

# 1<sup>st</sup> Interim Budget 2018-19

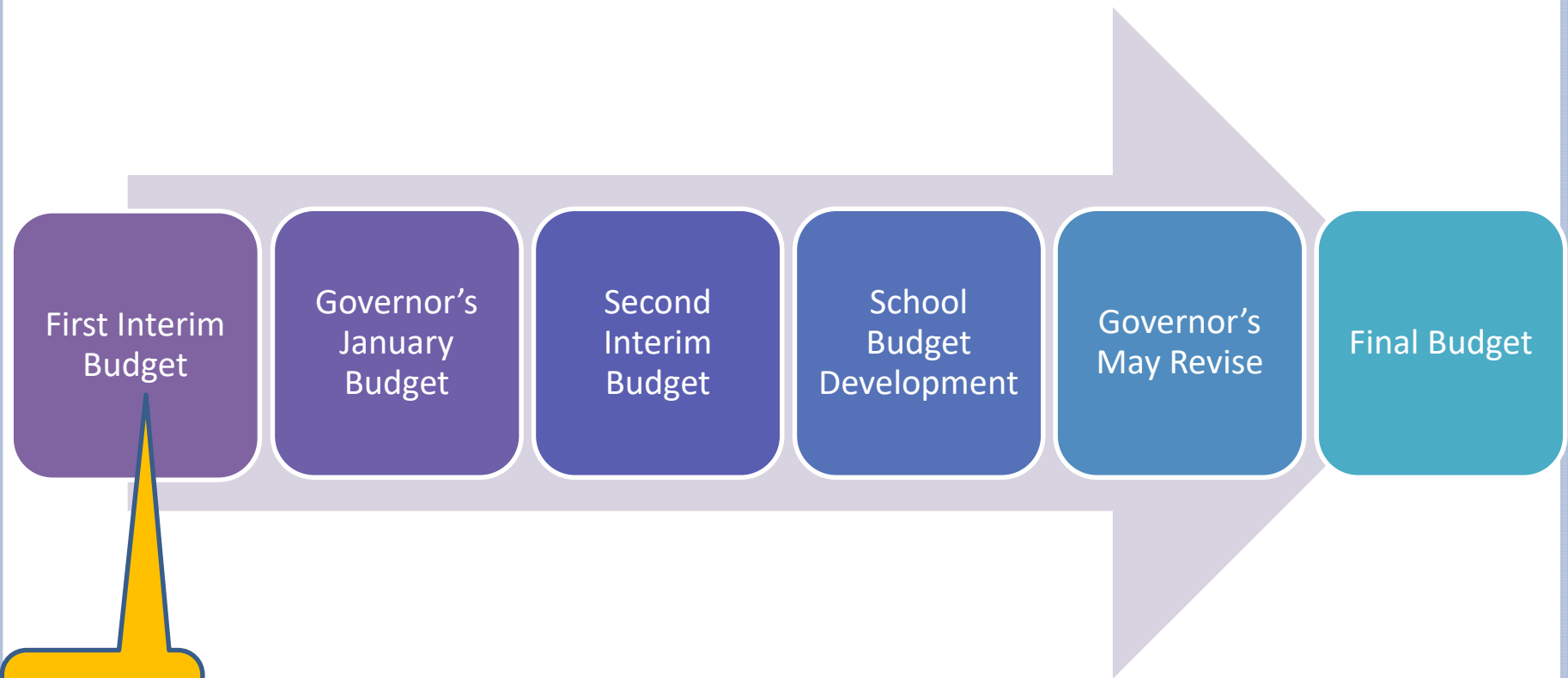
December 11, 2018



OCEAN VIEW SCHOOL DISTRICT  
EDUCATION CENTER

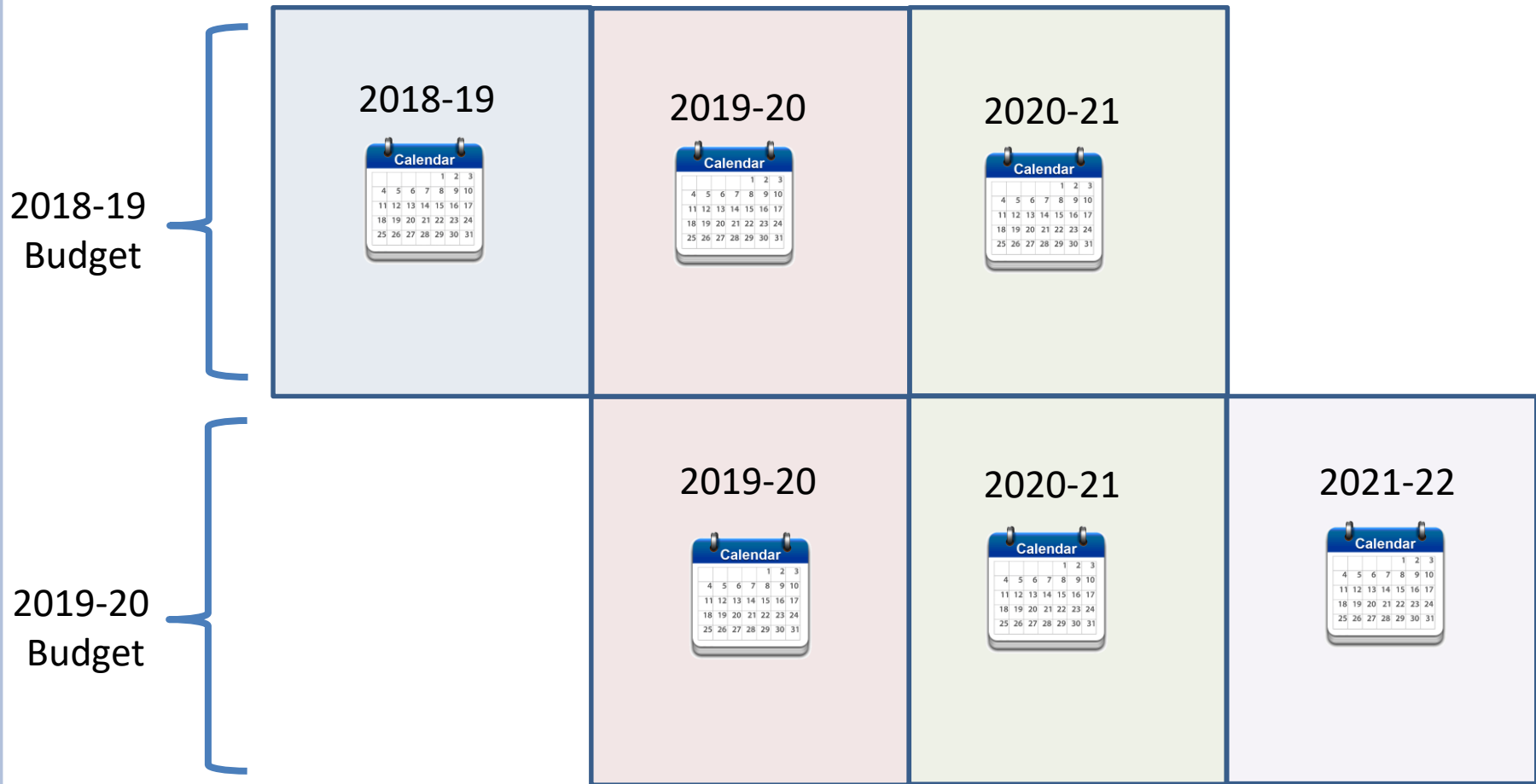


# Budget Calendar



We are here!

# Each New Budget Adds a Subsequent Third Year



# 2018-19 1<sup>st</sup> Interim Budget

## Components

Multi-Year Projections

Budget Assumptions

General Fund Revenue

General Fund Expenses

Ending Fund Balance

General Fund Balance

Encroachment/Contribution

Cash Flow

# 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.

# 1st Interim Key Rate Assumptions

	2018-19 1 <sup>st</sup> Interim	2019-20 Projected	2020-21 Projected
<b>COLA (Statutory)</b> <i>COLA Augmentation</i>	2.71% <u>0.99%</u> = 3.00%	2.57%	2.67%
<b>STRS Employer Rates</b>	16.28%	18.13%	19.10%
<b>PERS Employer Rates</b>	18.062%	20.70%	23.4%
<b>One-time Discretionary Funding</b>	\$184	\$0	\$0
<b>Enrollment</b>	-279	-125	-187
<b>ADA (<i>prior year</i>)</b>	-212.93	-246.40	-121.25

# District “Cost of Opening the Doors” Annual Increases Assumptions

Increased Costs	2019-20 Projected	2020-21 Projected	2021-22 Projected
<b>Step &amp; Column</b> <i>(includes PERS, STRS, WC, OSDI, Medi, SUI)</i>	\$705,525	\$721,200	\$728,079
<b>CalPERS</b>	\$415,478	\$410,085	\$167,225
<b>CalSTRS</b>	\$1,164,594	\$807,246	\$ 814,142
	\$749,116	\$397,161	(\$317,986)
<b>Total Cost Increases</b>	<b>\$1,870,119</b>	<b>\$1,528,446</b>	<b>\$577,318</b>
<b>LCFF Revenue +</b>	\$70,974,352	\$71,836,940	\$72,651,087
<b>+ / - LCFF Revenue</b> <i>(over prior year)</i>	<b>(\$196,779)</b>	\$862,588	\$814,147
<b>Net Impact =</b>	<b>(\$2,066,898)</b>	<b>(\$665,858)</b>	\$236,829

# Combined General Fund Revenue Summary

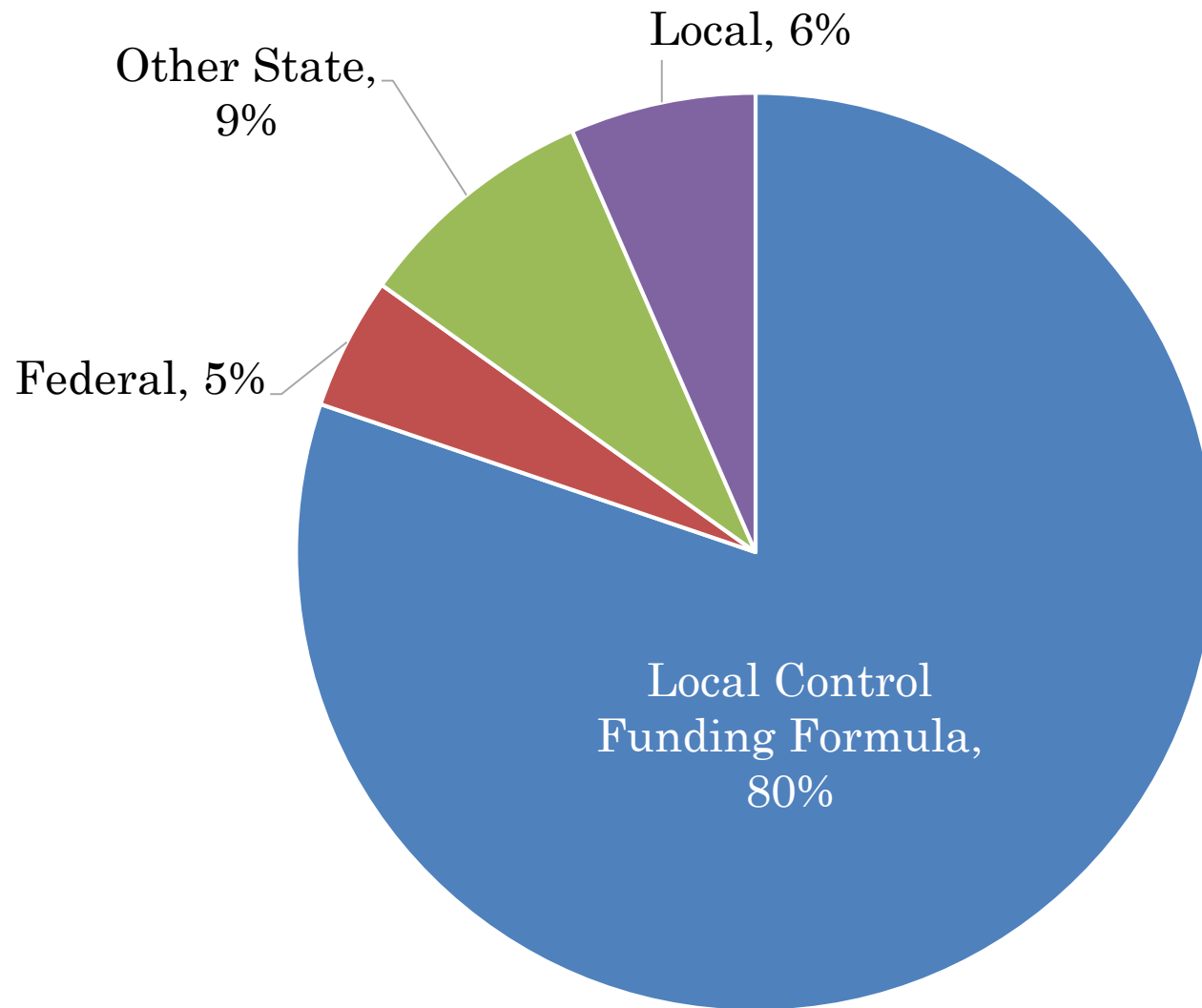
GF Combined	2018-19 1 <sup>st</sup> Interim	2019-20 Projected	2020-21 Projected
LCFF Revenues	\$71,171,131	\$70,974,352	\$71,836,940
Federal Revenues	\$4,134,579	\$4,027,877	\$4,027,877
Other State Revenues	\$7,618,077	\$6,147,918	\$6,147,918
Other Local Revenues	\$5,795,961	\$5,795,961	\$5,795,961
<b>TOTAL Revenues</b>	<b>\$88,719,749</b>	<b>\$86,946,109</b>	<b>\$87,808,697</b>
<b>\$ &amp; % Inc / Dec Over prior year</b>	<b>\$1,676,795 1.9%</b>	<b>-\$1,773,640 -1.9%</b>	<b>\$862,588 0.1%</b>

Declining Enrollment + Lower COLA

No 1-time Discretionary Funds  
-\$1,470,159



# 2018-19 1<sup>st</sup> Interim Budget General Fund Revenues

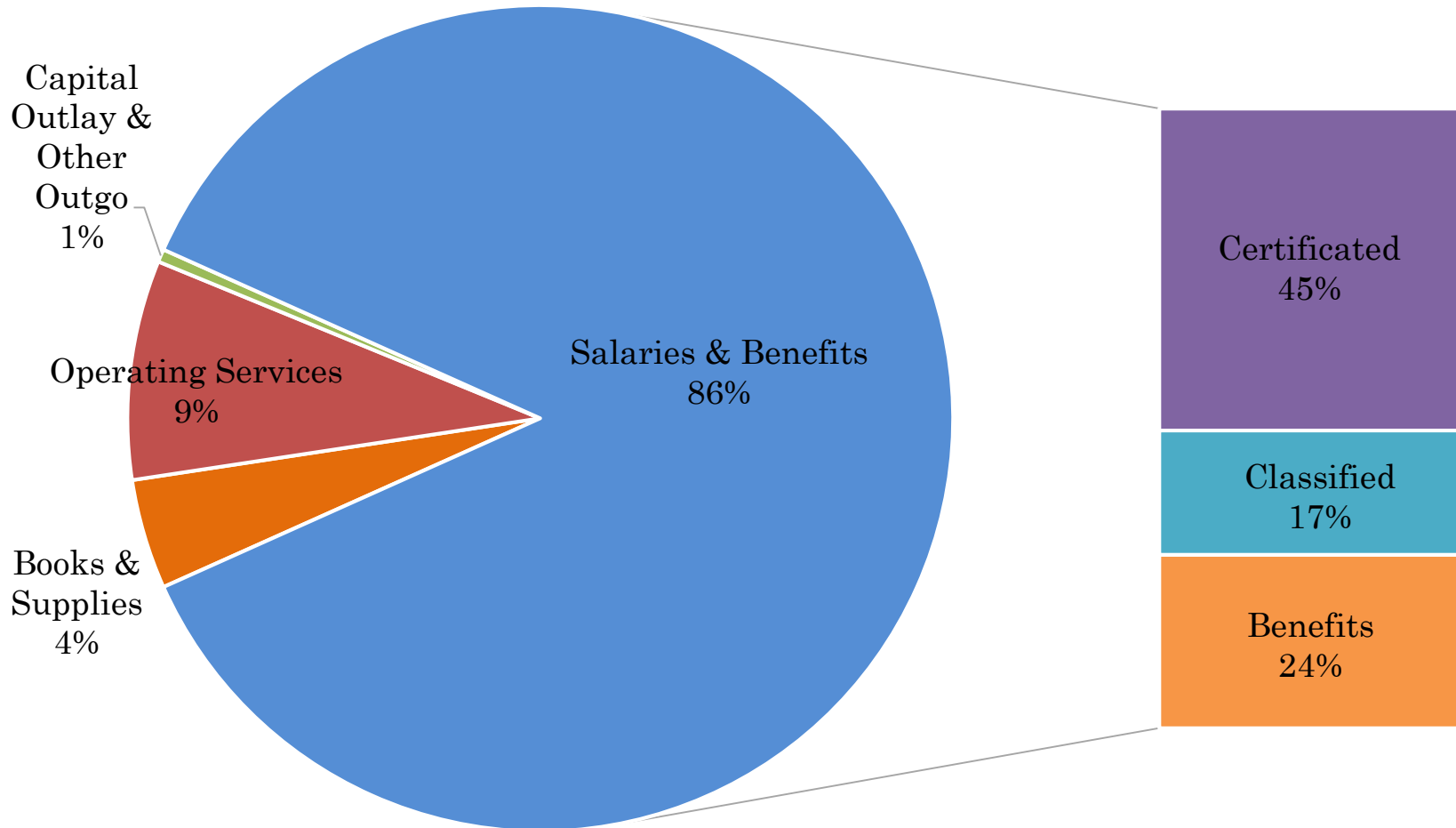


**Total Revenue \$88,719,749**

# General Fund Expenditures

GF Combined	2018-19 1 <sup>st</sup> Interim	2019-20 Projected	2020-21 Projected
Certificated Salaries	\$40,060,929	\$40,492,757	\$40,944,448
Classified Salaries	\$15,456,513	\$15,174,511	\$15,188,320
Employee Benefits	\$21,543,308	\$22,707,902	\$23,515,148
Books & Supplies	\$3,831,625	\$3,831,625	\$3,831,625
Operating Expenses	\$7,641,132	\$7,641,132	\$7,891,132
Capital Outlay	\$447,381	\$74,373	\$74,373
Other Outgo	\$455,625	\$455,625	\$455,625
Support Costs	(\$340,504)	(\$340,504)	(\$340,504)
<b>TOTAL Expend</b>	<b>\$89,096,009</b>	<b>\$90,037,420</b>	<b>\$91,560,166</b>
<b>\$ &amp; % Inc / Dec Over prior year</b>	<b>\$846,233 0.9%</b>	<b>\$941,411 1.1%</b>	<b>\$1,522,746 1.7%</b>

# 2018-19 GENERAL FUND EXPENDITURES



**Total Expenditures = \$89,096,009**

**Unrestricted Labor Cost = 88%**

# General Fund Balance Summary and MYP

Unrestricted	2018-19 1 <sup>st</sup> Interim	2019-20 Projected	2020-21 Projected
Revenues	\$75,238,482	\$73,571,544	\$74,434,132
<i>Encroachment</i>	<b>(\$14,050,191)</b>	<b>(\$14,050,191)</b>	<b>(\$14,050,191)</b>
“Net Revenues”	\$61,188,291	\$59,521,353	\$60,292,941
Expenditures	\$61,819,579	\$62,760,991	\$64,033,737
Net Inc/ <b>(Dec)</b>	<b>(\$631,288)</b>	<b>(\$3,239,638)</b>	<b>(\$3,649,796)</b>
Beginning Balance	\$10,652,791	\$10,021,503	\$6,781,865
Ending Balance	\$10,021,503	\$6,781,865	\$3,132,070



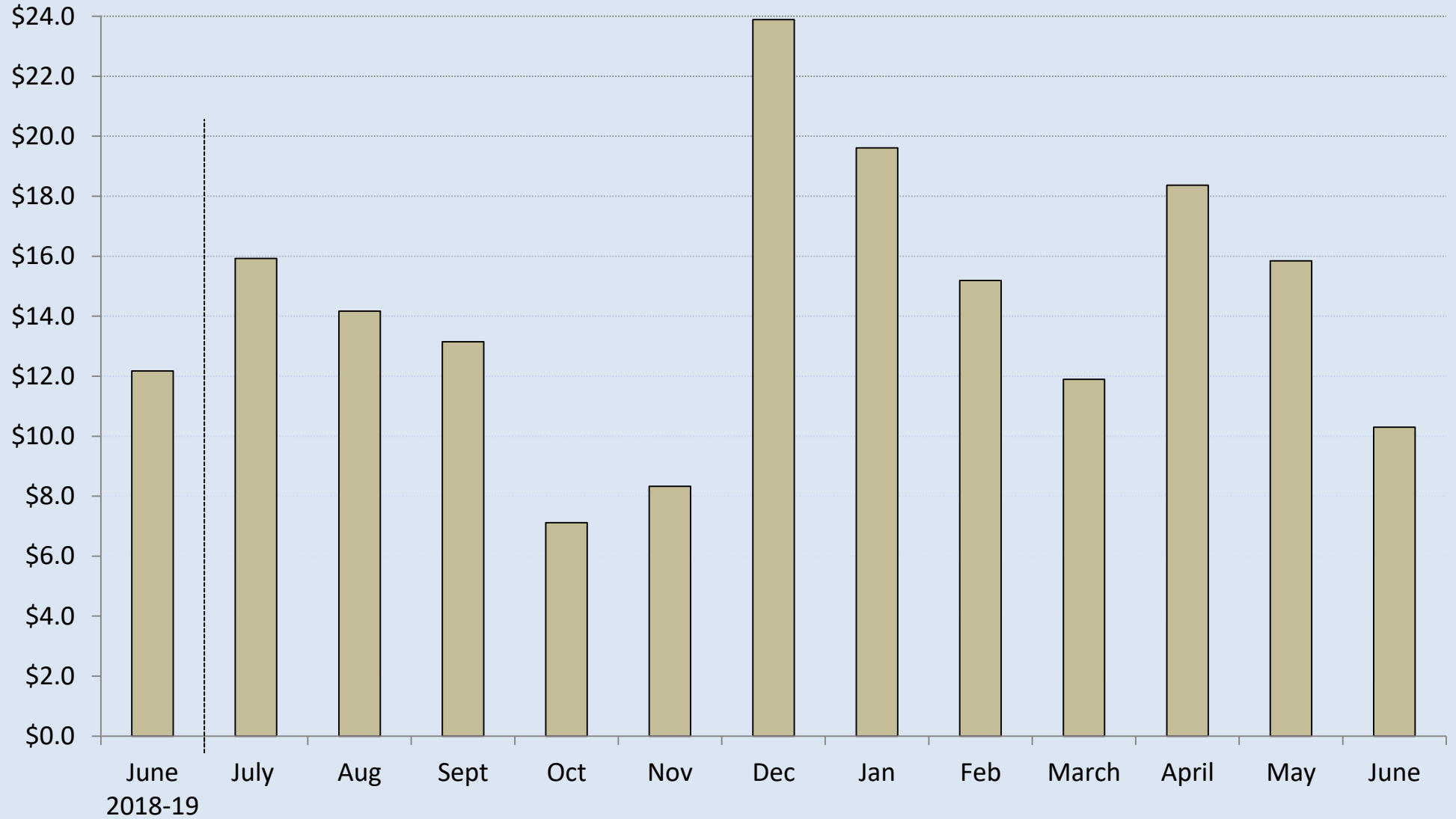
# MYP Components of Ending Fund Balance

Unrestricted	2018-19 1 <sup>st</sup> Interim	2019-20 Projected	2020-21 Projected
Beginning Balance	\$10,652,791	\$10,021,503	\$6,781,865
Ending Balance	\$10,021,503	\$6,781,865	\$3,132,070
Revolving Cash	\$47,000	\$47,000	\$47,000
Stores/Warehouse	\$55,000	\$55,000	\$55,000
R.E.U. (Mandated Reserve) – 3%	\$2,685,380	\$2,708,623	\$2,746,805
Unappropriated	\$7,234,123	\$3,971,242	\$283,265
Available Balance greater than 3% REU	11.7%	6.3%	0.4%

## Contributions to Restricted Programs (Encroachment)

Unrestricted	2018-19 1st Interim
Special Education	\$11,481,863
Routine Maintenance	\$2,552,776
Federal and State Preschool	\$15,553
<b>TOTAL CONTRIBUTION</b>	<b>\$14,050,191</b>
\$ Increase & % Increase over prior year	\$445,863 3.2%

# 2018-19 Cash Flow Projections -- 1<sup>st</sup> Interim Budget



Ending Cash Balance

# STATEWIDE CHALLENGES

- While the fiscal outlook for California public schools remains positive, declining enrollment and pension costs will continue to pose significant challenges for many districts statewide.
- In each of the past four years, state wide enrollment has fallen at least 0.1 percent, and as much as 0.2 percent.
- The LAO estimated that during the current fiscal year, school districts will need to provide \$5.7 billion as their share of pension expenses—an increase of \$3.4 billion since the Legislature passed a full funding plan in 2014. For the next two years, the LAO said, district pension contributions will continue increasing: about \$900 million in 2019-20 and another \$600 million in 2020-21.
- No revenue funding source for District required STRS and PERS increasing pension contributions.
- Governor Brown was a strong advocate for K-12. New Governor-Elect Newsom is a ardent advocate for Early Childhood Education, not as big a supporter of K-12.
- However, Governor-Elect Newsom appointed Ana Matosantos as Cabinet Secretary. She served as Budget Director for Department of Finance for both Governor Brown and Governor Schwarzenegger, and was intimately involved in the development of the LCFF.



# LOCAL CHALLENGES

- Structural Deficit - Working Toward Resolution. There is no such thing as a good budget without an adequate reserve
- Projected slight positive General Fund Balance above required 3% REU in 2019-20, requires expenditure reductions in last two years of MYP
- Future Funding – Declining Enrollment, LCFF 100%, Slow down of Prop 98 growth
- Low COLA environment on programs that require contributions
- Continued encroachment to the Unrestricted General Fund
- Collective Bargaining has not begun and is not reflected in First Interim

# Request for Positive Certification

Based on best information known today, the Ocean View School District's Board of Education should approve the 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



# Next Steps

- December
  - Approve 1st Interim Budget
  - Self-Certify “Positive”
  
- January
  - Governor’s Budget Proposal
    - Budget impact for 2019-20
  - Begin development of 2019-20 District Budget
  
- January – March
  - Plan for 2nd Interim Budget Update
  - Continue LCAP Development and Year-End Update



Questions ???

OCEAN VIEW SCHOOL DISTRICT  
EDUCATION CENTER



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OCEAN VIEW SCHOOL DISTRICT  
1979  
MADE IN ENGLAND