

Ocean View School District 2016-17 Budget Update

Based on 2016-17 Budget Adoption June 2016
and 2015-16 Unaudited Actuals
November 15, 2016



Carol Hansen, Ed.D., Superintendent
Michael Conroy, Ed.D., Deputy Superintendent
Joe Webber, Director Fiscal Services

- ❖ Review Factors Influencing LCFF & District Budget
- ❖ Discuss Components of Budget Adoption with Unaudited Actuals
 - ❖ Review Revenues and Expenses
 - ❖ Share Multiyear Projections
 - ❖ Provide Insight to Composition of Fund Balance
 - ❖ Review Cash Flow Adopted Budget
- ❖ Next Steps
- ❖ Questions and Answers



Factors Influencing LCFF & District Budget

- State Economy
- State Politics
 - Propositions 30 & 55
- LCFF Calculation Component Factors
 - District Specific Factors:
 - Enrollment
 - Grade Spans: K-3, 4-6, 7-8
 - Local Control Accountability Plan
 - Unduplicated Count (FRM + EL + Foster Youth)

- The large increase in gap funding in the past two years will lead to smaller year-over-year gap funding in the future.
- The gap percentage factor comparison 2015-16 to 2016-17 is similar however the gap is less than half of the prior year's increase. That means that gap-closure percentages will increase, yet result in a smaller actual funding increase for school districts.

State Wide	2015-16	2016-17	2017-18	2018-19
LCFF Gap Funding Percentage (DOF)	52.56%	54.18%	72.99%	40.36%
LCFF Gap Funding (in millions)	\$6,200	\$2,942	\$2,210	\$835

- Its the District's fiduciary responsibility to maintain fiscal solvency for the current and subsequent two fiscal years.
- Due to the issues stated below, the District needs to, if necessary, plan for potential budget reductions in 2017-18 and/or 2018-19 to maintain fiscal solvency due to:
 - Volatility of state general fund revenues
 - Deficit spending in the unrestricted general fund
 - Declining enrollment
 - Increasing operational expenses, such as employer rate increase for Cal STRS and CalPERS

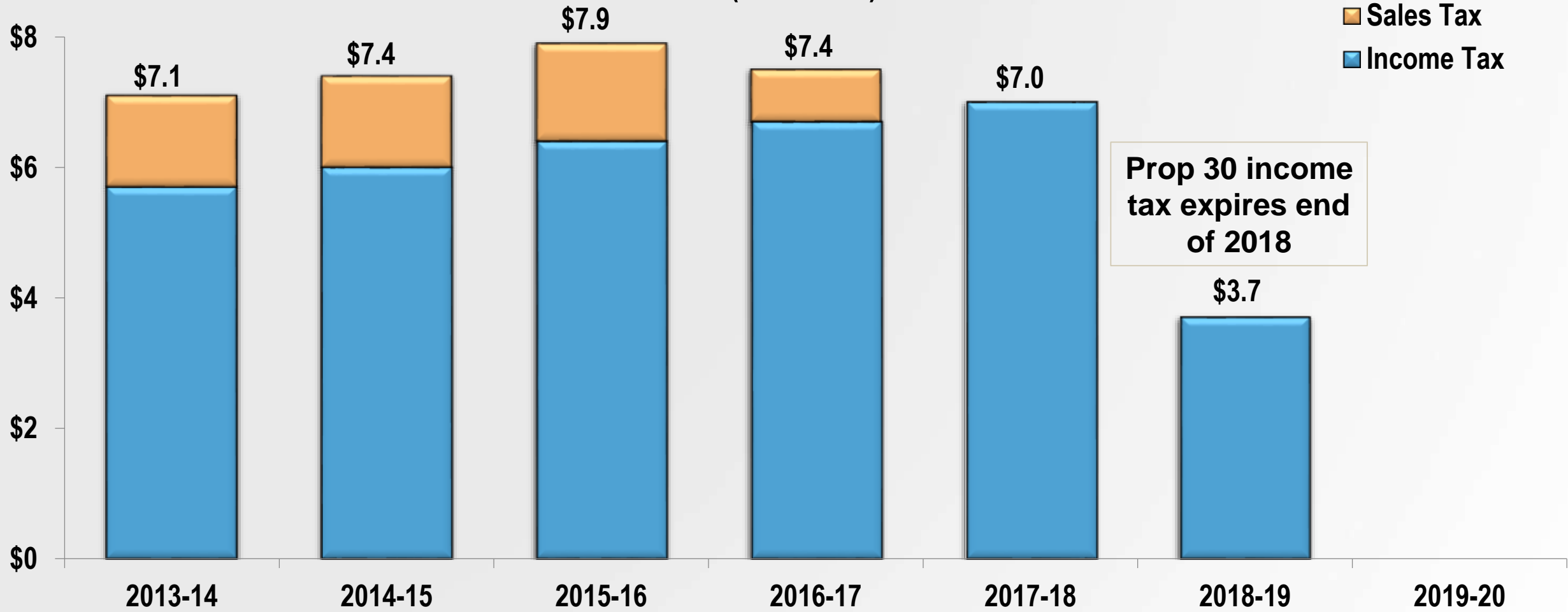


- **Proposition 30**
Sales tax increase will expire at the end of 2016 and income tax rate increases on high-income taxpayers expires at the end of 2018 tax year
- **Proposition 55**
Extends from 2019 through 2030 the Proposition 30 income tax rate increases on high-income taxpayers
- **Increased income tax revenues**
Between \$4 billion and \$9 billion each year (in 2016 dollars)
Depending upon economy and stock market
- **Increased funding for schools and community colleges**
Roughly half of the revenue raised by the measure (estimated \$2 billion) in 2019-20
- **Increased Medi-Cal funding**
Between \$0 and \$2 billion each year
- **Increased budget reserves and payments**
Between \$60 million and approximately \$1.5 billion each year (in 2016 dollars), depending primarily upon stock market

Proposition 30 Revenue Gain and Loss Projections



(In billions)



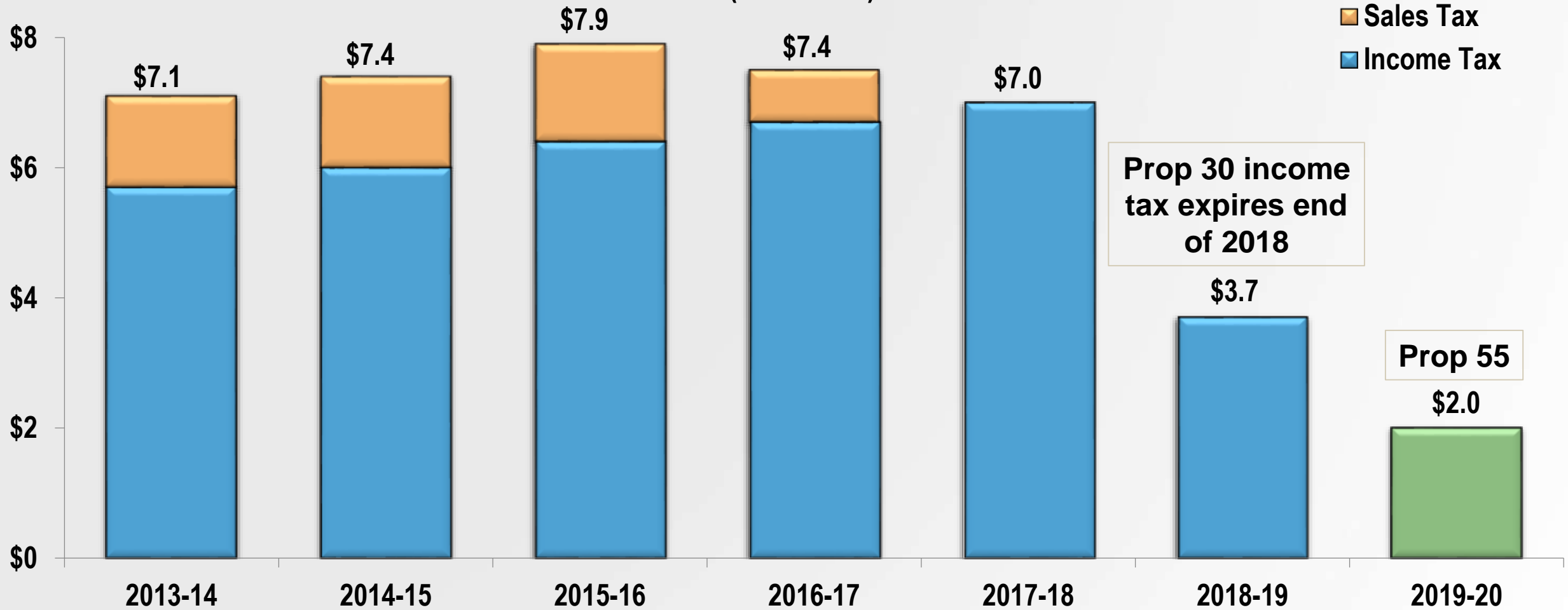
■ Sales Tax
■ Income Tax

Prop 30 income tax expires end of 2018

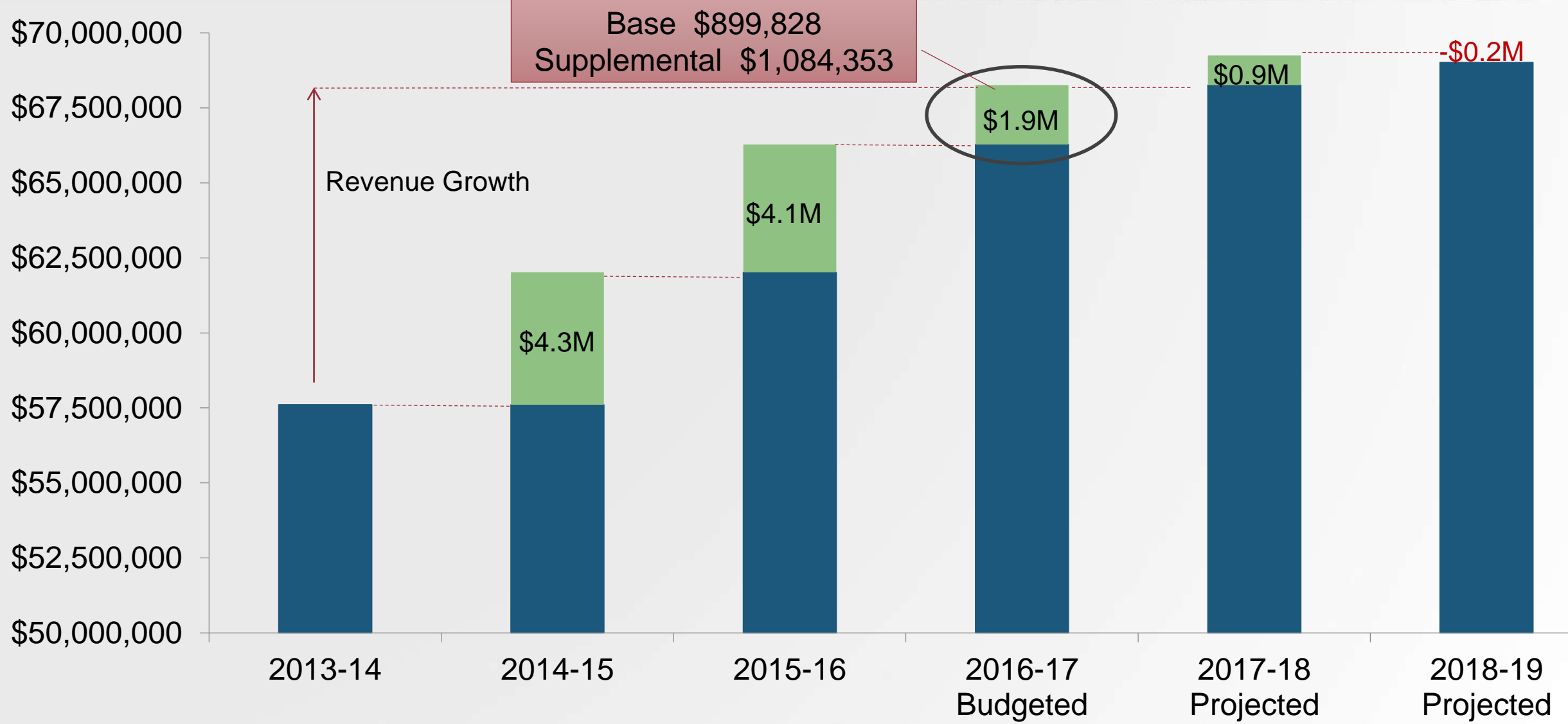
Proposition 30 Revenue Gain and Loss Projections and Proposition 55 Revenue Gain



(In billions)



Projected Annual LCFF Revenue Increases



District Retirement Contribution Increases



	2016-17	2017-18	2018-19	2019-20
CalPERS (Projected)	13.888%	15.50%	17.10%	18.60%
Increased Cost	\$160,889	\$157,379	\$157,925	\$149,684
CalSTRS (Statutory)	12.58%	14.43%	16.28%	18.13%
Increased Cost	\$609,928	\$607,014	\$611,592	\$614,812
Total Cost Increase	\$770,817	\$764,393	\$769,517	\$764,496



Components of Budget

Revenues

Expenses

Multi Year Projections (MYP)

Fund Balance

Cash Flow

2016-17 Unrestricted Revenues



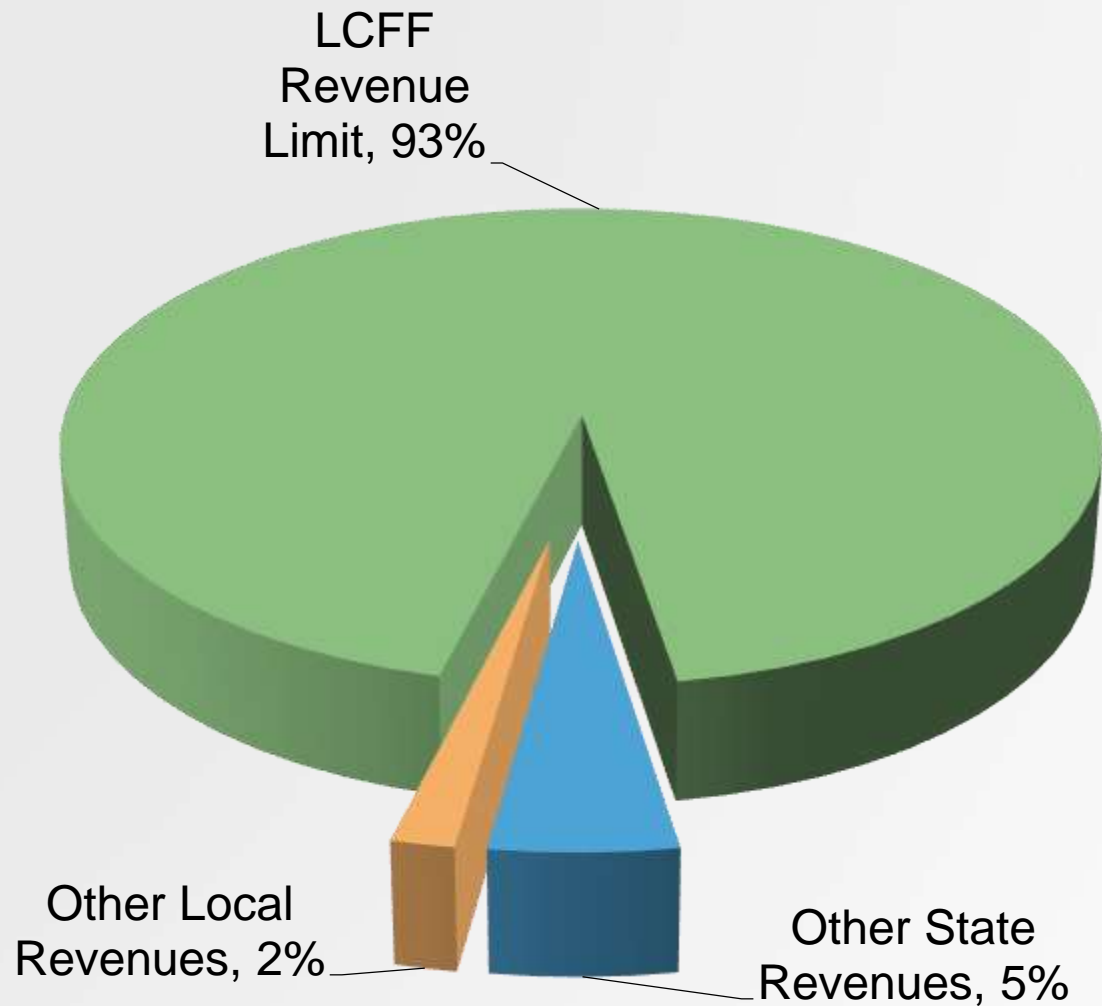
The District has budgeted \$72,959,574 in Unrestricted Revenues for 2016 -17 at Budget Adoption in June.

The majority of District funding is now coming from the State's LCFF Revenue Limit sources.

The District also incurs \$11,893,445 in encroachment to cover other District programs that are NOT fully funded by the program sources, which results in a net revenue of \$61,066,129.

Other State Revenues are primarily Lottery and Mandated Costs funds.

Other Local Revenues are primarily from fees from pre-school revenue and donations.

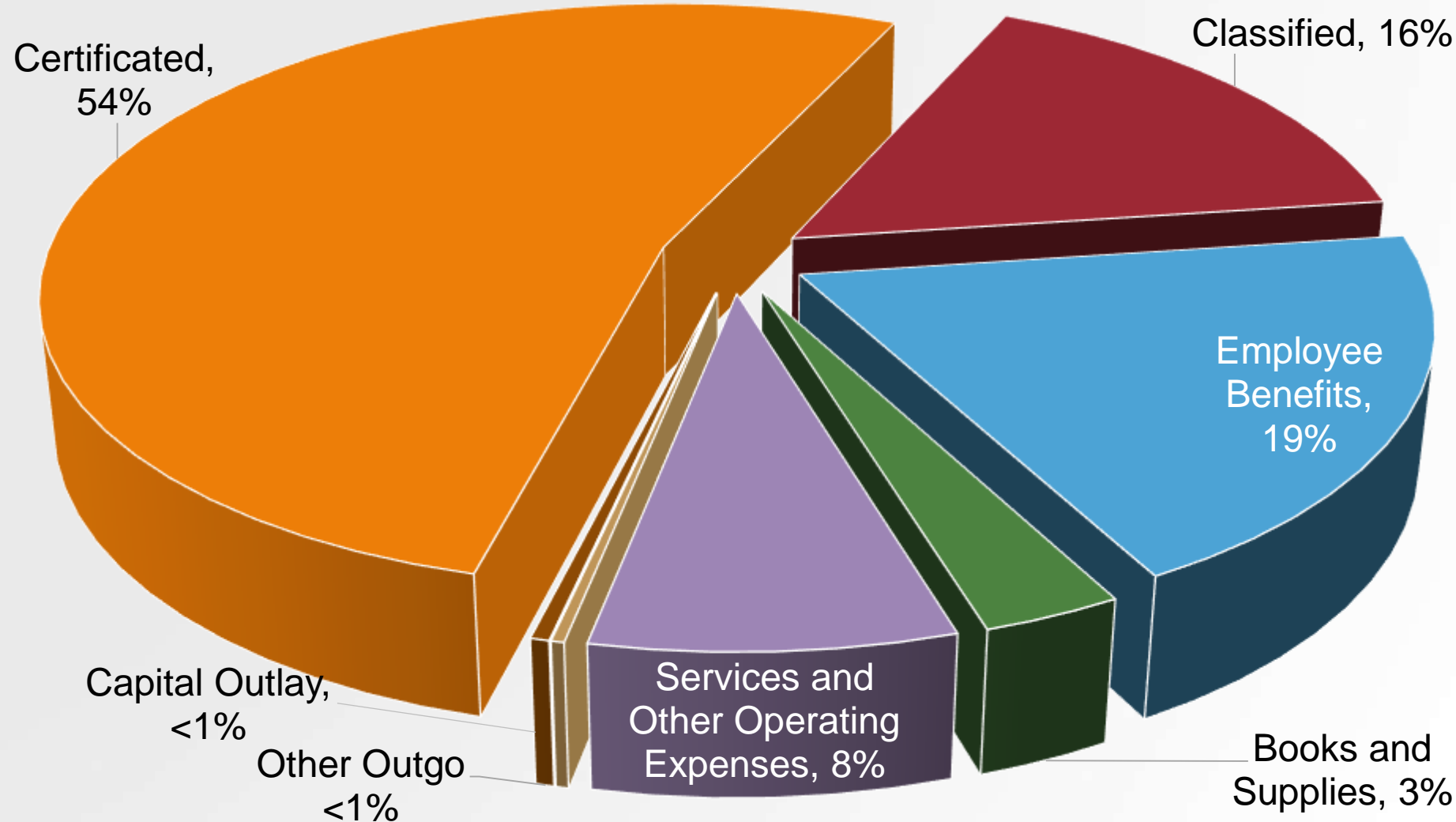


2016-17 Unrestricted Budget Expenses

The District has budgeted \$61,424,654 in total operational Unrestricted Expenses at Budget Adoption.

Education is primarily a service related industry, consequently as an organization the District spends the majority share of its budgetary resources in personnel related areas.

Employee salaries account for approximately 70% of all expenses and employee benefits alone account for approximately 19%. All personnel related expenses comprise approximately 89% of all District expenses.



Combined Adopted Budget Multi-Year Projections with Unaudited Actuals

Beginning Fund Balance

- MYP Overview 2016-17 thru 2018-19

GF Combined	2016-17	2017-18	2018-19
Revenues	\$85,745,553	\$84,709,663	\$84,589,595
Expenditures	\$86,066,902	\$87,366,044	\$87,818,138
Surplus / (Structural Deficit)	(\$321,349)	(\$2,656,381)	(\$3,228,543)
Beginning Fund Balance	\$11,652,533	\$11,331,184	\$8,674,803
Ending Fund Balance	\$11,331,184	\$8,674,803	\$5,446,260



* NOTE: Unaudited Actuals / Adopted Budget Book 9-6-16, Executive Summary & MYP tab

Unrestricted Adopted Budget Multi-Year Projections with Unaudited Actuals Beginning Fund Balance



- MYP Overview 2016-17 thru 2018-19

GF Unrestricted	2016-17	2017-18	2018-19
Revenues	\$72,959,574	\$71,925,031	\$71,690,464
Encroachments	(\$11,893,445)	(\$11,843,445)	(\$12,043,445)
Net Revenues	\$61,066,129	\$60,081,586	\$59,647,019
Expenditures	\$61,424,654	\$62,522,800	\$62,459,765
Surplus / (Structural Deficit)	(\$358,525)	(\$2,441,214)	(\$2,812,746)
Beginning Fund Balance	\$10,611,188	\$10,252,663	\$7,811,449
Ending Fund Balance	\$10,252,663	\$7,811,449	\$4,998,703



* NOTE: Budget Book 6-21-16, Multiyear Projections tab

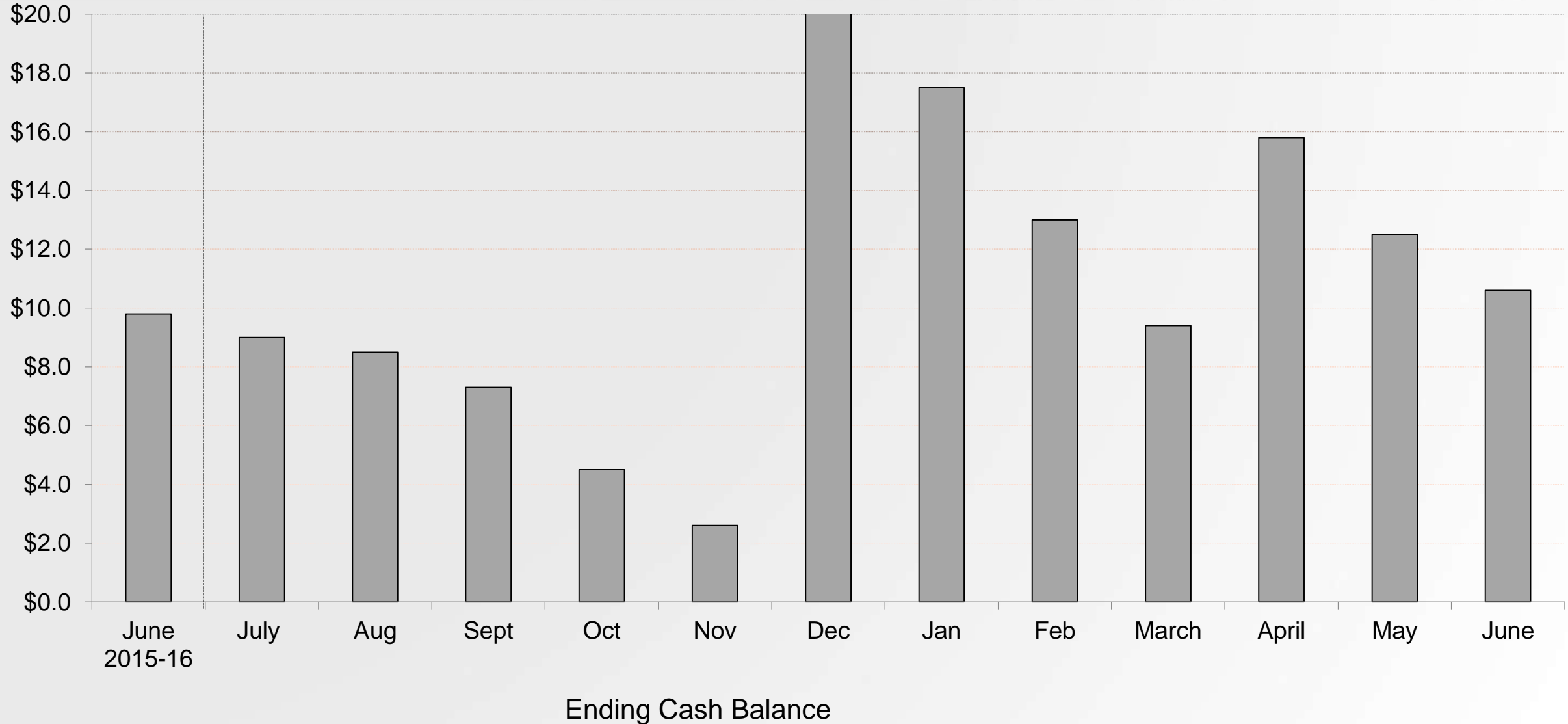
Unrestricted Adopted Budget Multi-Year Projections with Unaudited Actuals Beginning Fund Balance



GF Unrestricted	2016-17
Ending Fund Balance	\$10,252,663
Revolving Cash	\$50,000
Stores/Warehouse	\$72,816
3% -- Designated for Economic Uncertainty	\$2,582,032
Assigned*	\$7,547,815
<i>School Sites/Donations/Departments Carryover</i>	\$1,121,349
<i>Health Benefits Pool</i>	\$259,932
<i>Reserve for ACA Liabilities</i>	\$100,000
<i>Balance of 1-time Discretionary One-Time Block Grant)</i>	\$3,990,940
<i>Emergency Reserve</i>	\$2,075,594

* NOTE: Unaudited Actuals / Adopted Budget Book 9-6-16, General Fund tab

2016-17 Cash Flow Projections



Upcoming?

November 16

- Continue negotiations with OVTA & CSEA
 - *Language with OVTA – “every effort shall be made to reach a fair 2016-17 agreement on or before the December winter break”*

December 15

- 1st Interim Budget

January 10, 2017

- Governor’s 2017-18 Budget Proposal Projected Release



November 16

- Continue negotiations with OVTA & CSEA
 - *Language with OVTA – “every effort shall be made to reach a fair 2016-17 agreement on or before the December winter break”*

➤ Cost of 1%	OVTA	\$401,062
	CSEA	\$200,546
	<u>Mgmt</u>	<u>\$ 78,464</u>
	Overall Cost of 1%	\$680,072

December 15

- 1st Interim Budget

January 10, 2017

- Governor’s 2017-18 Budget Proposal Projected Release

Questions ?

