92% of the district’s unrestricted revenues are generated from LCFF Sources which include local property taxes

The 2013-14 State Budget established the Local Control Funding Formula (LCFF). The LCFF is intended to provide a funding mechanism that is simple and transparent while allowing individual districts maximum flexibility in allocating resources to meet local needs.

The 2013-14 State Budget eliminated most state categorical program funding, except for a few programs funded outside the LCFF such as the State Lottery and State Special Education Funding. Many of the old state categorical programs such as Economic Impact Aid were eliminated; funding amounts are now included as part of the LCFF.

2016-17 unrestricted revenues are projected to make up 86% of total General Fund revenues. Unrestricted revenues pay for all non-categorical programs such as classroom instruction, school administration, and maintenance and operations.

The District’s total resources include a “beginning balance,” which reflects a carryover balance from the prior year. It is important to understand that this prior year balance is made up of one-time savings that should not be included as sources of revenue to fund on-going expenditures.

Reflects information as of the 2015-16 Unaudited Actuals & the 2016-17 Adopted Budget.
It takes people to teach students and 86% of the district’s 2016-17 unrestricted expenditures are committed to the employees of the district.

Most of the expenditures of the district are to pay for District employees’ salaries and benefits. It takes people to teach students, and in the Irvine Unified School District, 86% of the District's budgeted unrestricted expenditures are for the services of district employees.

Employee salaries are divided into two separate line items: certificated and classified. Certificated employees include teachers, nurses, librarians, psychologists, site/district administration, or others who provide services that require credentials from the state of California.

Classified employee salaries include support personnel in the district including salaries for positions such as secretaries, accountants, bus drivers, food service personnel, painters, custodians, and classified management.

Employee benefits of the District represent approximately 18% of unrestricted expenditures and include retirement benefits, Medicare contributions, health benefit contributions, unemployment contributions, and workers compensation contributions.

*Reflects information as of the 2015-16 Unaudited Actuals & the 2016-17 Adopted Budget*
At the time of budget adoption the Irvine Unified School District projected growth of 853 ADA (Average Daily Attendance) for 2016-17. Final attendance figures for 2015-16 ended four ADA higher than projected therefore, figures have been revised. For 2016-17, the Irvine Unified School District has a projected ADA of 32,336. The graphic below indicates steady growth in the number of IUSD students each year.

Student growth presents a number of issues for every district. Depending on the capacity of each school, an increase in student population can create the need for portable classrooms and in some cases create the need for district boundary adjustments.

Reflects information as of the 2015-16 Unaudited Actuals & the 2016-17 Adopted Budget.
IUSD became a LCFF funded district in 2013-14 and continues to be a LCFF funded district in 2016-17

The 2016-17 budget includes revenues based on the Local Control Funding Formula (LCFF). For 2016-17, this amount equaled an additional $14.5 million in revenues. In addition, projections show that the Irvine Unified School District will continue to be a LCFF funded district and not considered a basic aid district.

Irvine Unified is able to maintain a balanced budget for 2016-17 due to the additional revenue provided from the implementation of the LCFF.

Expenditure growth occurs each year due to cost increases in consumables, contracts, utilities, etc. Step and column, or movement on the salary schedule and corresponding benefit costs are also additional costs. Expenditures associated with increased enrollment figures have also been included in the adopted budget.

Reflects information as of the 2015-16 Unaudited Actuals & the 2016-17 Adopted Budget.
Irvine total revenues are significantly lower when compared to like districts

Californians value the ability to locally determine education delivery and, as a consequence, our state has more than 1,000 individual school districts. The financial composition of local agencies vary widely due to: differences in federal and state funding formulas, local community funding commitments, local needs, bargained employment contracts, and local policies. Despite the wide difference in local agency finances, comparative review can be helpful in analyzing the decisions of local education agencies.

Local agency actual income and expense statistics are available for all school agencies for the 2014-15 fiscal year. The table on the right compares the Irvine Unified School District to the per-ADA average income against the 2014-15 Comparable Orange County Unified Districts as indicated in the 2014-15 Orange County Department of Education Financial Report.

IUSD total revenues are significantly less than the countywide average in LCFF, federal and state categories for unified school districts. Local revenues include donations from Irvine Public School Foundation, The Bren Foundation, and The City of Irvine, along with other local gifts.

The Orange County Unified District average information in fiscal year 2014-15 is the most recent available from the State Department of Education.

### 2014-15 Revenue Comparison Per ADA

<table>
<thead>
<tr>
<th></th>
<th>Irvine Unified</th>
<th>Unified School District</th>
</tr>
</thead>
<tbody>
<tr>
<td>LCFF Sources/ Prop Taxes</td>
<td>$ 6,599</td>
<td>$ 7,646</td>
</tr>
<tr>
<td>Federal Revenue</td>
<td>$ 338</td>
<td>$ 500</td>
</tr>
<tr>
<td>Other State Revenue</td>
<td>$ 881</td>
<td>$ 1,069</td>
</tr>
<tr>
<td>Local and Other Revenue</td>
<td>$ 767</td>
<td>$ 338</td>
</tr>
<tr>
<td>Total</td>
<td>$ 8,585</td>
<td>$ 9,553</td>
</tr>
</tbody>
</table>
### 2014-15 Expenditure Comparison (Dollar per ADA and as %)

<table>
<thead>
<tr>
<th></th>
<th>Irvine Unified</th>
<th>% of District Expense</th>
<th>Unified School Districts</th>
<th>Comparative Districts %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificated Salaries</td>
<td>$4,347</td>
<td>49.73%</td>
<td>$4,557</td>
<td>48.19%</td>
</tr>
<tr>
<td>Classified Salaries</td>
<td>$1,494</td>
<td>17.09%</td>
<td>$1,474</td>
<td>15.58%</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>$1,632</td>
<td>18.67%</td>
<td>$1,898</td>
<td>20.07%</td>
</tr>
<tr>
<td>Books and Supplies</td>
<td>$ 448</td>
<td>5.13%</td>
<td>$ 415</td>
<td>4.39%</td>
</tr>
<tr>
<td>Operating</td>
<td>$ 695</td>
<td>7.95%</td>
<td>$ 871</td>
<td>9.21%</td>
</tr>
<tr>
<td>Capital Outlay/Other</td>
<td>$ 125</td>
<td>1.43%</td>
<td>$ 242</td>
<td>2.56%</td>
</tr>
<tr>
<td><strong>Total Expense</strong></td>
<td><strong>$8,741</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>$9,457</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>
The State's minimum "Reserve for Economic Uncertainties" for the Irvine Unified School District is 2% of the total expenditures for 2015-16. The requirement dropped from 3% in 2013-14 to 2% as the District’s ADA reached more than 30,000. Many districts have reserves that are higher than the minimum state balances due to the significant fluctuations in public education revenues.

Also included in the “Net Ending Balance” are carryover balances that originated from sources that can only be used for specific purposes. These revenues are called "restricted" and can only be expended for the purposes determined by the grantor. The balances in these accounts carry the same restrictions as the originating income. Thus, a “Net Ending Balance” is reflected with two types of accounts--those that are "restricted" and can be used for selected purposes only, and those that are "unrestricted" and can be expended by decisions of the local agency.

Reflects information as of the 2015-16 Unaudited Actuals & the 2016-17 Adopted Budget.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ADA Growth</td>
<td>1159</td>
<td>849</td>
<td>853</td>
<td>1024</td>
<td>961</td>
</tr>
<tr>
<td>COLA</td>
<td>0.85%</td>
<td>1.02%</td>
<td>0.00%</td>
<td>1.11%</td>
<td>2.42%</td>
</tr>
<tr>
<td>GAP Funding Rate</td>
<td>30.1602%</td>
<td>52.5600%</td>
<td>54.8400%</td>
<td>73.9600%</td>
<td>41.2200%</td>
</tr>
<tr>
<td>Lottery - unrestricted</td>
<td>$140.00</td>
<td>$140.00</td>
<td>$140.00</td>
<td>$140.00</td>
<td>$140.00</td>
</tr>
<tr>
<td>Lottery - restricted</td>
<td>$41.00</td>
<td>$41.00</td>
<td>$41.00</td>
<td>$41.00</td>
<td>$41.00</td>
</tr>
<tr>
<td>Bren Donation</td>
<td>$2,150,000</td>
<td>$2,150,000</td>
<td>$2,150,000</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>IPSF Donation - Class Size Support</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$850,000</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td><strong>Expenditures:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certificated Step and Column</td>
<td>2.00%</td>
<td>2.00%</td>
<td>1.90%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Classified Step and Column</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Salary Increases (On-going)</td>
<td>4.80%</td>
<td>4.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Additional Teacher FTE's - Growth</td>
<td>36</td>
<td>30</td>
<td>32</td>
<td>36</td>
<td>35</td>
</tr>
<tr>
<td>Health Insurance Contribution</td>
<td>$10,143</td>
<td>$10,143</td>
<td>$10,143</td>
<td>$10,143</td>
<td>$10,143</td>
</tr>
<tr>
<td>Average New Teacher Salary/Benefit</td>
<td>$75,303</td>
<td>$75,208</td>
<td>$76,102</td>
<td>$77,624</td>
<td>$79,177</td>
</tr>
<tr>
<td>PERS Rate</td>
<td>11.771%</td>
<td>11.847%</td>
<td>13.888%</td>
<td>15.000%</td>
<td>17.100%</td>
</tr>
<tr>
<td>STRS Rate</td>
<td>8.88%</td>
<td>10.73%</td>
<td>12.58%</td>
<td>14.43%</td>
<td>16.28%</td>
</tr>
<tr>
<td>Utility Increases</td>
<td>5.00%</td>
<td>5.00%</td>
<td>5.00%</td>
<td>5.00%</td>
<td>5.00%</td>
</tr>
<tr>
<td>Deferred Maintenance Match</td>
<td>$3,500,000</td>
<td>$1,500,000</td>
<td>$1,500,000</td>
<td>$1,500,000</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Special Ed Underfunding (excludes transportation)</td>
<td>$26,486,273</td>
<td>$29,829,727</td>
<td>$32,454,250</td>
<td>$35,705,333</td>
<td>$38,533,245</td>
</tr>
<tr>
<td>District Retiree Health Contribution</td>
<td>$1,877,469</td>
<td>$1,388,611</td>
<td>$1,304,767</td>
<td>$1,304,767</td>
<td>$1,304,767</td>
</tr>
<tr>
<td>District 2% Reserve</td>
<td>$5,503,000</td>
<td>$6,247,000</td>
<td>$6,463,000</td>
<td>$6,979,071</td>
<td>$6,776,754</td>
</tr>
</tbody>
</table>

Reflects information as of the 2015-16 Unaudited Actuals and the 2016-17 Adopted Budget.
<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>UNAUDITED ACTUALS 2015-16</th>
<th>2016-17 BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Restricted</td>
</tr>
<tr>
<td>A. REVENUES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LCFF Sources</td>
<td>$ 237,633,620</td>
<td>$ -</td>
</tr>
<tr>
<td>Federal Revenues</td>
<td>166,547</td>
<td>10,706,837</td>
</tr>
<tr>
<td>Other State Revenues</td>
<td>22,288,504</td>
<td>33,934,435</td>
</tr>
<tr>
<td>Other Local Revenue</td>
<td>12,377,152</td>
<td>13,024,468</td>
</tr>
<tr>
<td>TOTAL REVENUES</td>
<td>$ 272,465,822</td>
<td>$ 57,665,740</td>
</tr>
<tr>
<td>B. EXPENDITURES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certificated Salaries</td>
<td>$ 118,230,755</td>
<td>$ 28,706,403</td>
</tr>
<tr>
<td>Classified Salaries</td>
<td>31,627,586</td>
<td>19,795,090</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>42,897,339</td>
<td>21,391,533</td>
</tr>
<tr>
<td>Books and Supplies</td>
<td>10,313,869</td>
<td>5,647,153</td>
</tr>
<tr>
<td>Services, Other Oper. Exps</td>
<td>13,740,741</td>
<td>9,089,529</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>365,262</td>
<td>2,492,213</td>
</tr>
<tr>
<td>Other Outgo</td>
<td>1,885,087</td>
<td>1,174,874</td>
</tr>
<tr>
<td>Direct Support/Indirect Costs</td>
<td>(2,123,060)</td>
<td>1,882,638</td>
</tr>
<tr>
<td>TOTAL EXPENDITURES</td>
<td>$ 216,937,579</td>
<td>$ 90,179,433</td>
</tr>
<tr>
<td>C. EXCESS (DEFICIENCY)</td>
<td>$ 55,528,243</td>
<td>$ (32,513,693)</td>
</tr>
</tbody>
</table>
### Irvine Unified School District
#### General Fund
#### Unrestricted and Restricted

**UNAUDITED ACTUALS 2015-16**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>Unrestricted (A)</th>
<th>Restricted (B)</th>
<th>Total (C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>D. OTHER SOURCES/USES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interfund Transfers In</td>
<td>$124,220</td>
<td>-</td>
<td>$124,220</td>
</tr>
<tr>
<td>Interfund Transfers Out - Child Dev</td>
<td>$(68,527)</td>
<td>0</td>
<td>$(68,527)</td>
</tr>
<tr>
<td>Interfund Trfs Out - Special Reserve Fd</td>
<td>$(2,084,658)</td>
<td>0</td>
<td>$(2,084,658)</td>
</tr>
<tr>
<td>Interfund Trfs Out - Def. Maint</td>
<td>$1,265,000</td>
<td>$(1,265,000)</td>
<td>0</td>
</tr>
<tr>
<td>Interfund Trfs Out - Insurance Funds</td>
<td>$1,804,290</td>
<td>0</td>
<td>$1,804,290</td>
</tr>
<tr>
<td>Other Sources - Leases</td>
<td>127,073</td>
<td>0</td>
<td>127,073</td>
</tr>
<tr>
<td>Contributions</td>
<td>40,548,267</td>
<td>0</td>
<td>40,548,267</td>
</tr>
<tr>
<td>Total Other Sources/Uses</td>
<td>$(44,254,449)</td>
<td>$39,283,267</td>
<td>$(4,971,182)</td>
</tr>
<tr>
<td>E. NET INCREASE (DECREASE)</td>
<td>$11,273,795</td>
<td>$6,769,574</td>
<td>$18,043,369</td>
</tr>
<tr>
<td>F. FUND BALANCE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Balance, July 1</td>
<td>$37,984,702</td>
<td>$8,344,541</td>
<td>$46,329,243</td>
</tr>
<tr>
<td>Audit Adjustments/Restatements</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Net Beginning Balance</td>
<td>$37,984,702</td>
<td>$8,344,541</td>
<td>$46,329,243</td>
</tr>
<tr>
<td>Ending Balance, June 30</td>
<td>$49,258,496</td>
<td>$15,114,115</td>
<td>$64,372,611</td>
</tr>
</tbody>
</table>

**2016-17 BUDGET**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>Unrestricted (A)</th>
<th>Restricted (B)</th>
<th>Total (C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>D. OTHER SOURCES/USES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interfund Transfers In</td>
<td>$100,000</td>
<td>-</td>
<td>$100,000</td>
</tr>
<tr>
<td>Interfund Transfers Out - Child Dev</td>
<td>$(94,965)</td>
<td>0</td>
<td>$(94,965)</td>
</tr>
<tr>
<td>Interfund Trfs Out - Special Reserve Fd</td>
<td>$(1,115,000)</td>
<td>0</td>
<td>$(1,115,000)</td>
</tr>
<tr>
<td>Interfund Trfs Out - Def. Maint</td>
<td>0</td>
<td>$(1,565,000)</td>
<td>$(1,565,000)</td>
</tr>
<tr>
<td>Interfund Trfs Out - Insurance Funds</td>
<td>$(1,500,000)</td>
<td>0</td>
<td>$(1,500,000)</td>
</tr>
<tr>
<td>Other Sources - Leases</td>
<td>127,073</td>
<td>0</td>
<td>127,073</td>
</tr>
<tr>
<td>Contributions</td>
<td>40,548,267</td>
<td>0</td>
<td>40,548,267</td>
</tr>
<tr>
<td>Total Other Sources/Uses</td>
<td>$(45,317,615)</td>
<td>$41,269,723</td>
<td>$(4,047,892)</td>
</tr>
<tr>
<td>E. NET INCREASE (DECREASE)</td>
<td>$4,469,420</td>
<td>$470,883</td>
<td>$4,940,303</td>
</tr>
<tr>
<td>F. FUND BALANCE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Balance, July 1</td>
<td>$37,984,702</td>
<td>$8,344,541</td>
<td>$46,329,243</td>
</tr>
<tr>
<td>Audit Adjustments/Restatements</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Net Beginning Balance</td>
<td>$37,984,702</td>
<td>$8,344,541</td>
<td>$46,329,243</td>
</tr>
<tr>
<td>Ending Balance, June 30</td>
<td>$53,727,916</td>
<td>$15,584,998</td>
<td>$69,312,914</td>
</tr>
</tbody>
</table>

Components of Ending Fund Balance

- Revolving Cash: 150,000
- Stores: 439,129
- Prepaid Expenditures: 50,666

Board Assigned

- Economic Uncertainties: 6,247,000 (2.00%)
- Restricted Program Carver: 0
- Assigned Reserves: 19,348,608
- Unappropriated Amount: 13,456,466

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Reflects information as of the 2015-16 Unaudited Actuals and the 2016-17 Adopted Budget.
<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>UNAUDITED ACTUALS 2015-16</th>
<th>2016-17 BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted (A)</td>
<td>Restricted (B)</td>
</tr>
<tr>
<td>BEGINNING FUND BALANCE</td>
<td>$37,984,702</td>
<td>$8,344,541</td>
</tr>
<tr>
<td>REVENUES</td>
<td>272,465,822</td>
<td>57,665,740</td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td>216,937,579</td>
<td>90,179,433</td>
</tr>
<tr>
<td>EXCESS (DEFICIENCY)</td>
<td>93,512,945</td>
<td>(24,169,152)</td>
</tr>
<tr>
<td>OTHER SOURCES/USES</td>
<td>(44,254,449)</td>
<td>39,283,267</td>
</tr>
<tr>
<td>ENDING FUND BALANCE</td>
<td>$49,258,496</td>
<td>$15,114,115</td>
</tr>
</tbody>
</table>

Reflects information as of the 2015-16 Unaudited Actuals and the 2016-17 Adopted Budget.
The California State Lottery is projected to yield $5,951,775 or approximately 2% of the district's income in 2016-17. While the income is welcome, it will yield only a small portion of the total income needed to support the District's educational program.

Lottery income is not a stable source of income for the District, it has ranged from a low of $77 per ADA in 1991-92 to a high of $181 per ADA in 2015-16. Since the income is not consistent, the expenditures have also varied widely.

In 2016-17, it is projected that California school districts will receive $140 per ADA unrestricted and $41 per ADA restricted for instructional material purchases. Beginning in 2015-16 the funding reflects the elimination of the Adult and Regional Occupational Center/Program ADA.

School districts in California received proceeds from the State Lottery for the first time in 1985-86. School districts are required to use these funds “exclusively for the education of pupils and students”. Funds may not be spent on any non-instructional purposes.

*Reflects information as of the 2015-16 Unaudited Actuals & the 2016-17 Adopted Budget.*
In accordance with the provisions of the Government Code, Section 17561, school districts are authorized to file claims with the State of California for costs incurred as the result of a mandate.

Beginning in 2012-13, the Irvine Unified School District chose to accept the Mandated Block Grant (MBG) funding in lieu of filing for the following mandates:

- Aids Prevention
- Caregiver Affidavits
- Collective Bargaining
- Comprehensive School Safety Plans
- Criminal Background Checks
- Graduation Requirements
- Habitual Truant
- High School Exit Exam
- Immunization Records
- Intradistrict Attendance
- Notification of Truancy
- Open Meeting Act – Browns Act Reform
- Physical Performance Tests
- Pupil Expulsion/Hearing Costs
- Stull Act

In 2016-17 districts opting to accept the MBG will receive $28 per ADA for grades K-8, and $56 per ADA for grades 9-12. The State Budget only includes funding for the MBG and not for mandated cost claims reimbursement.

In addition, the 2016-17 Adopted State Budget allocated $1.28 billion to pay down a portion of the debt owed to K-12 for mandated costs. The funds are estimated to be approximately $214 per ADA.

Note: Budgeted years are estimated and projected.