

1st Interim Budget 2019-20

December 10, 2019

Presented by:

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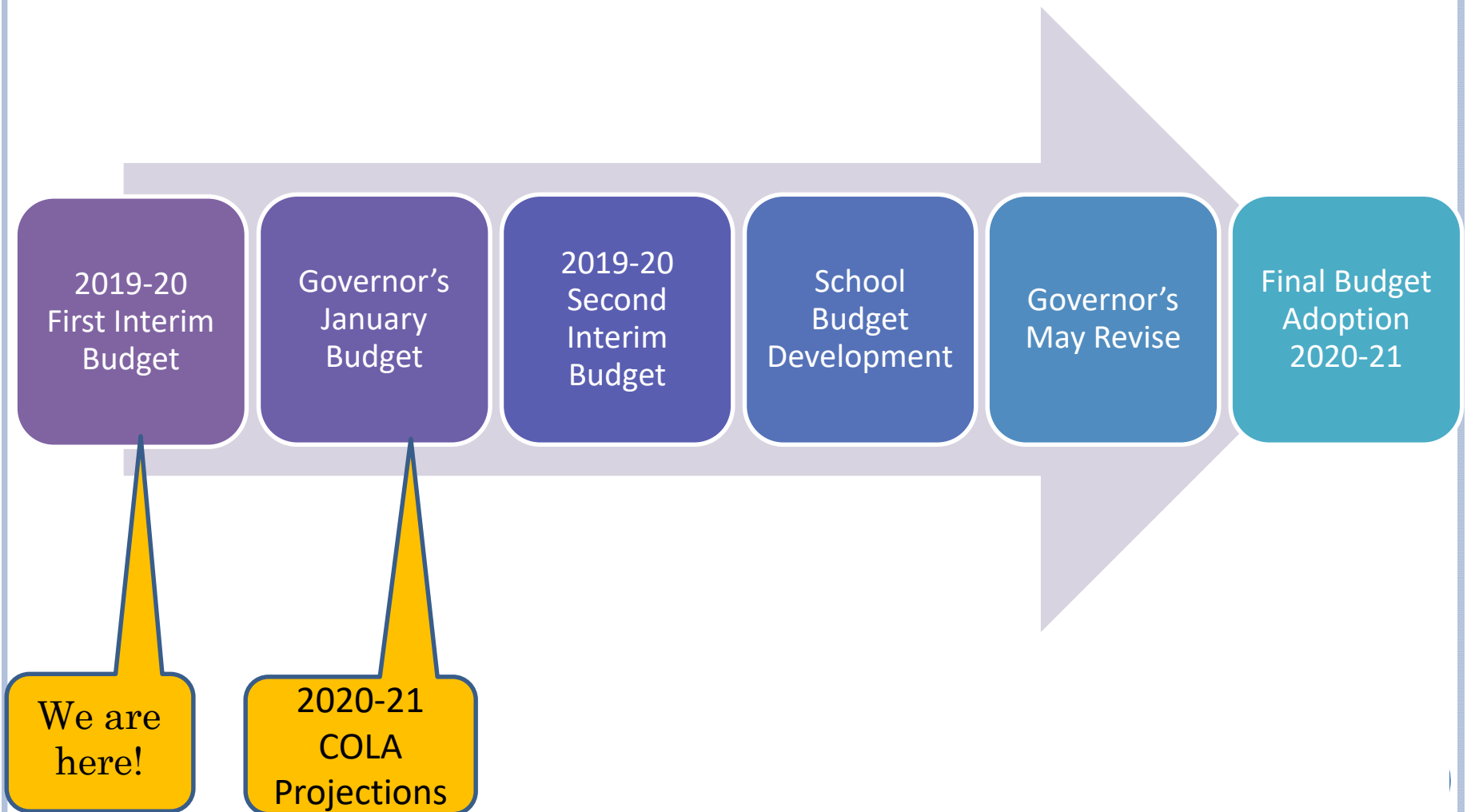
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Teri Bonds, Fiscal Analyst

OCEAN VIEW SCHOOL DISTRICT
EDUCATION CENTER



Budget Calendar



Multi-Year Projections

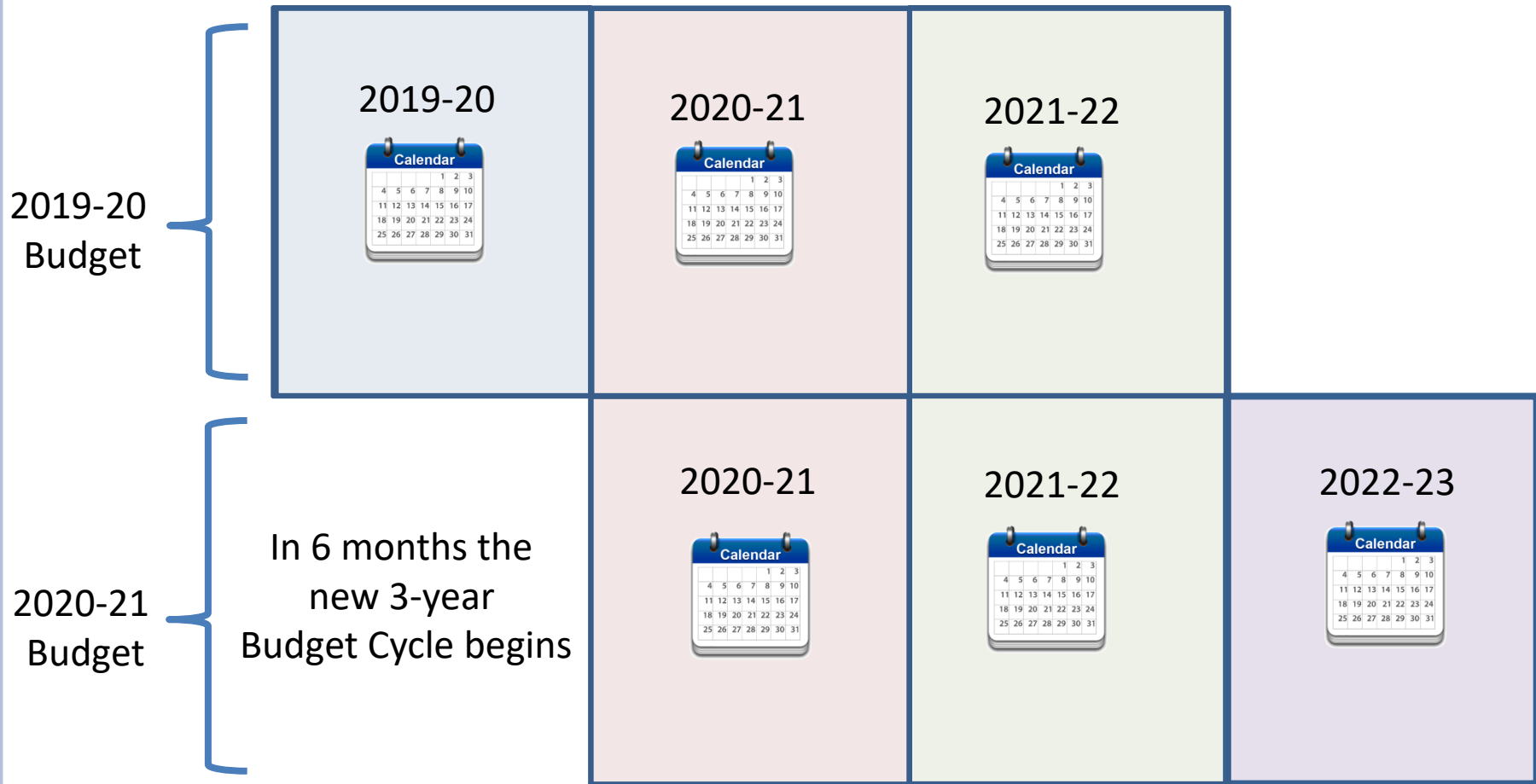
The MYP projects total General Fund revenues and expenditures for the budget year and the two ensuing fiscal years. The projections are only estimates and actual outcomes could vary substantially.

The MYP forecasts are based on certain criteria, information available at the time, and assumptions rather than on exact calculations.

MYP forecasting models should be evaluated as a trend based on certain criteria and assumptions rather than a prediction of exact numbers.

To evaluate the MYP, attention is focused on the bottom line, which demonstrates the district's undesignated, unappropriated fund balance.

Each New Budget Adds a Subsequent Third Year

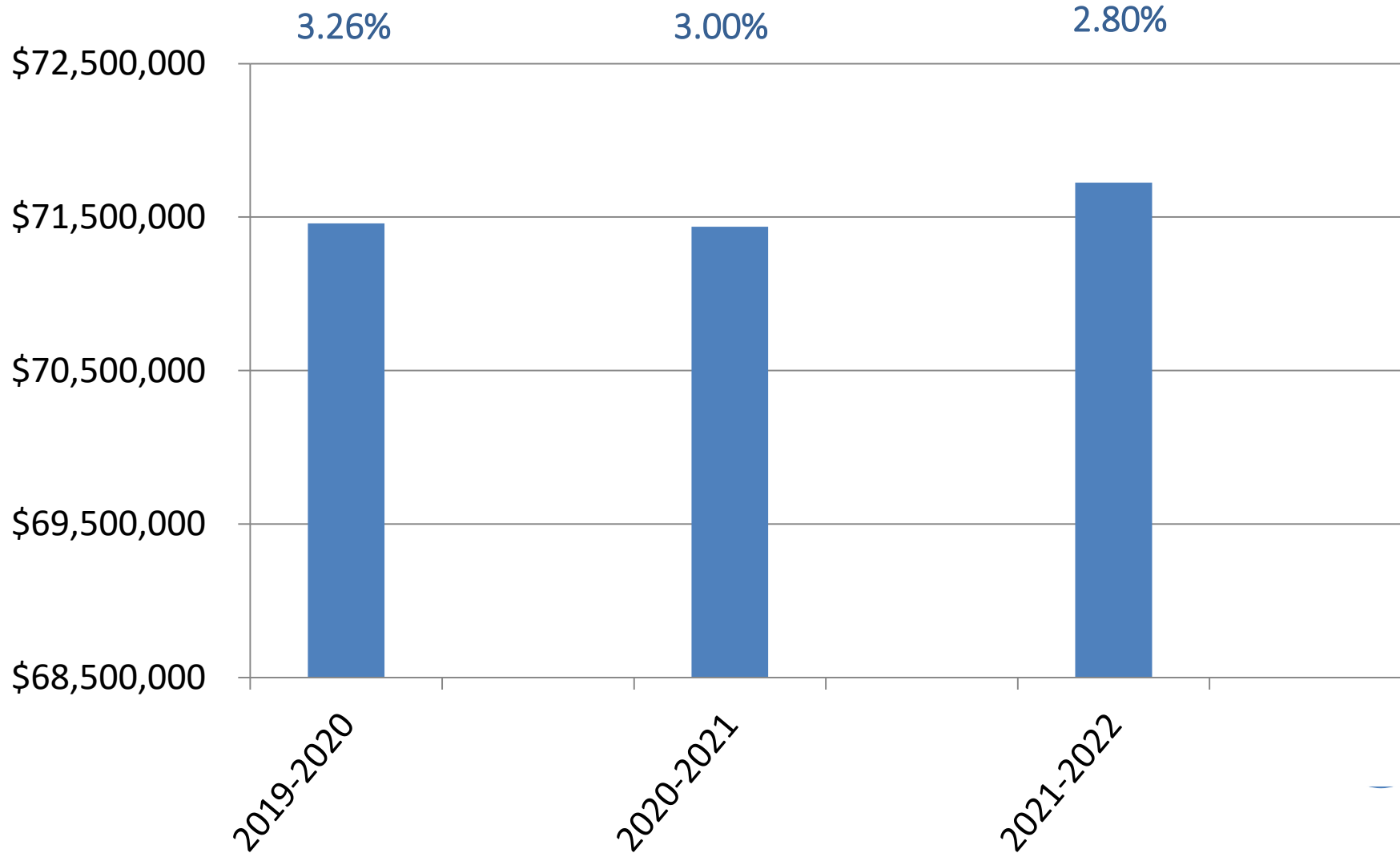


1st Interim Key Rate Assumptions

	2019-20 1 st Interim	2020-21 Projected	20201-22 Projected
COLA (Statutory)	3.26%	3.00%	2.80%
STRS Employer Rates	17.10%	18.40%*	18.10%*
PERS Employer Rates	19.721%	22.80%*	24.90%*
One-time Discretionary Funding	\$0	\$0	\$0
Change in Enrollment (from prior year)	-275	-199	-164
Change in ADA (from prior year)	-247.68	-193.03	-159.08

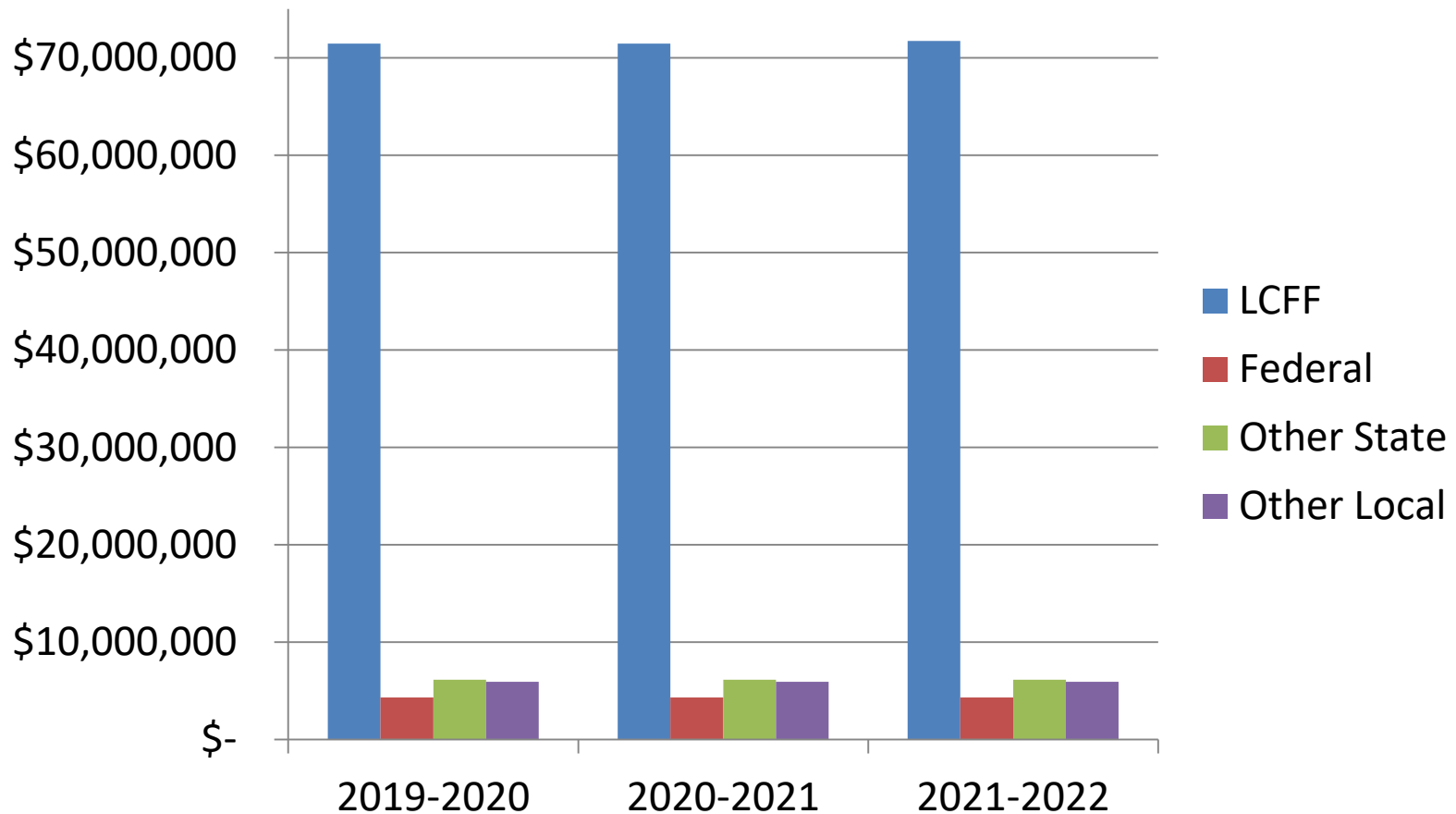
LCFF Revenue Projections Based on Budget Adoption

Multi-Year COLA projections for Budget Year



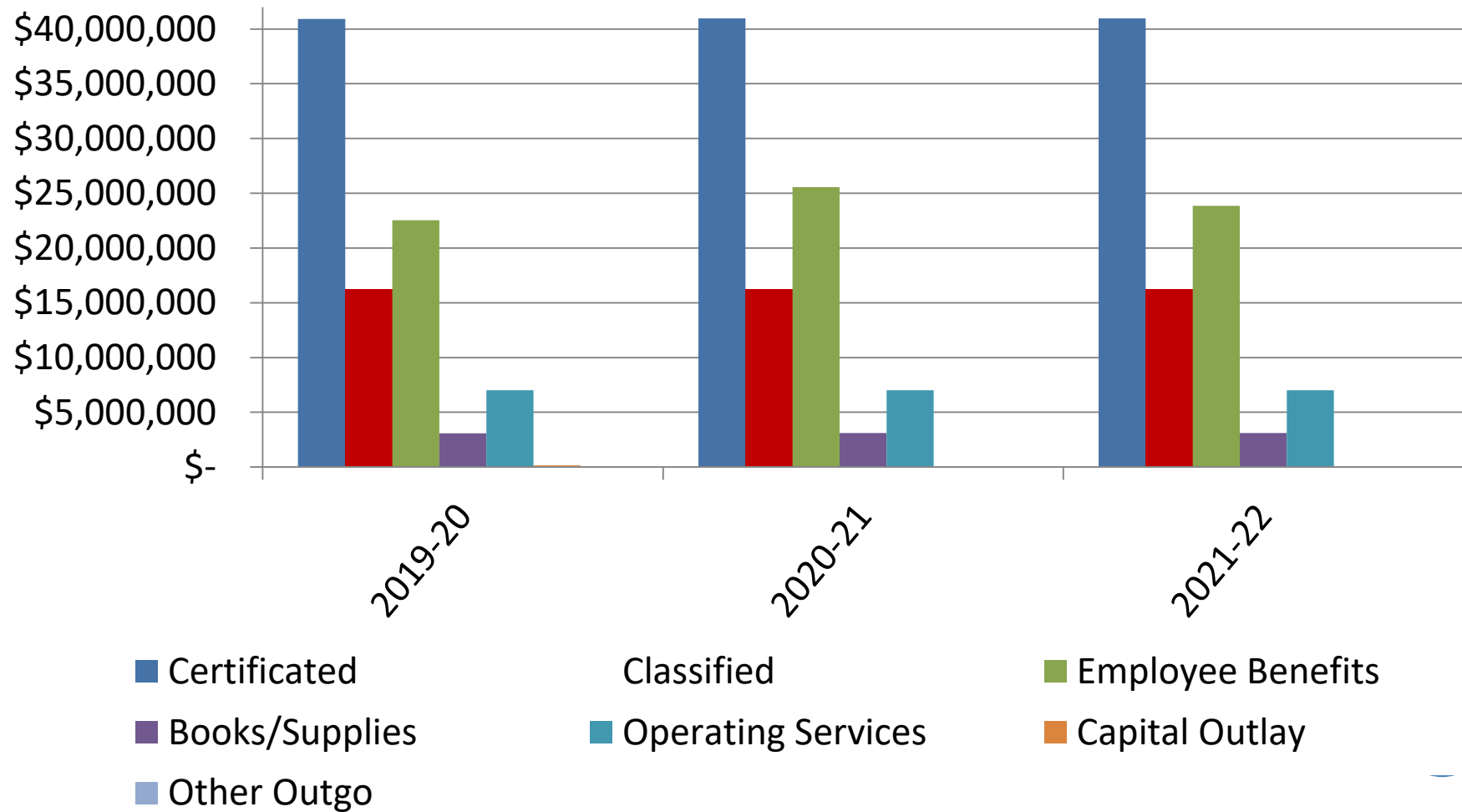
Revenue Distribution 2019-20 Adopted Budget

88 percent of the 2019-20 District's revenue comes from the State and 5% from the Federal government; 81% comes to the District from the State's Local Control Funding Formula sources, which is comprised of the amount of state and local taxes a school district receives per ADA for its general education program.



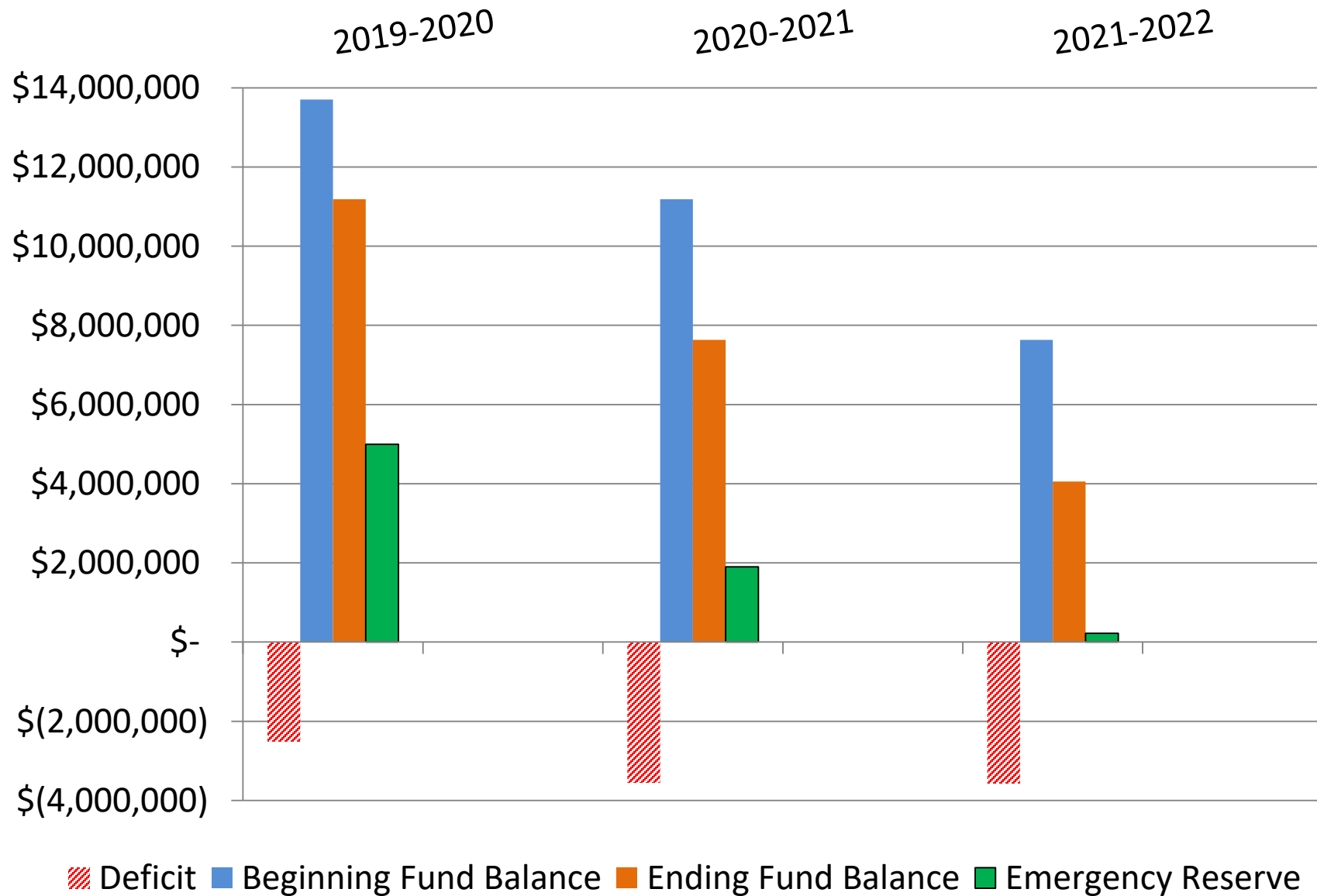
Total Expenditure Distribution 2019-20 Adopted Budget

89 percent of the entire 2019-20 budget is budgeted on personnel-related costs, salaries and benefits; 3% to support instruction in the classroom with books and instructional materials; and approximately 8% for operational purposes to run and manage the District.



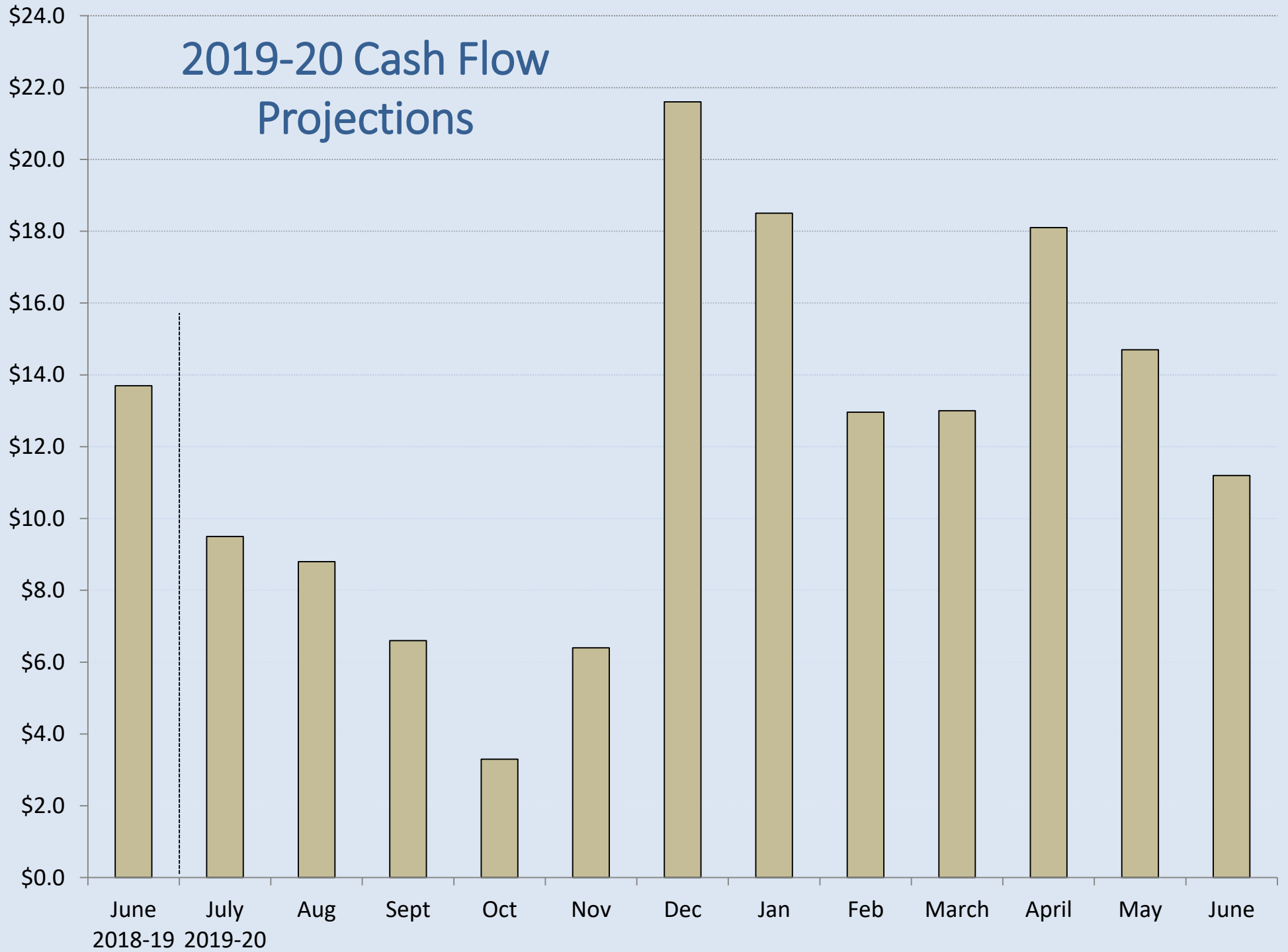
Fund Balance & Emergency Reserve

Multi-Year COLA projections for Budget Year



2019-20 Cash Flow Projections

In \$ Millions



Ending Cash Balance

Request for Positive Certification

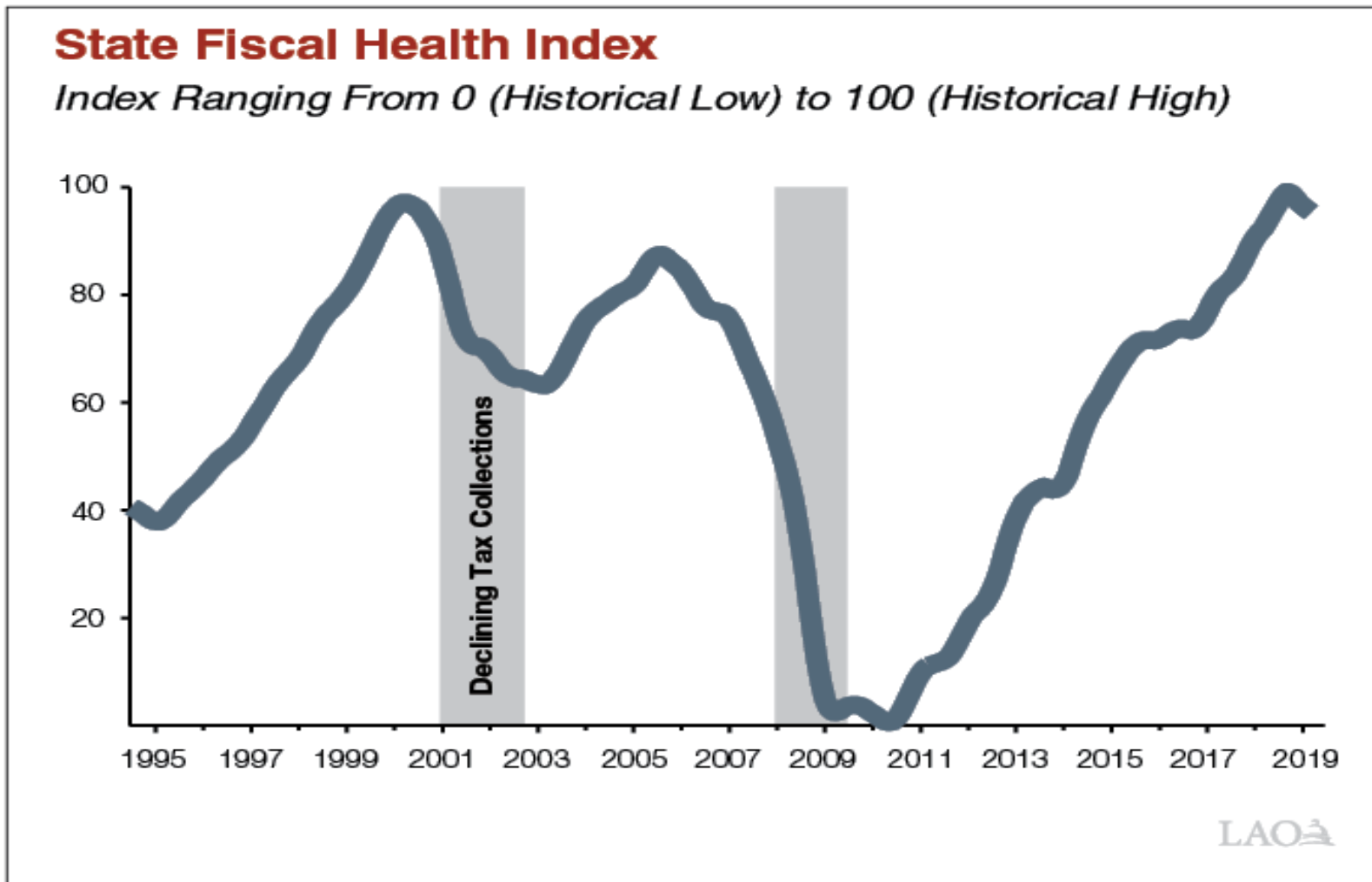
Based on best information known today, the Ocean View School District's Board of Education should approve the 2019-20 First Interim Budget and certify that this District will be able to meet its financial obligations for the current fiscal year and subsequent two fiscal years.

–POSITIVE CERTIFICATION



LAO - Risks of a Slowdown Are Higher Than Normal

Although the index remains high, it has declined for six straight months. Declines of this duration and magnitude have not been observed since the last recession. Weakening has occurred in housing, trade activity (port traffic), consumer spending (new car sales), and business startup funding (venture capital). Most other indicators, while not outright declining, have stagnated.



LAO Projections

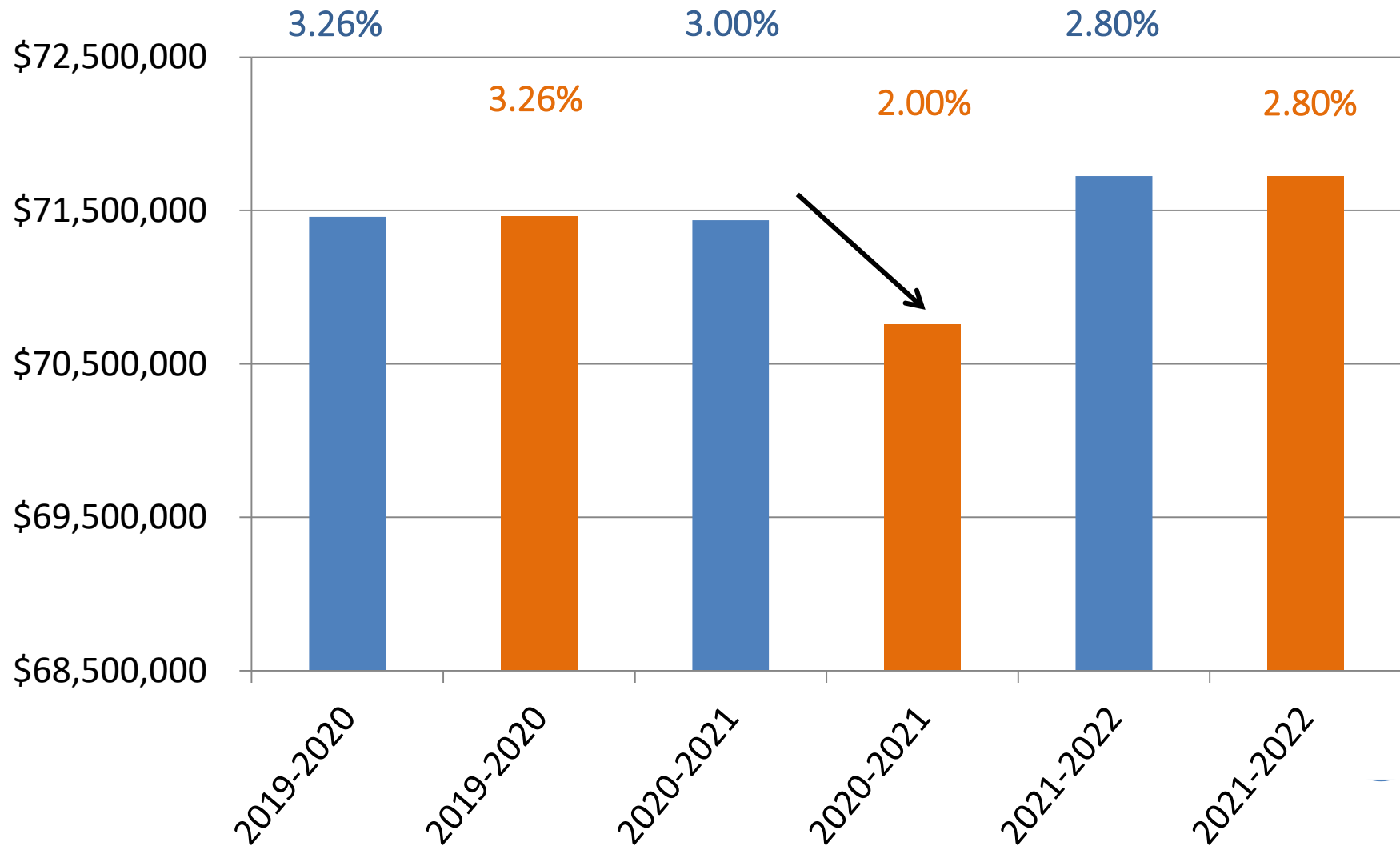
The Legislative Analyst's Office published its Budget Outlook for 2020-21, and has revised its estimate for the statutory COLA to 1.79%. Just over five months ago, the statutory COLA for 2020–21 was predicted to be 3.00%.

A 1.79% COLA would yield \$123 less on a per average daily attendance basis under the Local Control Funding Formula (LCFF), which would equate to over \$900,000 in less revenue in 2020-21 for OVSD.

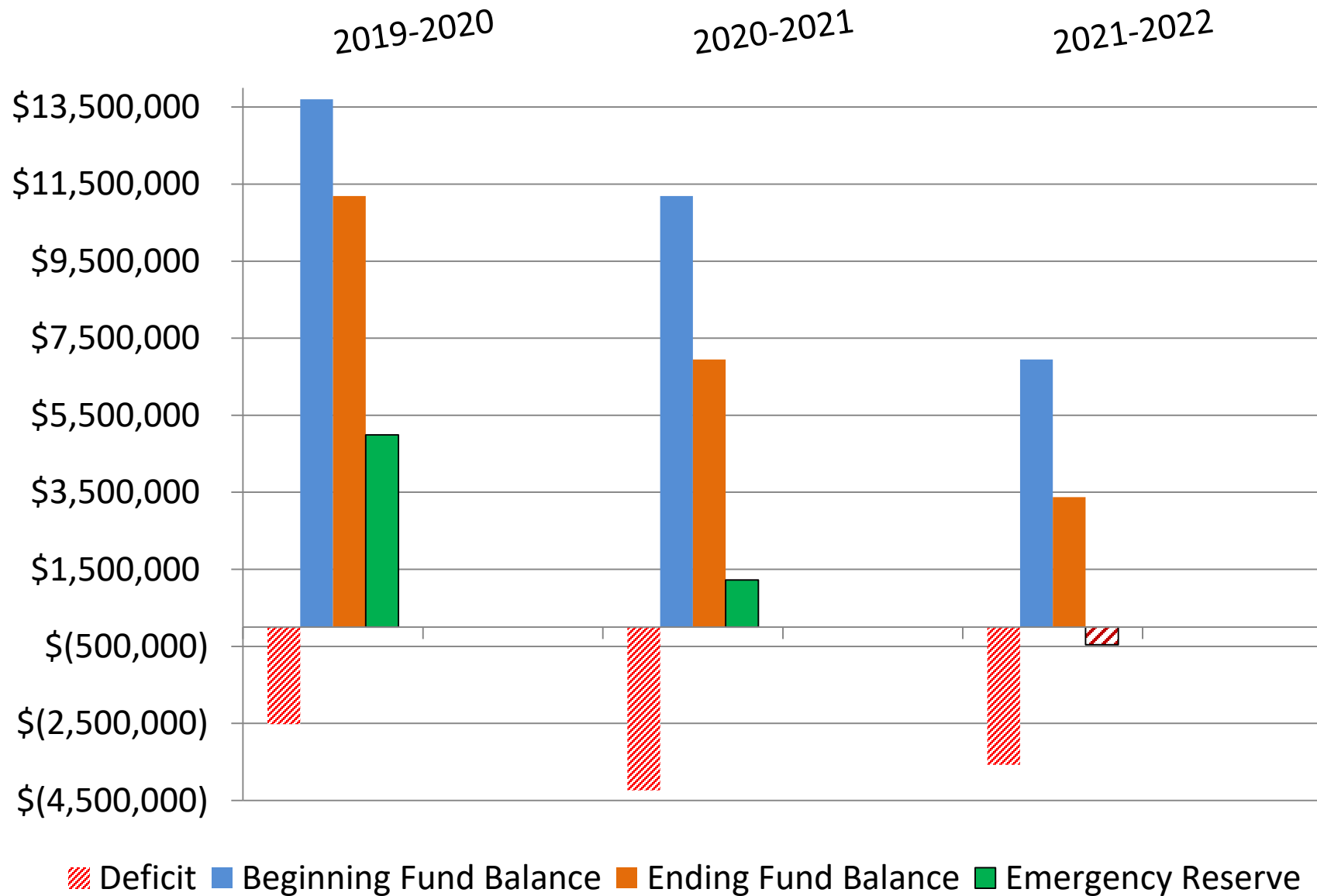
This significant change in a key component of multi-year budgeting will have a considerable impact to OVSD. In January, the Governor will release his budget forecast for 2020-21 and his COLA projections that will be used for 2nd Interim Budget.

LCFF Revenue Projections Based on LOA's Budget Projections

Multi-Year COLA projections for Budget Year



LOA's Budget Projections Impact on MYP Fund Balance & Emergency Reserve at 2nd Interim



5 Significant OVSD Budget Challenges

Challenge 1*	Declining Enrollment
Challenge 2*	Low School Enrollments
Challenge 3*	Encroachment
Challenge 4*	High Personnel related budget (92% Unrestricted Budget)
Challenge 5	Slowing of the economy (LAO)

*NOTE: all negatively & directly impact the District's deficit spending trends

Next Budgetary Steps

Reduce:

- Personnel expenses to 85%
- Encroachment expenses

Upcoming Calendar Phases

- December
 - Approve 1st Interim Budget
 - Self-Certify “Positive”

- January
 - Governor’s Budget Proposal
 - Budget impact for 2020-21
 - Begin development of 2020-21 District Budget

- January – March
 - Plan for 2nd Interim Budget Update

Questions?