

# 2nd Interim Budget 2017-18

March 6, 2018

Presented by:

Carol Hansen, Ed.D., Superintendent

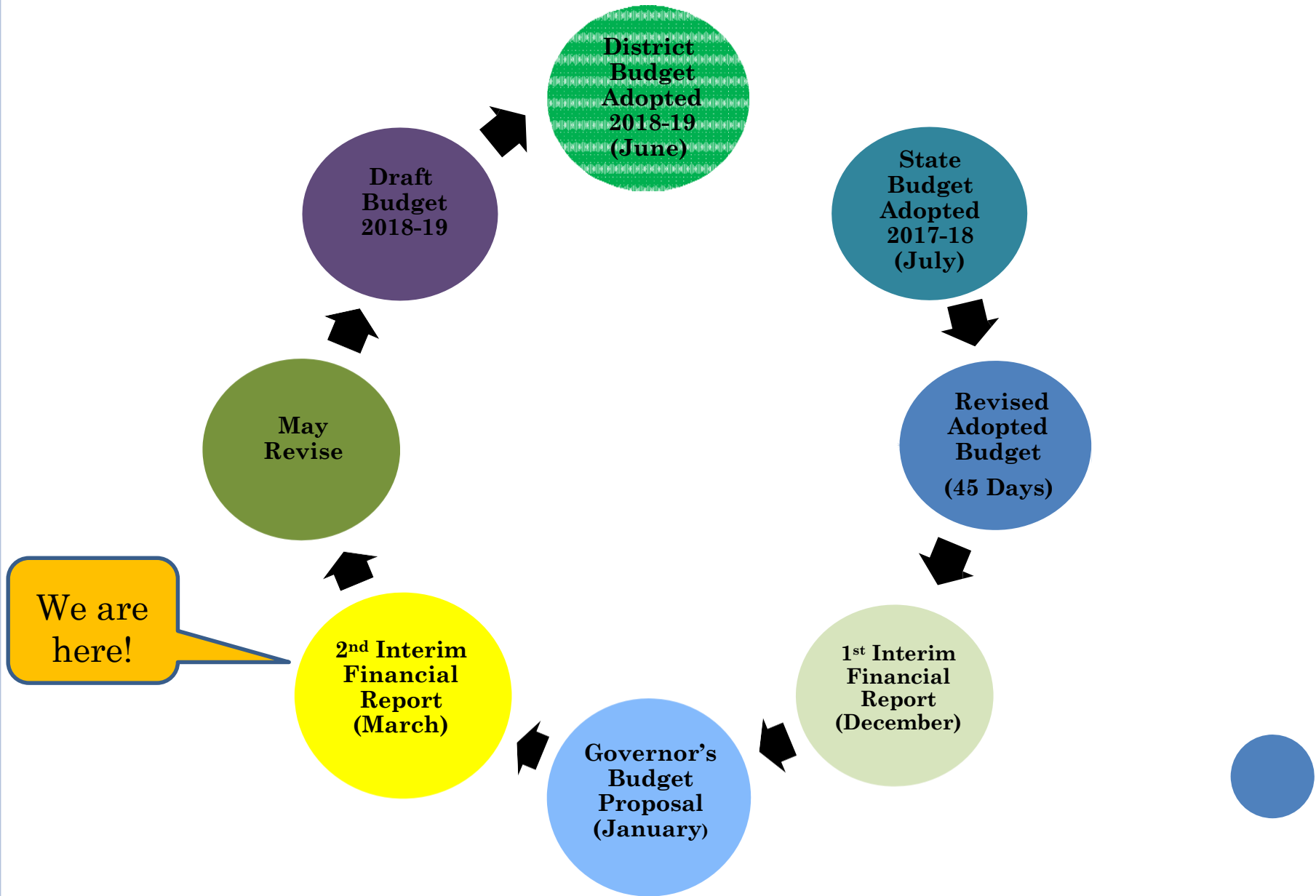
Michael Conroy, Ed.D., Deputy Superintendent

OCEAN VIEW SCHOOL DISTRICT  
EDUCATION CENTER





# Annual Budget Cycle



## 2017-18 2<sup>nd</sup> Interim Budget

Purpose of Presentation to review budget components:

Budget Assumptions

Multi-Year Projections

General Fund Revenue

General Fund Expenses

General Fund MYP

Contribution to Restricted Programs (Encroachment)

Ending Fund Balance

Cash Flow

## 2nd Interim Key Rate Assumptions

	2017-18 2nd Interim	2018-19 Projected	2019-20 Projected
<b>COLA (Statutory)</b>	1.56%	2.15%	2.41%
<b>LCFF Gap Funding (DOF)</b>	43.97%	0%	0%
<b>California CPI</b>	3.18%	3.22%	3.04%
<b>STRS Employer Rates</b>	14.43%	16.28%	18.13%
<b>PERS Employer Rates</b>	15.531%	17.70%	20.00%
<b>One-time Discretionary Funding</b>	\$147 \$0	\$295** \$0	\$0
<b>Enrollment (+/- from PY)</b>	-204	-121	-127

**NOTE:** Due to competing State wide interests, SSC and OCDE recommend that these funds not be budgeted at this time

## Other 2<sup>nd</sup> Interim Assumptions

- LCFF Revenue – Full Funding
- ADA – 97% of Enrollment
- Declining enrollment trends
  - Status quo regarding student demographics
- Using Governor's January Budget Proposal
- 2018-19 and 2019-20 MYP Step and Column salary increase estimates:
  - Certificated 2%
  - Classified 1%
- Increasing CalSTRS and CalPERS contributions
- Increasing Encroachment
- LCAP

## 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.

## Combined General Fund Revenue Summary

GF Combined	2017-18 2 <sup>nd</sup> Interim	2018-19 Projected	2019-20 Projected
LCFF Revenues	\$68,273,679	\$70,408,282	\$71,104,434
Federal Revenues	\$4,552,481	\$4,318,679	\$4,318,679
Other State Revenues	\$7,165,839	\$5,956,502	\$5,952,875
Other Local Revenues	\$5,993,258	\$5,353,269	\$5,353,269
<b>TOTAL Revenues</b>	<b>\$85,985,257</b>	<b>\$86,036,732</b>	<b>\$86,729,257</b>



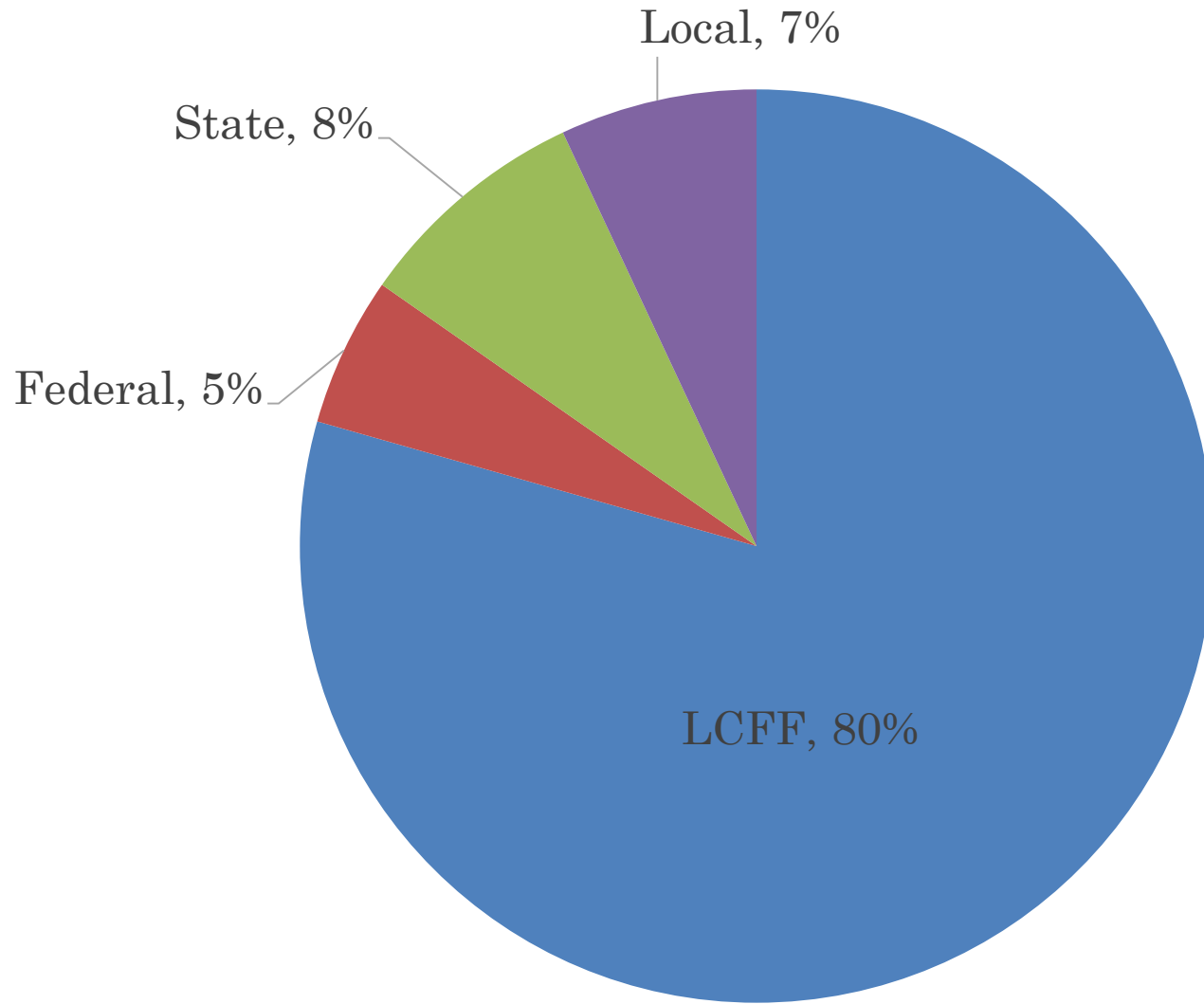
# Combined General Fund Revenue Summary

2018-19 MYP Budget

GF Combined	2017-18 2 <sup>nd</sup> Interim	2018-19 Projected	2019-20 Projected	2020-21* Projected
LCFF Revenues	\$68,273,679	\$70,408,282	\$71,104,434	\$71,871,069
Federal Revenues	\$4,552,481	\$4,318,679	\$4,318,679	\$4,318,679
Other State Revenues	\$7,165,839	\$5,956,502	\$5,952,875	\$5,949,062
Other Local Revenues	\$5,993,258	\$5,353,269	\$5,353,269	\$5,353,269
<b>TOTAL Revenues</b>	<b>\$85,985,257</b>	<b>\$86,036,732</b>	<b>\$86,729,257</b>	<b>\$87,492,079</b>



# 2017-18 2<sup>nd</sup> Interim Budget General Fund Revenues



**Total Revenue \$85,985,257**



## Combined General Fund Expenditures

GF Combined	2017-18 2 <sup>nd</sup> Interim	2018-19 Projected	2019-20 Projected
Certificated Salaries	\$41,192,424	\$39,332,869	\$39,885,977
Classified Salaries	\$15,660,304	\$15,198,482	\$15,200,467
Employee Benefits	\$20,036,804	\$21,050,011	\$22,137,512
Books & Supplies	\$5,611,458	\$3,199,156	\$3,109,166
Services & Other Operating Expenses	\$7,374,125	\$7,628,626	\$7,628,626
Capital Outlay	\$152,047	\$152,047	\$152,047
Other Outgo	\$438,806	\$438,806	\$438,806
Support (Indirect) Costs	(\$369,468)	(\$369,468)	(\$369,468)
<b>TOTAL Expenditures</b>	<b>\$90,096,500</b>	<b>\$86,630,530</b>	<b>\$88,183,133</b>

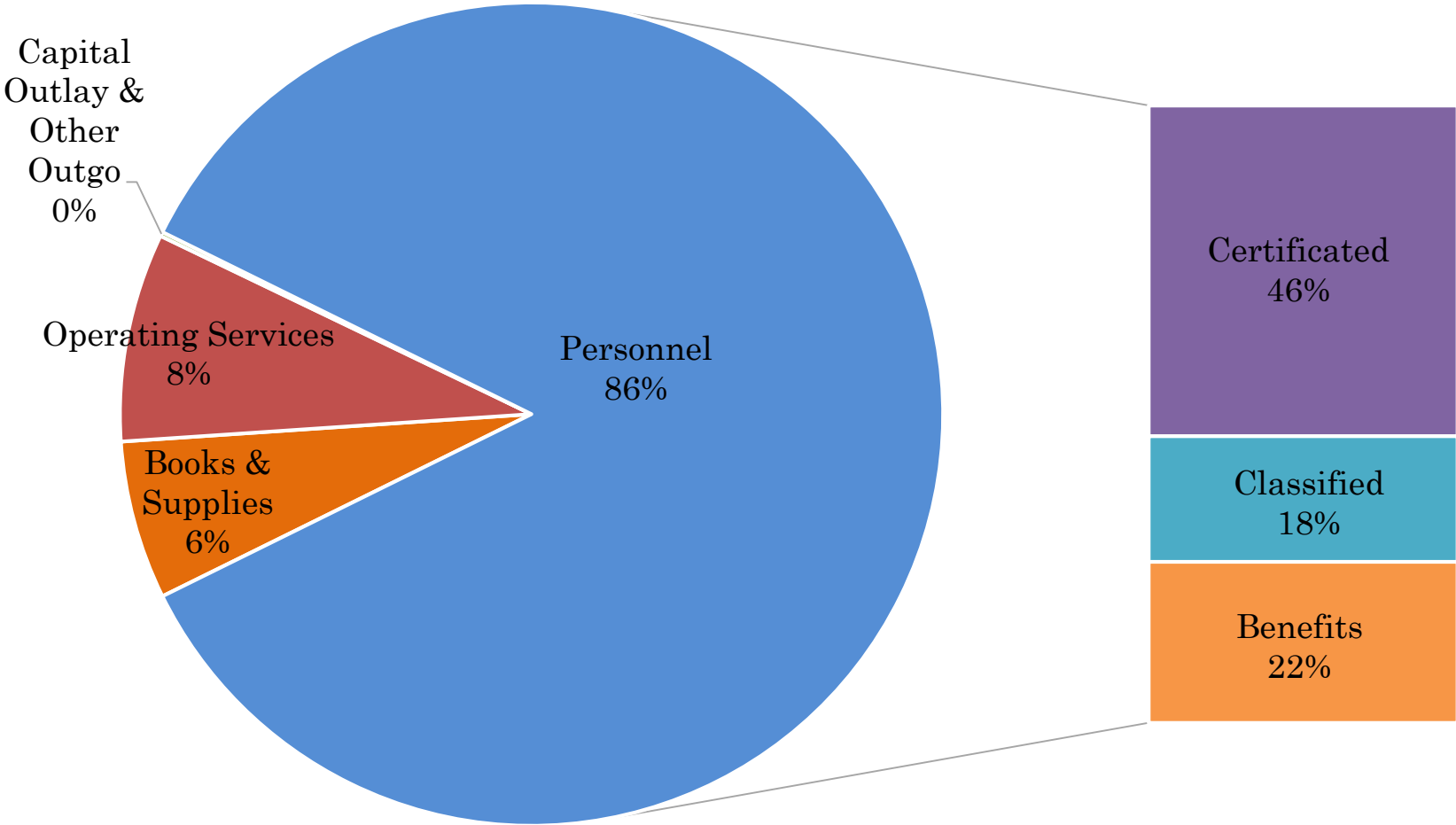


# Combined General Fund Expenditures

2018-19 MYP Budget

GF Combined	2017-18 2 <sup>nd</sup> Interim	2018-19 Projected	2019-20 Projected	2020-21* Projected
Certificated Salaries	\$41,192,424	\$39,332,869	\$39,885,977	\$40,605,846
Classified Salaries	\$15,660,304	\$15,198,482	\$15,200,467	\$15,352,472
Employee Benefits	\$20,036,804	\$21,050,011	\$22,137,512	\$22,945,906
Books & Supplies	\$5,611,458	\$3,199,156	\$3,109,166	\$3,109,166
Services & Other Operating Expenses	\$7,374,125	\$7,628,626	\$7,628,626	\$7,628,626
Capital Outlay	\$152,047	\$152,047	\$152,047	\$152,047
Other Outgo	\$438,806	\$438,806	\$438,806	\$438,806
Support (Indirect) Costs	(\$369,468)	(\$369,468)	(\$369,468)	(\$369,468)
<b>TOTAL Expenditures</b>	<b>\$90,096,500</b>	<b>\$86,630,530</b>	<b>\$88,183,133</b>	<b>\$89,863,400</b>

# 2017-18 DRAFT BUDGET GENERAL FUND EXPENDITURES



**Total Expenditures = \$90,096,500**

**Unrestricted Labor Cost = 87%**





## District “Cost of Opening the Doors” Annual Increases 2018-19 to 2020-21

Increased Costs	2018-19 (Projected)	2019-20 (Projected)	2020-21 (Projected)	3-Yr Cumulative Total
<b>Step &amp; Column</b> <i>(includes PERS, STRS, WC, OSDI, Medi, SUI)</i>	\$980,451	\$938,642	\$949,724	\$2,868,817
<b>CalPERS</b>	\$329,655	\$349,611	\$414,517	\$1,093,783
<b>CalSTRS</b>	\$727,658	\$737,891	\$393,877	\$1,859,426
<b>Total Cost Increases</b>	\$2,037,764	\$2,026,144	\$1,758,118	\$5,822,026
<b>+ / - LCFF Revenue</b> <i>DOF Gap Funding Projections</i>	\$2,134,603	\$696,152	\$766,635	\$3,597,390
<b>Net Impact</b>	\$96,839	<b>-\$1,329,992</b>	<b>-\$991,483</b>	<b>-\$2,224,636</b>

## General Fund Summary 2017-18 and MYP

GF Combined	2076-18 2 <sup>nd</sup> Interim	2018-19 Projected	2019-20 Projected
Revenues	\$85,985,257	\$86,036,732	\$86,729,257
Expenditures (including Transfers In/Out)	\$90,346,500	\$86,880,530	\$88,433,133
Net Inc/(Dec) in Fund Balance	(\$4,361,243)	(\$843,799)	(\$1,703,876)
Beginning Balance	\$13,043,306	\$8,366,092	\$7,522,293
Ending Balance	\$8,366,092	\$7,522,293	\$5,818,417
Ending Balance as % of Expenditures	9.26%	8.66%	6.58%



# General Fund Summary 2017-18 and MYP

## 2018-19 MYP Budget

GF Combined	2017-18 2 <sup>nd</sup> Interim	2018-19 Projected	2019-20 Projected	2020-21* Projected
Revenues	\$85,985,257	\$86,036,732	\$86,729,257	\$87,492,079
Expenditures (including Transfers In/Out)	\$90,346,500	\$86,880,530	\$88,433,133	\$90,113,400
Net Inc/(Dec) in Fund Balance	(\$4,361,243)	(\$843,799)	(\$1,703,876)	(\$2,621,322)
Beginning Balance	\$13,043,306	\$8,366,092	\$7,522,293	\$5,818,417
Ending Balance	\$8,366,092	\$7,522,293	\$5,818,417	\$3,197,095
Ending Balance as % of Expenditures	9.26%	8.66%	6.58%	3.55%

## Contributions to Restricted Programs (Encroachment)

	2017-18 2 <sup>nd</sup> Interim
Special Education	\$11,027,275
Routine Maintenance	\$2,517,503
Federal and State Preschool	(\$50,046)
<b>TOTAL CONTRIBUTION</b>	<b>\$13,494,732</b>
\$ Increase & % Increase over prior year	\$999,987 7.4%

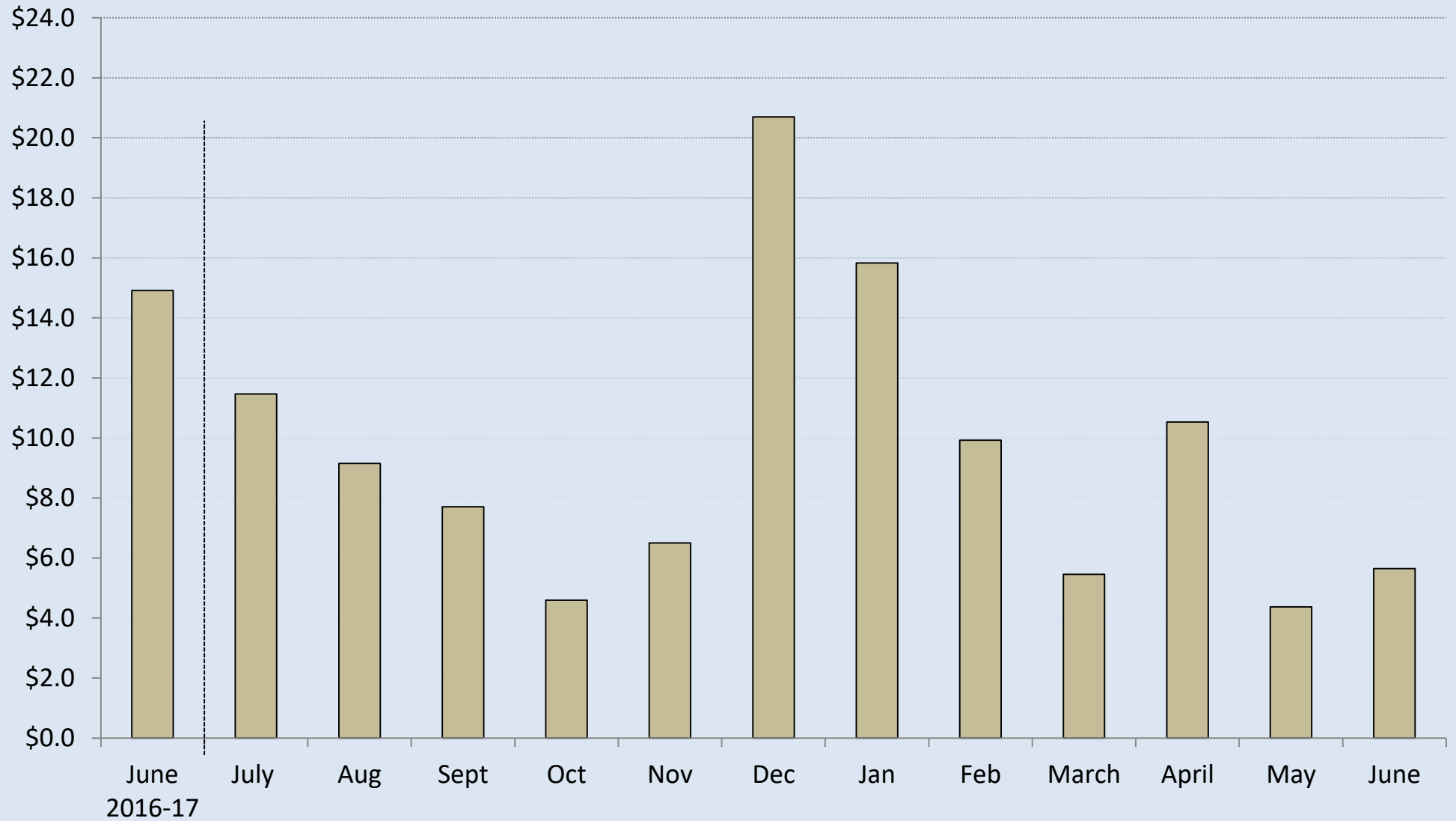




## MYP Components of Ending Fund Balance

Unrestricted	2017-18 2 <sup>nd</sup> Interim	2018-19 Projected	2019-20 Projected
Beginning Balance	\$13,043,306	\$8,366,092	\$7,522,293
Ending Balance	\$8,366,092	\$7,522,293	\$5,818,417
Revolving Cash	\$50,000	\$50,000	\$50,000
Stores/Warehouse	\$55,000	\$55,000	\$55,000
Legally Restricted	\$339,794	\$193,983	\$138,162
BTSA	\$61,600	\$61,600	\$61,600
Benefits Pool	\$160,000	\$160,000	\$160,000
District Assignments	\$2,680,565	\$2,680,565	\$2,680,565
R.E.U.– 3%	\$2,710,395	\$2,606,416	\$2,652,994
Emergency Reserve	\$2,308,737	\$1,714,729	\$20,096
Emergency Reserve as a percentage > 3% REU	2.56%	1.97%	0.02%

## 2017-18 Cash Flow Projections -- 2<sup>nd</sup> Interim Budget



Ending Cash Balance

## Challenges

- Structural Deficit - a budget reduction plan is needed. There is a need for substantial reserves.
- Projected slight positive General Fund Balance above required 3% REU in 2019-20, requires expenditure reductions in last two years of MYP (2018-19 and 2019-20).
- Declining enrollment continues to have a negative impact on District funding.
- Future Funding – Declining Enrollment, LCFF COLA only, slow down of Prop 98 growth
- Low COLA environment on programs that require contributions
- Continued encroachment to the Unrestricted General Fund
- No revenue funding source for District required STRS and PERS increasing pension contributions

## Request for Positive Certification

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

- March 6
  - Approve 2nd Interim Budget
  - Self-Certify “Positive”
  
- March - May
  - Continue development of 2018-19 Budget
  - Continue LCAP Development and Year-End Update



# Questions...

