

# 1<sup>st</sup> Interim Budget 2017-18

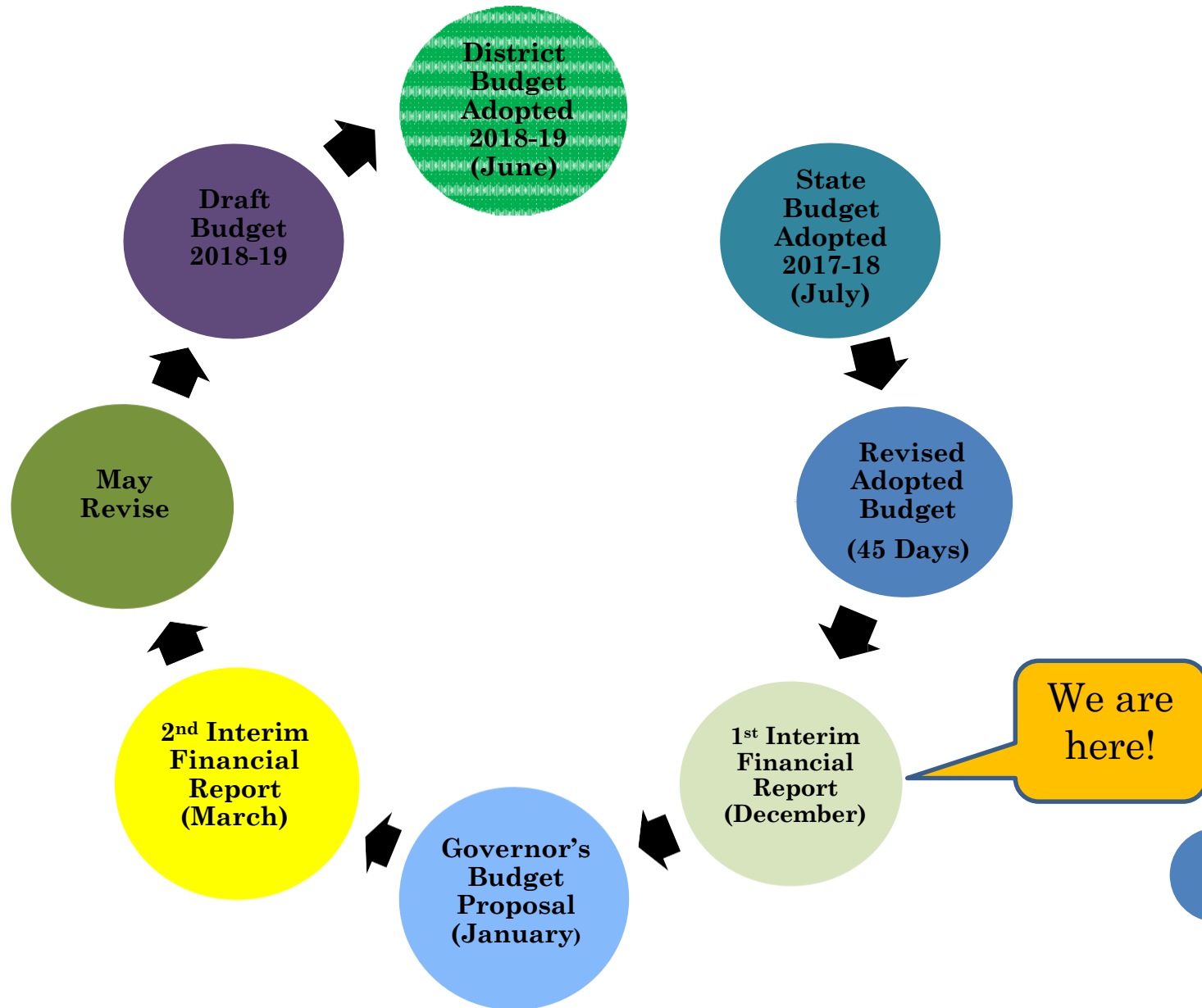
December 11, 2017



OCEAN VIEW SCHOOL DISTRICT  
EDUCATION CENTER

ORIGINAL  
OCEAN VIEW SCHOOL BELL  
1974  
MADE IN ENGLAND

# Annual Budget Cycle



# 2017-18 1<sup>st</sup> Interim Budget

## Components

Budget Assumptions

Multi-Year Projections

General Fund Revenue

General Fund Expenses

General Fund Balance

Encroachment/Contribution

Ending Fund Balance

# 1st Interim Key Rate Assumptions

	2017-18 1 <sup>st</sup> Interim	2018-19 Projected	2019-20 Projected
<b>COLA (Statutory)</b>	1.56%	2.15%	2.35%
<b>LCFF Gap Funding (DOF)</b>	43.97%	66.12%	64.92%
<b>California CPI</b>	3.42%	3.35%	2.02%
<b>STRS Employer Rates</b>	14.43%	16.28%	18.13%
<b>PERS Employer Rates</b>	15.531%	18.10%	20.80%
<b>One-time Discretionary Funding</b>	\$147	\$0	\$0
<b>Enrollment</b>	-197	-129	-128

# 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.

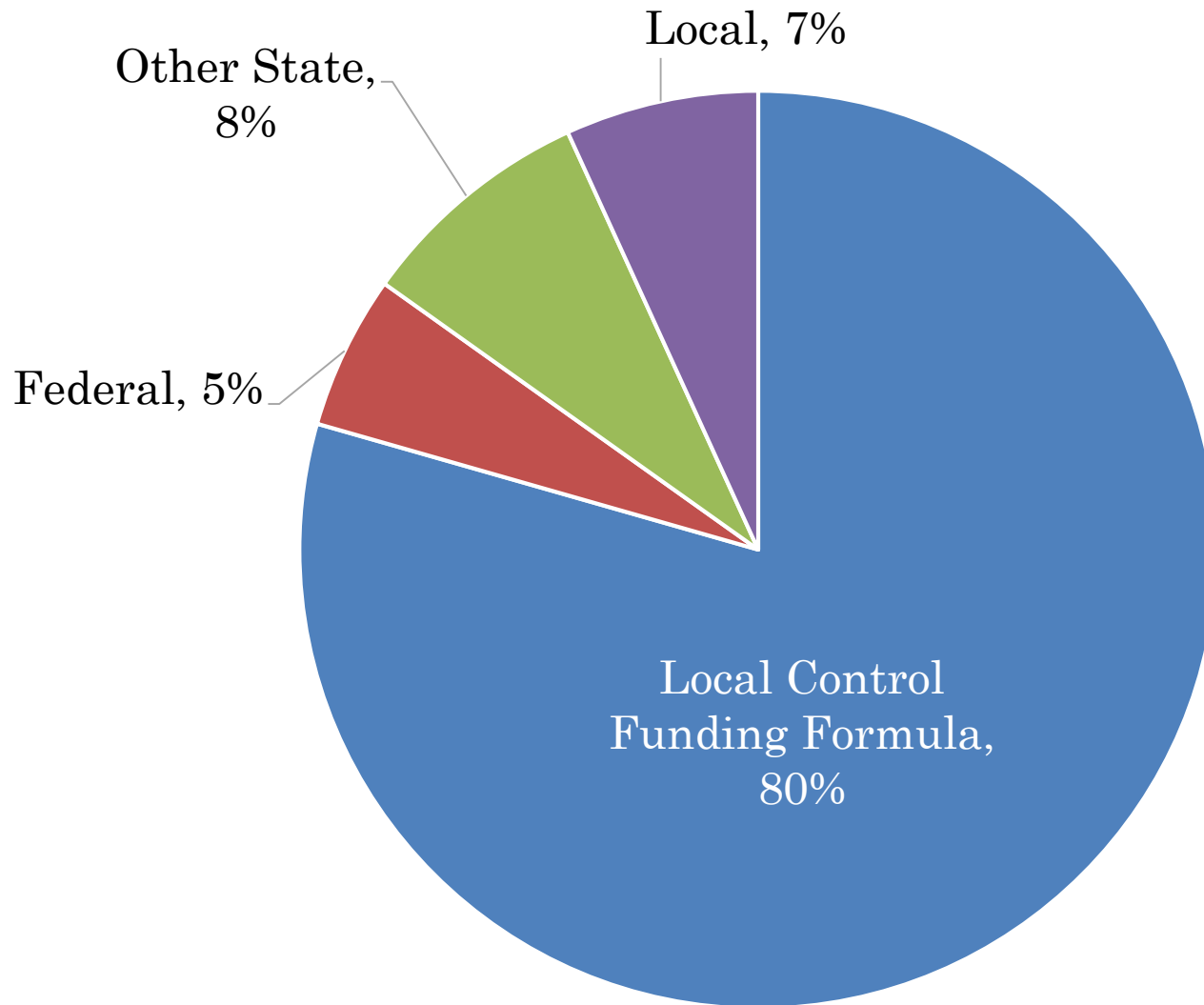
MYP forecasting models should be evaluated as a trend based on certain criteria and assumptions rather than a prediction of exact numbers.

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	2016-17 Unaudited Actuals	2017-18 1 <sup>st</sup> Interim	2018-19 Projected	2019-20 Projected
LCFF Revenues	\$68,350,229	\$68,217,331	\$69,190,474	\$70,100,207
Federal Revenues	\$4,471,286	\$4,652,783	\$4,315,834	\$4,315,834
Other State Revenues	\$7,390,369	\$7,165,839	\$5,957,224	\$5,957,224
Other Local Revenues	\$7,476,441	\$5,852,556	\$5,852,556	\$5,852,556
<b>TOTAL Revenues</b>	<b>\$87,688,324</b>	<b>\$85,888,509</b>	<b>\$85,316,088</b>	<b>\$86,225,821</b>
<b>\$ &amp; % Inc / Dec Over prior year</b>	<b>-\$577,650 -0.7%</b>	<b>-\$1,799,815 -2.1%</b>	<b>-\$572,421 -0.7%</b>	<b>\$909,733 1.1%</b>

# 2017-18 1<sup>st</sup> Interim Budget General Fund Revenues



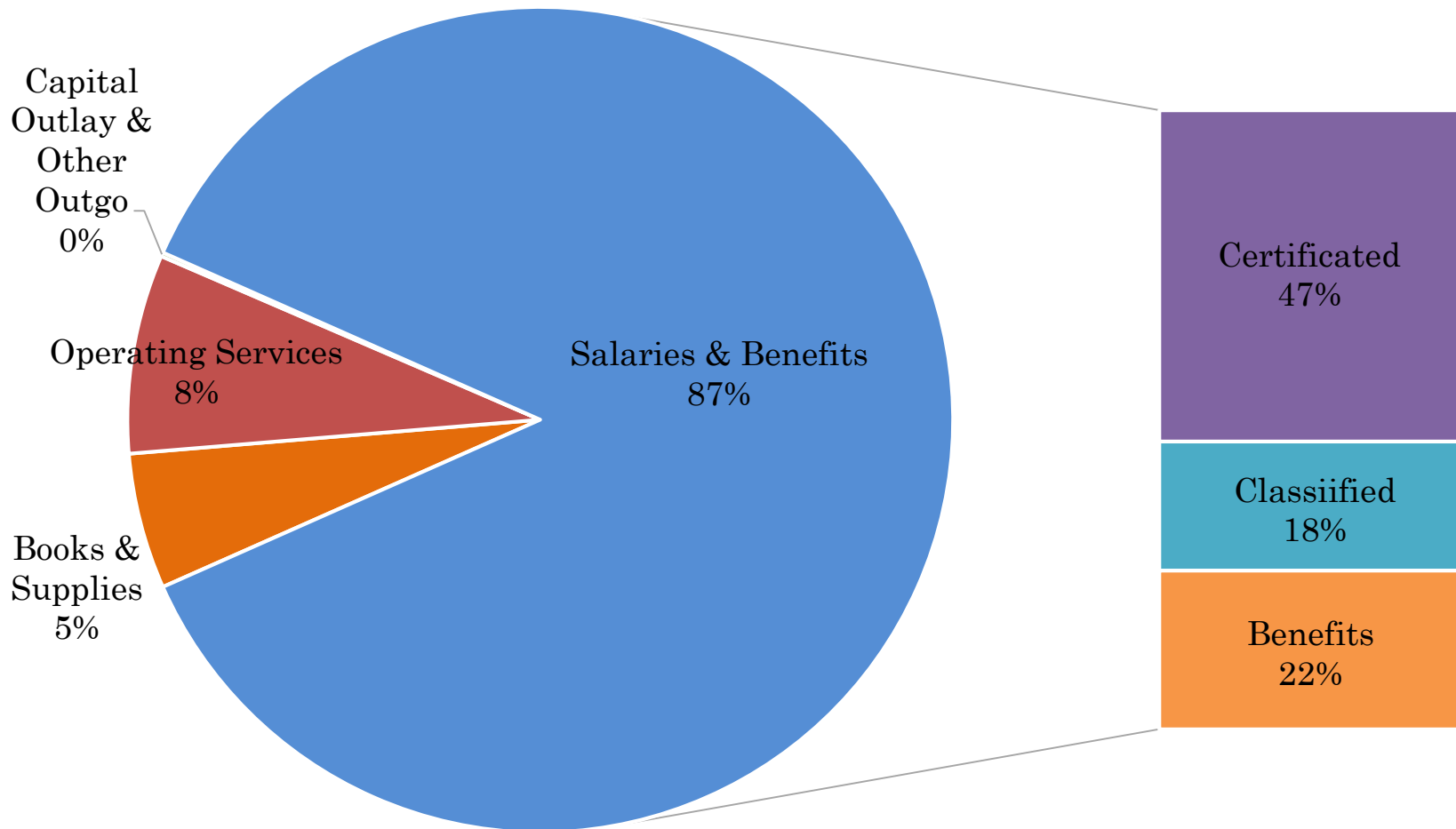
**Total Revenue \$83,035,084**

# General Fund Expenditures

GF Combined	2016-17 Unaudited Actuals	2017-18 1 <sup>st</sup> Interim	2018-19 Projected	2019-20 Projected
Certificated Salaries	\$41,948,675	\$41,064,775	\$39,252,969	\$40,038,028
Classified Salaries	\$15,929,540	\$15,996,809	\$16,006,777	\$16,016,845
Employee Benefits	\$18,357,765	\$19,664,563	\$20,768,520	\$21,941,679
Books & Supplies	\$2,201,855	\$4,713,617	\$4,208,864	\$4,208,864
Operating Expenses	\$7,317,628	\$6,900,221	\$6,601,986	\$6,601,986
Capital Outlay	\$176,835	\$138,847	\$138,847	\$138,847
Other Outgo	\$487,825	\$438,806	\$438,806	\$438,806
Support Costs	(\$372,571)	(\$369,468)	(\$369,468)	(\$369,468)
<b>TOTAL Expend</b>	<b>\$86,047,552</b>	<b>\$88,548,170</b>	<b>\$87,047,301</b>	<b>\$89,015,587</b>
<b>\$ &amp; % Inc / Dec Over prior year</b>	<b>\$1,922,657 2.3%</b>	<b>\$2,500,618 2.9%</b>	<b>-\$1,500,869 -1.7%</b>	<b>\$1,968,286 2.3%</b>



# 2017-18 DRAFT BUDGET GENERAL FUND EXPENDITURES



**Total Expenditures = \$88,548,170**

**Unrestricted Labor Cost = 88%**

# General Fund Balance Summary and MYP

Unrestricted	2017-18 1 <sup>st</sup> Interim	2018-19 Projected	2019-20 Projected
Revenues	\$72,116,458	\$71,777,838	\$72,687,570
<i>Encroachment</i>	<i>(\$13,627,087)</i>	<i>(\$13,627,087)</i>	<i>(\$13,627,087)</i>
“Net Revenues”	\$58,489,371	\$58,150,751	\$59,060,483
Expenditures	\$61,652,551	\$61,202,453	\$61,170,692
Net Inc/ <b>(Dec)</b>	<b>(\$3,163,180)</b>	<b>(\$3,051,701)</b>	<b>(\$2,110,208)</b>
Beginning Balance	\$11,358,520	\$8,195,340	\$5,143,639
Ending Balance	\$8,195,340	\$5,143,639	\$3,033,431

# MYP Components of Ending Fund Balance

Unrestricted	2017-18 1 <sup>st</sup> Interim	2018-19 Projected	2019-20 Projected
Beginning Balance	\$11,358,520	\$8,195,340	\$5,143,638
Ending Balance	\$8,195,340	\$5,143,638	\$3,033,430
Revolving Cash	\$50,000	\$50,000	\$50,000
Stores/Warehouse	\$55,000	\$55,000	\$55,000
R.E.U. (Mandated Reserve) – 3%	\$2,663,945	\$2,618,919	\$2,677,968
Unappropriated	\$5,426,395	\$2,419,719	\$250,463
Available Balance greater than 3% REU	6.1%	2.8%	0.3%

# 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, Unstable LCFF Gap%, 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
- Health and welfare ongoing increases

# 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 2018-19
  - Begin development of 2018-19 budget
  
- January – March
  - Plan for 2nd Interim Budget Update
  - Continue LCAP Development and Year-End Update

# Questions...

