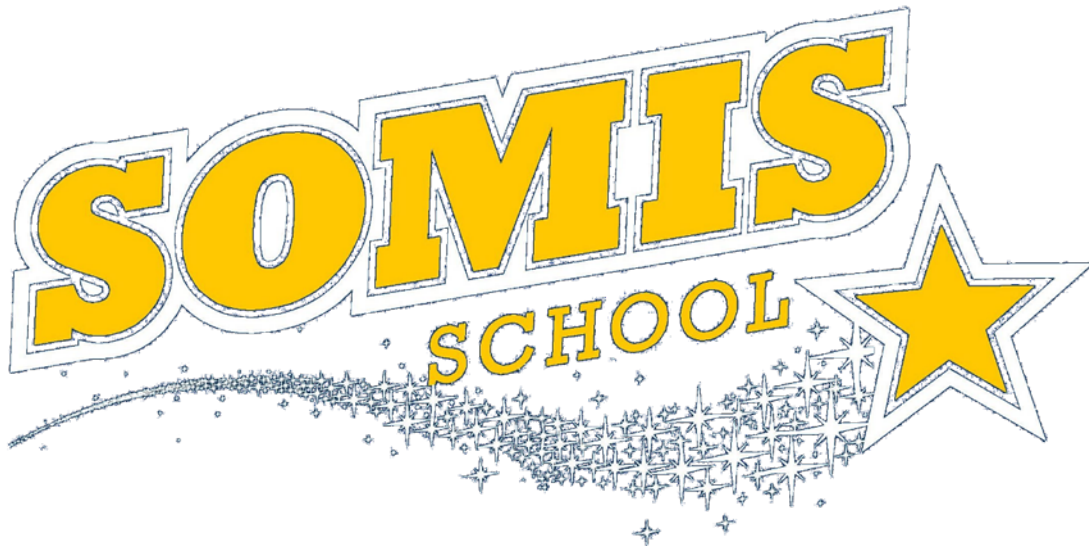


Somis Union School District  
Second Interim - Fiscal Year 2016/17  
Executive Summary



**Governing Board**

*Robert Fulkerson, President*  
*Lizette Cuevas-Gonzalez, Board Member*  
*Scott Mier, Board Member*  
*Michelle Quintero, Board Member*  
*Vacancy, Board Member*

**Administration**

*Colleen Robertson, Ed.D., Superintendent*

March 14, 2017

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## Budget Calendar FY 2016-17

June	Board adopts FY 2016-17 Budget.
July/August	Business Office Staff works on Year-end Closing (FY 2015-16)
August	Within 45 days, the District revises its budget to reflect significant changes in the State's approved budget.
September	Unaudited Actuals submitted for approval.
October	First Interim for Fiscal Year 2016-17 ends on October 31, 2016.
November	Preparation of First Interim.
December	Submission of First Interim on or before December 16, 2016. Release of Auditor's Report for prior fiscal year.
January	Governor releases State budget proposal for the next fiscal year (2017-18); Second Interim ends January 31, 2017.
February	Preparation of Second Interim.
March	District submits the Second Interim on or before March 16, 2017.
April	P-2 ADA cut-off
May	Release of Governor's May Revise (FY 2017-18).
June	Board conducts the public hearing and adopts 2017-18 Budget.

# OVERVIEW

## Somis Union School District Second Interim Fiscal Year 2016/17

The Somis Union School District was established in 1895 and moved to its present location in 1924. It is situated on over eight acres in the heart of the beautiful community of Somis which is located in Ventura County. The District currently operates one elementary school consisting of transitional kindergarten through eighth grade and a home school which serves grades kindergarten through eighth.

Somis School has been serving the educational needs of the community for one hundred twenty years. At Somis School it is believed that the combination of the small school environment, high academic expectations, skilled and dedicated staff, and family involvement provides a unique place for children to thrive.

In an effort to better meet the needs of our 21<sup>st</sup> century learners, Somis School is transitioning to a focus on Science, Technology, Engineering, Arts and Mathematics (STEAM). To further enhance the learning opportunities of students, the District is in the planning stages for a new school that will serve the needs of the community for the next 100 years.

According to the California Longitudinal Pupil Achievement Data System (**CALPADS**) 260 students were enrolled on October 5, 2016, and the average daily attendance is projected to be 249.89 at P2.

## Governing Board

Robert Fulkerson, President  
Lizette Cuevas-Gonzalez, Board Member  
Scott Mier, Board Member  
Michelle Quintero, Board Member  
Vacancy, Board Member

## District Administration

Colleen Robertson, Ed.D., Superintendent  
Tami Peterson, Chief Business Official

## Introduction:

The Second Interim report is a snapshot in time of the District's revenue and expenditure forecasts for the current fiscal year as well as a projection of the two subsequent fiscal years based upon the Governor's proposed budget. The Second Interim report covers the period of time from July 1 through January 31 each fiscal year and must be submitted to the county office of education no later than March 15.

The Local Control Funding Formula (LCFF) establishes a base with supplemental and concentration add-ons for English Learners (EL), free and reduced-price meal eligible students, and foster youth students, and provides additional funding for K-3 CSR, Grades 9-12, Home-to-School Transportation, and the Targeted Instructional Improvement Grant (TIIG).

The Base Grant rates for 2016-17 are as follows:

<b>Grade Level</b>	<b>Base Grant Amount per ADA</b>	<b>COLA</b>	<b>2016-17 Target GSA</b>	<b>2016-17 Target Base Grant</b>
K - 3	\$7,083	\$0	\$737	\$7,820
4 -6	\$7,189	\$0	\$0	\$7,189
7 - 8	\$7,403	\$0	\$0	\$7,403
9 - 12	\$8,578	\$0	\$223	\$8,801

## COLAs and Gap Funding Amounts

The Base Grant rates are increased annually by the statutory COLA. The statutory cost-of-living adjustment (COLA) is 0% in 2016-17. As a result, there were no increases in funding for categorical programs such as special education, child nutrition, and preschool. The estimated COLA for 2017-18 is projected to be 1.48 percent, and 2.40 percent for 2018-19. It is important to note that the COLA affects only the calculation of the LCFF Target, and does not describe the net increase in funding for the District.

At Second Interim, the estimate for gap funding in 2016-17 has been revised to be 55.28%. Because the 2017-18 proposed State Budget reflects a slowdown of California's fiscal recovery, gap funding has been revised downward from 72.99 percent to 23.67 percent. The Governor's proposal for 2017-18 continues implementation of the Local Control Funding Formula (LCFF) with an infusion of only \$744 million, the amount needed to fund the statutory cost-of-living adjustment (COLA). Gap funding for 2018-19 is projected to be 53.85 percent.

Through the 2016-17 fiscal year, the Administration made significant strides to reach the full-funding targets of the LCFF. With the gap closure funding for 2016-17, the LCFF is now roughly 96% of the way towards full implementation. Currently, the Department of Finance continues to project full funding of LCFF in 2020-21. Until then, increases in funding will be as the State budget appropriates funding for that purpose. There is no statutorily guaranteed

increase in any given year until full implementation is reached. While the economy has improved quickly over the last years, both the Governor and the Department of Finance continue to remind stakeholders that an economic downturn is looming and will negatively affect school funding. As such, it is important to maintain fiscal flexibility by limiting commitments to future increased expenditures based on projections of future revenue growth and to maintain adequate reserves to allow for unanticipated circumstances.

The State's 2016-17 enacted State Budget included \$1.28 billion in one-time Proposition 98 funding to offset the outstanding mandate backlog. One-time 2016-17 discretionary funds will be distributed in the current year at an estimated rate of \$214 per 2015-16 average daily attendance (ADA). Once again, in 2017-18 the Governor has proposed \$287 million in one-time Proposition 98 funds for school districts to use at the discretion of the local governing boards. This amount will equate to approximately \$48 per ADA. There is no time frame required for spending these funds and the funds are unrestricted.

In the current year, there is no in state funding for special education base programs or special education preschool. Along with proposing a 1.48 percent COLA for special education funding, this spring a stakeholder group will be convened to review the report of the Public Policy Institute of California and will provide feedback on the current special education funding system. It is anticipated that a model might be proposed which would mirror the current LCFF model.

Because of the emphasis on local control, school districts face increasing pressure to improve student outcomes. Each year as the Local Control Accountability Plan (LCAP) is revised, it is important to reallocate resources as needed in the classroom as well as outside the classroom for facilities' needs.

### **Multi-Year Assumptions:**

The multi-year projection for the Second Interim utilizes the Governor's January proposal. Expenditure projections include step and column increases for salaries, as well as those expenditures addressed in the Local Control Accountability Plan (LCAP). Additional amounts have also been included to address the increase in CalSTRS and CalPERS employer rates. The District's enrollment increased significantly from the prior year with numbers coming in at 260 as compared to 221 in the prior year. The District's enrollment is expected to increase by two students in 2017-18 and an additional three in 2018-19.

Assumptions for the Second Interim for FY 2016-17 include:

- Funding to address the needs of unduplicated counts of pupils which include English Learners, Free and Reduced Price Eligible Students, and Foster Youth via the proportionality calculation
- One-time discretionary funds in the total amount of \$45,457
- Textbook adoption for Math and the purchase of other supplementary materials for Common Core
- Accelerated Math to support the development of math skills in all grades

- Use of one-time Educator Effectiveness monies to support professional development for certificated staff
- The addition of a kindergarten teacher due to growth.
- Excess cost estimates for K-8 and preschool students have been updated to reflect P-1 estimates.
- Steps and columns for employees

Multi-year projections for the two subsequent years, FY 2017-18 and FY 2018-19, include:

- Continued LCFF funding model
- Common Core supplementary materials
- Funding of LCAP projected expenditures
- Special education excess costs equal to current estimates
- Steps and columns for employees

The following table shows major assumptions used in the Second Interim:

<b>MYP Budget Assumptions</b>			
<b>Factor</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Statutory COLA	0.00%	1.48%	2.40%
Gap Funding	55.28%	23.67%	53.85%
3-Year Unduplicated Pupil Percentage	68.35%	64.28%	59.24%
Projected Enrollment	260	262	265
Projected P-2 ADA	249.89	251.81	254.69
Funded ADA	249.89	251.81	254.69
Classroom FTEs	10.5	10.5	10.5
Home Study FTEs	1.0	1.0	1.0
Instruction Days	180	180	180
CPI	2.37%	2.72%	2.92%
Lottery - Unrestricted	\$144	\$144	\$144
Lottery - Restricted	\$45	\$45	\$45
Mandate Block Grant	\$28.42	\$28.42	\$28.42
One-time Discretionary Funds per ADA	\$214	\$48	N/A
CalPERS Employer Rate	13.888%	15.80%	18.70%
CalSTRS Employer Rate	12.58%	14.43%	16.28%



## District's Funds and Budget:

Accounting is the fiscal information system for business. The District's accounting, referred to as Governmental Accounting, is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

In FY 2016-17, there are currently eleven funds in the District accounting system. The District's funds include:

- General Fund (Fund 01)
- Cafeteria (Fund 13)
- Deferred Maintenance Fund (Fund 14)
- Pupil Transportation Equipment (Fund 15)
- Special Reserve: Foundation (17.1)
- Reserve for Retiree Benefits (20.1)
- Bond Building Fund (21)
- Capital Facilities – Developer Fees Fund (Fund 25.1)
- Special Reserve: Equipment (40.1)
- Special Reserve: Construction (40.2)
- Bond Interest and Redemption Fund (51)

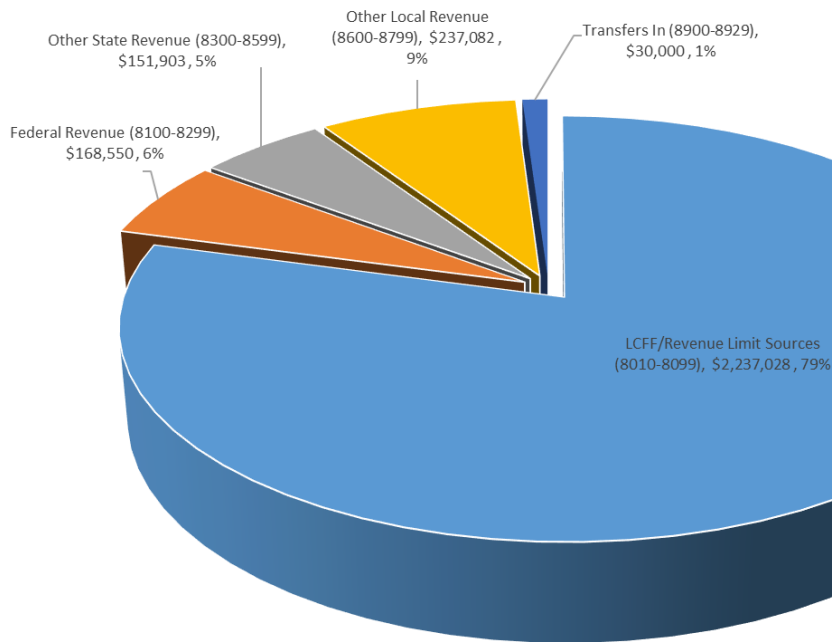
**GENERAL FUND (Fund 01):** This is the chief operating fund for the District. It is used to account for the ordinary operations of the District. All transactions except those required or permitted by law to be in another fund are accounted for in this fund. In the General Fund, there are General Fund Unrestricted and General Fund Restricted.

*General Fund Unrestricted:* Unrestricted funds are monies received that are not restricted in their use. The district can spend unrestricted monies on whatever programs it chooses. To help us cope with reduced funding, the state has eliminated the restrictions on some previously restricted funding sources- allowing districts the flexibility to determine locally the best use of the funds.

*General Fund Restricted:* This is to account for those projects and activities that are funded by external revenue sources that are legally restricted or restricted by the donor to specific purposes. For example, special education funds are restricted. They can only be spent on students with identified special needs and in the manner outlined in state and federal law.

**General Fund Revenues: \$2,824,563 (Unrestricted \$2,426,436.00; Restricted: \$398,127.00)**

The following chart illustrates the funding source of the total General Fund revenues:



**LCFF Source (Object 8010-8099): \$2,237,028 (Unrestricted \$2,237,028; Restricted \$0)**

This represents 79% of the total general fund revenues. It is the primary revenue component of the District’s total revenue source.

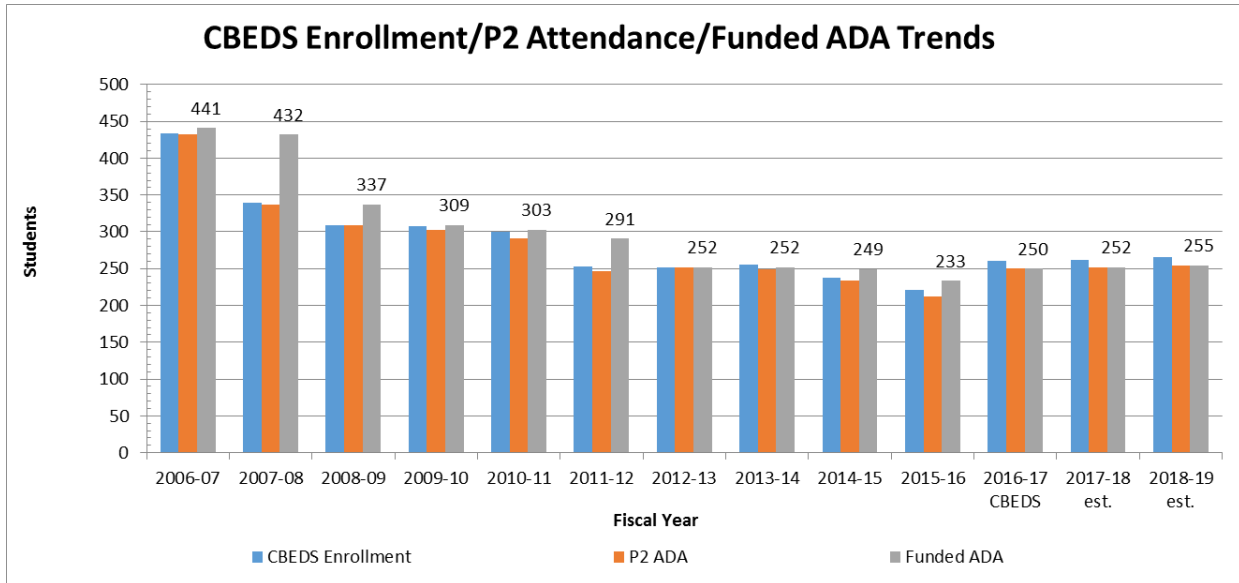
The unrestricted portions represented in the LCFF funding include the Principal Apportionment (P2 ADA), Education Protection Account, and Property Taxes. EC Section 42238.5(a)(1) allows districts with declining attendance to continue to receive funding based on the greater of prior year or current year actual attendance. This provides, in effect, a one-year cushion for the loss of revenue due to declining enrollment/attendance. Because the District is in declining enrollment, the State will use the higher of the current year or prior year P2 ADA, to calculate the District’s LCFF funding.

The following chart shows annual enrollment (based on the informational date which is the first Wednesday of October each year) and P-2 Average Daily Attendance (ADA). Each school agency reports its attendance three times during a school year. The First Principal apportionment ADA, called the P-1 ADA or the P-1 count, is counted from July 1 through the last school month ending on or before December 31 of a school year. The Second Principal apportionment ADA, called the P-2 ADA, is counted from July 1 through the last school month ending on or before April 15 of a school year. The final recalculation of the apportionment is based on a school agency's P-2 ADA.

The following charts illustrate the trend analysis between enrollment, P-2 ADA, and funded ADA.

**Somis Union School District  
CBEDS Enrollment/P2 Attendance/Funded ADA Trends**

Fiscal Year	CBEDS Enrollment	P2 ADA	Funded ADA	Incr/(Decr) from Prior Year CBEDS		Incr/(Decr) from Prior Year P2 ADA		Incr/(Decr) from Funded ADA		Attendance Percentage (P2/CBEDS)
				#	%	#	%	#	%	
2006-07	434	431.99	440.73	-29	-6.26%	-9	-1.98%	-8	-1.78%	99.54%
2007-08	340	336.61	431.99	-94	-21.66%	-95	-22.08%	-9	-1.98%	99.00%
2008-09	309	309.14	336.61	-31	-9.12%	-27	-8.16%	-95	-22.08%	100.05%
2009-10	307	302.60	309.14	-2	-0.65%	-7	-2.12%	-7	-8.16%	98.57%
2010-11	300	290.69	302.60	-7	-2.28%	-12	-3.94%	-7	-2.12%	96.90%
2011-12	253	246.85	290.69	-47	-15.67%	-44	-15.08%	-12	-3.94%	97.57%
2012-13	251	252.14	252.14	-2	-0.79%	5	2.14%	-39	-13.26%	100.45%
2013-14	256	248.80	252.14	5	1.99%	-3	-1.32%	0	0.00%	97.19%
2014-15	237	233.16	248.80	-19	-7.42%	-16	-6.29%	-3	-1.32%	98.38%
2015-16	221	212.40	233.16	-16	-6.75%	-21	-8.90%	-16	-6.29%	96.11%
2016-17 CBEDS	260	249.89	249.89	39	17.65%	37	17.65%	17	7.17%	96.11%
2017-18 est.	262	251.81	251.81	2	0.77%	2	0.77%	2	0.77%	196.11%
2018-19 est.	265	254.69	254.69	5	1.91%	3	1.15%	3	1.15%	296.11%



Note: The table represents a snapshot on CalPads date which is the 1<sup>st</sup> Wednesday of October.

**Federal Revenue (Object 8100-8299): \$168,550 (Unrestricted \$0: Restricted \$168,550)**

This represents 6% of the total general fund revenues. The largest portion of the federal revenue that the District receives is for Title I and then federal IDEA funding for special education services. The District also receives funding for Title II, Teacher Quality.

**Other State Revenue (Object 8300-8599): \$151,903 (Unrestricted \$91,673; Restricted \$60,230)**

This is the second largest revenue source for the District; it represents about 5% of the total general fund revenues. The unrestricted portion includes Mandated Cost Reimbursement, Lottery, and one-time discretionary dollars. Restricted monies include Lottery and ASES (After School & Safety).

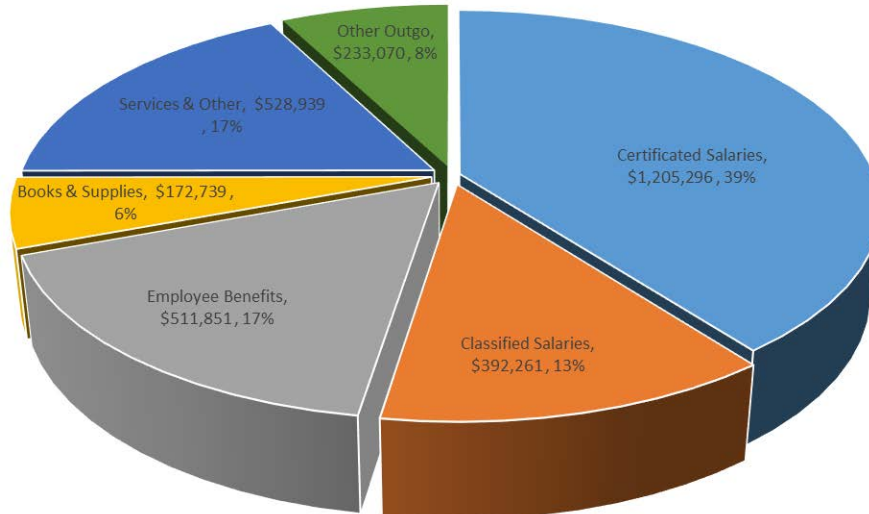
**Other Local Revenue (Object 8600-8799): \$237,082 (Unrestricted \$67,735; Restricted \$169,347)**

This represents almost 8% of the total general fund revenues. The unrestricted portion is interest income, rebates for E-Rate qualified expenditures, and other local miscellaneous unrestricted revenue. The restricted amounts include special education pass through revenues, one-time career technical education grant monies, safety credits, and worker’s compensation cost containment monies.

**Transfers In (Object 8900-8929): \$30,000 (Unrestricted \$30,000; Restricted \$0)**

This represents monies transferred from Fund 17 and represents just over 1% over the District’s revenues. Said monies were used to pay for updated technology and were one-time in nature.

**General Fund Expenditures: \$3,044,156 (Unrestricted \$2,257,442; Restricted: \$786,714)**



**Certificated Salaries (Object 1000-1999): \$1,205,296 (Unrestricted: \$ 1,035,557; Restricted \$169,739)**

Certificated salaries are salaries for positions that require a credential or permit issued by the Commission on Teacher Credentialing. The District currently has just over 10.5 classroom FTEs and one homestudy FTE. It represents 39% of the total general fund expenditures (including transfers out).

**Classified Salaries (Object 2000-2999): \$392,261 (Unrestricted: \$338,989; Restricted \$53,272)**

This classification represents the salaries paid for the positions that do not require a credential or permit issued by the Commission on Teacher Credentialing. The positions in this classification are district

executive assistant, bilingual office assistant, facilities workers, bus drivers, and instructional aides. It is about 13% of the total general fund expenditures.

**Employee Benefits (Object 3000-3999): \$511,851 (Unrestricted: \$452,779; Restricted \$59,072)**

This classification is to account for employers' contributions to retirement plans (State Teachers' Retirement System, and Public Employees' Retirement System), health and welfare benefits, and the payroll related statutory costs such as Workers' Compensation, State Unemployment Insurance, FICA, and Medicare. It is about 17% of the total general fund expenditures.

**Books and Supplies (Object 4000-4999): \$172,739 (Unrestricted \$88,192; Restricted \$84,547)**

This is to account for expenditures for books and supplies, other reference materials, and non-capitalized equipment. The increase in expenditures from First Interim reflects monies budgeted for career technical education. It represents 6% of the total expenditures.

**Services and Other Operation Expenditures (Object 5000-5999): \$528,939 (Unrestricted \$330,606; Restricted \$198,333)**

This is to account for expenditures for services, rentals, leases, maintenance contracts, dues, travel, insurance, utilities, legal and other operating expenditures. This component of the District's budget comes in at just over 17% of total expenditures. Fees for Ventura County School Business Services Authority are the same as in the prior year coming in at \$46,600 in 2016-17.

**Other Outgo (Object 7100-7499): \$233,070 (Unrestricted \$11,319, Restricted \$ \$221,751)**

This represents special education tuition, special education transportation, and excess costs to other agencies. It has grown to be 8% of the District's total expenditures.

## Unrestricted Ending Balance:

One of the key fiscal indicators for fiscal health risk analysis is the Reserve for Economic Uncertainty. There are no longer any statutory requirements for how much the state must increase education funding in any year. Progress toward the 8-year goal set by the Governor and Legislature for LCFF implementation has been accelerated significantly as it is anticipated districts will receive almost 96% of target funding in 2016-17. The following illustrates the projected ending balance for the General Fund in the current year and the two subsequent years.

<b>Unrestricted</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>
Total Revenue	\$2,319,421	\$2,297,893	\$2,336,064
Total Expenditures	\$2,257,442	\$2,287,635	\$2,336,509
Contributions	(\$239,056)	(\$247,673)	(\$253,241)
Net	(\$177,077)	(\$237,415)	(\$253,686)
Beginning Balance	\$1,408,067	\$1,230,990	\$993,575
Ending Balance	\$1,230,990	\$993,575	\$739,889

<b>Restricted</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>
Total Revenue	\$398,127	\$366,803	\$367,961
Total Expenditures	\$786,714	\$730,485	\$728,931
Contributions	\$346,071	\$347,671	\$352,871
Net	(\$42,516)	(\$16,011)	(\$8,099)
Beginning Balance	\$79,341	\$36,825	\$20,814
Ending Balance	\$36,825	\$20,814	\$12,715

<b>Combined (Unrestricted &amp; Restricted)</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>
Total Revenue	\$2,717,548	\$2,664,696	\$2,704,025
Total Expenditures	\$3,044,156	\$3,018,120	\$3,065,440
Contributions	\$107,015	\$99,998	\$99,630
Net	(\$219,593)	(\$253,426)	(\$261,785)
Beginning Balance	\$1,487,408	\$1,267,815	\$1,014,389
Ending Balance	\$1,267,815	\$1,014,389	\$752,604
Required Reserve	\$152,208	\$150,906	\$153,272
Reserve %	40.44%	32.92%	24.14%
Required Reserve %	5%	5%	5%
Available Reserve/Meet Reserves Standard	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>

The multi-year budget assumptions and projections illustrate the characteristics of this District's fiscal structure. The characteristics include: fully-funded LCFF vs. only gap funding, increasing enrollment, deficit spending for the current year, and deficit spending in subsequent years is larger than the current year. When developing the District's LCAP for 2017-18 and 2018-19, it will be important to establish expenditure priorities to ensure the District's fiscal solvency.

Currently, the District's expenditures surpass its revenue amounts. In the current year, the District is deficit spending in its unrestricted resources by \$177,077, down from the adopted projection of \$262,507. In the current year, the District is receiving one-time discretionary monies and the Governor has included \$48 per ADA in his January proposal.

While deficit spending is of concern, the District's projected unrestricted ending fund balance in 2018-19 is \$752,604 which is equal to a 24.14% reserve. The 2018-19 projected ending fund

balance at budget adoption was \$564,338. In the coming months, it will be important to continually monitor enrollment and class-size to avoid further deficit spending.

## **OTHER FUNDS**

**CAFETERIA SPECIAL REVENUE FUND (Fund 13):** This fund is used to account separately for federal, state, and local resources to operate the food service program. The District anticipates receiving \$109,063 in revenue and expenditures of \$113,413 which includes \$2,994 for indirect costs transferred to the General Fund. Salaries and benefits constitute \$58,793 of the expenditures in this fund with food and supplies amounting to \$47,102. The ending fund balance is projected to be \$27,745 at June 30, 2017.

**DEFERRED MAINTENANCE FUND (Fund 14):** This fund historically has been used to account for state apportionments and the District's contribution for deferred maintenance purposes. However with implementation of the Local Control Funding Formula, funds are included in the base grant in the General Fund. The ending balance is projected to be \$570 at year end.

**PUPIL TRANSPORTATION EQUIPMENT FUND (Fund 15):** This fund accounts separately for state and local revenues specifically designated for the acquisition, rehabilitation, or replacement of equipment used to transport students. Revenues in 2016-17 include interest in the amount of \$290. The District does not anticipate any expenditures in this fund in 2016-17. As of June 30, 2017, the ending fund balance is anticipated to be \$80,425.

**SPECIAL RESERVE FUND FOR OTHER THAN CAPITAL OUTLAY PROJECTS (Fund 17.1):** Although this fund is authorized by statute, it does not meet the GAAP definition of a special revenue fund; it functions effectively as an extension of the general fund. Amounts from this special reserve fund must first be transferred into the general fund or other appropriate fund before expenditures may be made. The District will transfer \$30,000 to the General Fund in the current fiscal year. At year end, the balance of this fund is estimated to be \$35,793.

**SPECIAL RESERVE FUND FOR POSTEMPLOYMENT BENEFITS (Fund 20.1):** This fund may be used pursuant to Education Code Section 4840 to account for amounts the LEA has earmarked for the future cost of postemployment benefits. Amounts accumulated in this fund must be transferred back to the general fund for expenditure. The ending fund balance is anticipated to be \$1,766 at June 30, 2017.

**BUILDING FUND (Fund 21):** This fund exists primarily to account separately for proceeds from the sale of bonds and may not be used for any purposes other than those for which the bonds were issued. This fund has an estimated \$4,424 in interest income and expenditures in the amount of \$698,259. The ending fund balance is projected to be \$578,641.

**CAPITAL FACILITY FUND (Fund 25.1):** It is known as Developer Fees money. This fund is used to account for monies received from fees levied on developers or other agencies as a condition of approving a development. The interest earned in this fund is restricted to this fund. The expenditures in this fund are restricted to the purposes specified in agreements with the developer or specified in Government Code. The revenue in the amount of \$14,928 represents interest income and developer fees. Expenditures are anticipated to be \$17,707. The ending balance is anticipated to be \$456,495 at June 30, 2017.



SPECIAL RESERVE: EQUIPMENT (Fund 40.1) and CONSTRUCTION (Fund 40.2): These funds exist primarily to provide for the accumulation of general fund moneys for capital outlay purposes. These funds are anticipated to earn \$1,788 in interest income. In 2016-17, no expenditures are anticipated. The ending fund balance is projected to be \$495,277 at year end.

BOND INTEREST AND REDEMPTION FUND (Fund 51): This fund is used for the repayment of bonds issued for an LEA. Revenues are estimated at \$277,090 and it is anticipated that principal and interest payments will amount to \$290,950. The ending balance for Fund 51 is anticipated to be \$250,872 at June 30, 2017.

## Final Note:

Full implementation of the LCFF is anticipated to be complete by 2020-21. While the economy has improved quickly over the last years, the Governor recognized an economic downturn in his January proposal revising revenue projections downward for both 2017-18 and 2018-19. In addition, but the CalSTRS and CalPERS Boards made recommendations to reduce actuarial rate of return assumptions from 7.5% to 7% which will have also have a direct impact on employers and employees alike. With the uncertainty of special education funding and the increasing pressure of statutory benefits on district budgets, it is important to approach the future with caution and through the Local Control Accountability Plan establish those priorities that are important to the District.