00
D. FUND BALANCE						
1. Net Beginning Fund Balance (Form 01, line F1e)		0.00		1,000,000.00		2,000,000.00
2. Ending Fund Balance (Sum lines C and D1)		1,000,000.00		2,000,000.00		3,000,000.00
3. Components of Ending Fund Balance						
(Enter projections for subsequent years 1 and 2 in Columns C and E; current year - Column A - is extracted)						
a. Nonspendable	9710-9719	0.00				
b. Restricted	9740	0.00				
c. Committed						
1. Stabilization Arrangements	9750	0.00				
2. Other Commitments	9760	0.00				
d. Assigned	9780	0.00				
e. Unassigned/Unappropriated						
1. Reserve for Economic Uncertainties	9789	65,000.00		30,000.00		10,000.00
2. Unassigned/Unappropriated	9790	935,000.00		1,970,000.00		2,990,000.00
f. Total Components of Ending Fund Balance						
(Line D3f must agree with line D2)		1,000,000.00		2,000,000.00		3,000,000.00

(SEE P. 2)

Description	Object Codes	2015-16 Budget (Form 01) (A)	% Change (Cols. C-A/A) (B)	2016-17 Projection (C)	% Change (Cols. E-C/C) (D)	2017-18 Projection (E)
E. AVAILABLE RESERVES						
1. General Fund						
a. Stabilization Arrangements	9750	0.00		0.00		0.00
b. Reserve for Economic Uncertainties	9789	65,000.00		30,000.00		10,000.00
c. Unassigned/Unappropriated	9790	935,000.00		1,970,000.00		2,990,000.00
d. Negative Restricted Ending Balances (Negative resources 2000-9999) (Enter projections)	9792		Data entry required		Data entry required	
(Enter reserve projections in Columns C and E for subsequent years 1 and 2. - Column A is extracted.)						
2. Special Reserve Fund - Noncapital Outlay (Fund 17)						
a. Stabilization Arrangements	9750					
b. Reserve for Economic Uncertainties	9789					
c. Unassigned/Unappropriated	9790					
3. Total Available Reserves - by Amount (Sum lines E1a thru E2c)		1,000,000.00		2,000,000.00		3,000,000.00
4. Total Available Reserves - by Percent (Line E3 divided by Line F2)		100.00%		200.00%		300.00%
F. RECOMMENDED RESERVES						
1. JPA ADA						
Used to determine the reserve standard percentage level on Line F5 (Enter ADA for current and two subsequent years, if applicable)		0.00		5,000.00		400,000.00
2. Total Expenditures and Other Financing Uses (Line B11)		1,000,000.00		1,000,000.00		1,000,000.00
3. Less: Special Education Pass-through (Not applicable for JPAs)		N/A		N/A		N/A
4. Sub-Total (Line F2 minus F3)		1,000,000.00		1,000,000.00		1,000,000.00
5. Reserve Standard Percentage Level (Refer to Form 01CS, Criterion 10 for calculation details)		5%		3%		1%
6. Reserve Standard - By Percent (Line F4 times F5)		50,000.00		30,000.00		10,000.00
7. Reserve Standard - By Amount (Refer to Form 01CS, Criterion 10 for calculation details)		65,000.00		0.00		0.00
8. Reserve Standard (Greater of Line F6 or F7)		65,000.00		30,000.00		10,000.00
9. Available Reserves (Line F3) Meet the Reserve Standard (Line F8)		YES		YES		YES
G. ASSUMPTIONS						
Please provide below or on a separate attachment, the assumptions used to determine the projections for the first and second subsequent fiscal years. Further, please include an explanation for any significant expenditure adjustments projected in lines B1d, B2d, and B10. For additional information, please refer to the Budget Assumptions section of the SACS Financial Reporting Software User Guide.						

Follow-up on Questions from 8/3/15 ESSCO Meeting

Criteria and Standards Issues: Criteria 1, 2, and 3

Prepared by: Financial Accountability & Information Services (FAIS)

School Fiscal Services Division

Department of Education

From ESSCO Minutes

Charter School ADA – Apples to Apples because ADA may or may not pull in for the prior years. COE enrollment is not included in the district's enrollment, and districts are used to removing charter ADA from their enrollment. What are other County Offices seeing?

- A few COEs have noted that Criteria 1, 2, 3, and 4 are not providing meaningful data, partially because it appears that County ADA is pulling in, but County enrollment is not.

CDE noted that ADA/Enrollment reporting should be at the district level for district-funded county-operated programs. Enrollment and ADA are credited to the district of residence; districts get the money and they choose how to use it, budgeting accordingly. It is "apples to apples," because ADA and enrollment that drive funding are together.

- CDE will recheck the software to verify if/how the County enrollment is being pulled into the calculation.

FAIS' Analysis

ADA used in Form 01CS is extracted from Form A. The District ADA in Criteria 1, 2, 3, and 4 does include District Funded County Program ADA.

Enrollment counts used in Form 01CS are extracted from the California Basic Educational Data System (CBEDS). District Funded County Program enrollment is not included in the District's enrollment count. District Funded County Program enrollment is included as part of the County's enrollment.

Recommendation:

There is an overwrite feature in Criterion 2 to adjust for enrollment mismatch. Districts should overwrite the enrollment data to include District Funded County Program enrollment. County Offices should overwrite the enrollment data to exclude District Funded County Program enrollment. This is necessary to achieve a meaningful ratio of enrollment to ADA in Criterion 3, and to ensure that the District Funded County Program enrollment does not get double counted.

Charter School ADA-- a separate discussion is scheduled as to what Charter School ADA should be included in Criteria 1, 2, and 3.

From ESSCO Minutes

Criterion 4, LCFF Revenue: Charter ADA, whose corresponding financials are included in Fund 09, are not pulling into Criterion 4. CDE noted that this is probably working as it should, because Criterion 4 should only include Fund 1 revenues, whether regular or charter ADA (if reported in Fund 1).

FAIS' Analysis

It is correct that Criterion 4- LCFF Revenue, only includes ADA that corresponds with financial data reported in Fund 01. Charter ADA corresponding to financial data reported in Fund 09 and Fund 62 is not included.

Note: Consistently, Criterion 9- Fund Balance, and Criterion 10- Reserves, also do not include Charter ADA corresponding to financial data reported in Fund 09 or Fund 62.

Expanded Transitional Kindergarten

Assembly Bill 104, Chapter 13, Statutes 2015 amended *Education Code* Section 48000 and added the following language:

(B) (i) For the 2015–16 school year and each school year thereafter, a school district or charter school **may**, at any time during a school year, admit a child to a transitional kindergarten program who will have his or her fifth birthday after December 2 but during that same school year, with the approval of the parent or guardian, subject to the following conditions:

(I) The governing board of the school district or the governing body of the charter school determines that the admittance is in the best interests of the child.

(II) The parent or guardian is given information regarding the advantages and disadvantages and any other explanatory information about the effect of this early admittance.

(ii) Notwithstanding any other law, **a pupil admitted to a transitional kindergarten program pursuant to clause (i) shall not generate average daily attendance for purposes of Section 46300, or be included in the enrollment or unduplicated pupil count pursuant to Section 42238.02, until the pupil has attained his or her fifth birthday, regardless of when the pupil was admitted during the school year.**

- Updated FAQs are in the works and will be available at <http://www.cde.ca.gov/ci/gs/em/kinderfaq.asp>.
- CALPADS Reporting
 - Students whose fifth birthday occurs after December 2nd but before the end of the school year should be reported via CALPADS
 - LCFF Reports 1.17, 1.18, 1.19, and 1.20 will not be reprogrammed until 2016-17. This means that for LEAs that serve students in an expanded TK program the enrollment and unduplicated pupil count on these reports will be overstated. CDE will issue further guidance when the private preview of LCFF data is made available in January – February 2016 and for auditors.
- ADA Reporting
 - It is up to LEAs if they want to track ADA for students that are enrolled in expanded TK but not yet eligible for funding (5th birthday after 12/2). Should the LEA decide to track ADA be sure to do so in a way that is separate from the ADA claimed for apportionment purposes (e.g. locally defined code).
 - Be sure to pay attention to birthdates of TK students so you begin claiming ADA once the student is eligible for funding.