



2018-2019 SECOND INTERIM BUDGET

**BOARD MEETING
FEBRUARY 27, 2019**

Presentation



- First Interim vs. Second Interim
 - Revenue and Expenditure Variances
- General Fund Summary
 - Revenues and Expenditures
- Multi-year Projection
- Looking Ahead

**FIRST INTERIM
VS.
SECOND INTERIM**

Revenue



| | First Interim | Budget Adjustments | Second Interim |
|-----------------------|-------------------|--------------------|-------------------|
| LCFF Sources | 50,173,823 | 404,721 | 50,578,544 |
| Federal Revenues | 1,393,144 | - | 1,393,144 |
| Other State Revenues | 4,327,598 | 92,725 | 4,420,323 |
| Other Local Revenues | 3,696,954 | 73,936 | 3,770,890 |
| Other Finance Sources | 70,000 | 811,605 | 881,605 |
| Total Revenues | 59,661,519 | 1,382,987 | 61,044,506 |

Revenue Variances



- **LCFF Sources:**
 - Increase in property tax from 5.5% to 6.4% over 2017-2018 Actuals
- **Other State Revenues:**
 - New Low Performing Student and Classified Professional Development Block Grants
- **Other Local Revenues:**
 - Increase due to site fundraising budgeted when received and an adjustment to interest revenue
- **Other Financing Sources:**
 - Increase due to accounting adjustment for new Apple Lease offset in Books and Supplies

Expenditures



| | First Interim | Budget Adjustments | Second Interim |
|---------------------------|-------------------|--------------------|-------------------|
| Certificated Salaries | 29,138,973 | (5,869) | 29,133,104 |
| Classified Salaries | 8,064,855 | 4,648 | 8,069,503 |
| Employee Benefits | 13,769,479 | (29,349) | 13,740,130 |
| Books & Supplies | 2,229,816 | 852,341 | 3,082,157 |
| Operating Expenses | 5,739,249 | 96,225 | 5,835,474 |
| Capital Outlay | 256,685 | - | 256,685 |
| Other Outgo | 171,022 | - | 171,022 |
| Total Expenditures | 59,370,079 | 917,996 | 60,288,075 |

Expenditure Variances



- Salaries and Benefits:
 - Salary and benefits adjustments based upon seven months of actual expenditures
- Books and Supplies:
 - Increase due to accounting adjustment for new Apple Lease offset in Other Financing Sources and adjustment for fundraising budgeted when received
- Operating Expenses:
 - Increase due to adjustments for new Low Performing Student and Classified Professional Development Block Grants

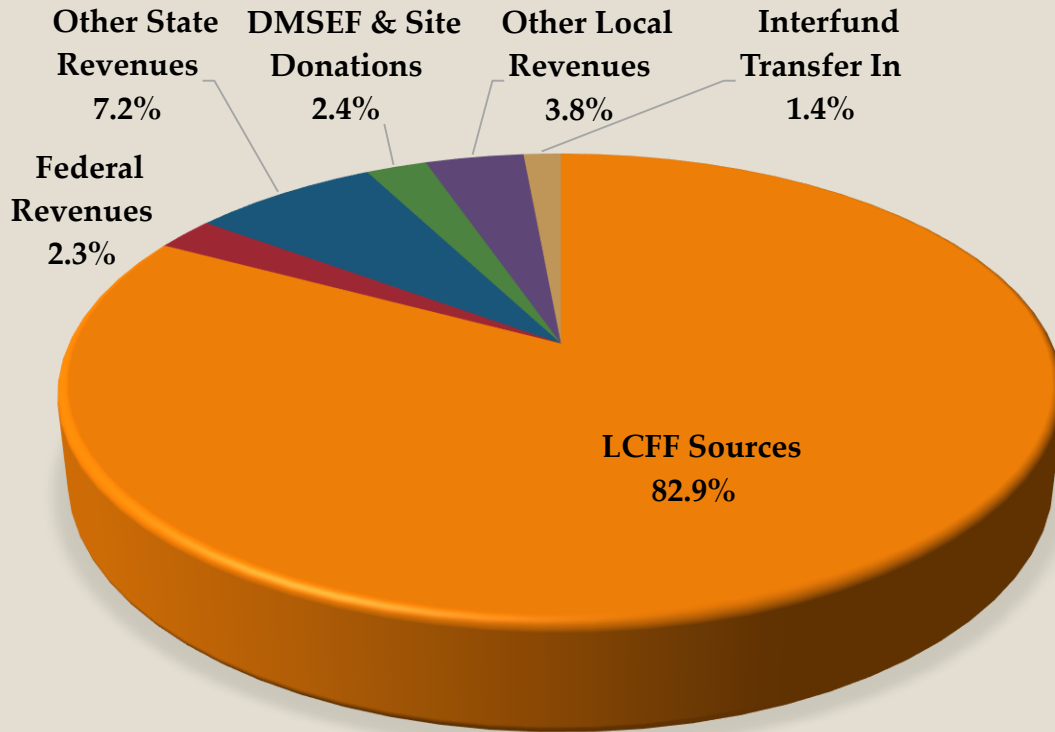
Ending Fund Balance



| | First Interim | Budget Adjustments | Second Interim |
|--|-------------------|--------------------|-------------------|
| Net Increase (Decrease) | 291,440 | 464,991 | 756,431 |
| Fund Balance | 12,380,783 | 464,991 | 12,845,774 |
| <i>Components of Ending Fund Balance:</i> | | | |
| Revolving Cash | 25,000 | - | 25,000 |
| Restricted: | 126,477 | - | 126,477 |
| Assigned: | | | |
| STRS, PERS, & OPEB Future | 1,542,692 | 299,752 | 1,842,444 |
| 3% Reserve for Economic Uncertainties | 1,781,102 | 27,540 | 1,808,642 |
| Unassigned/Unappropriated | 8,905,512 | 137,699 | 9,043,211 |
| Total Unrestricted Reserve Balance | 12,254,306 | | 12,719,297 |
| Unrestricted Reserve Percentage | 20.6% | | 21.1% |

GENERAL FUND SUMMARY

2018-2019 Revenue Summary

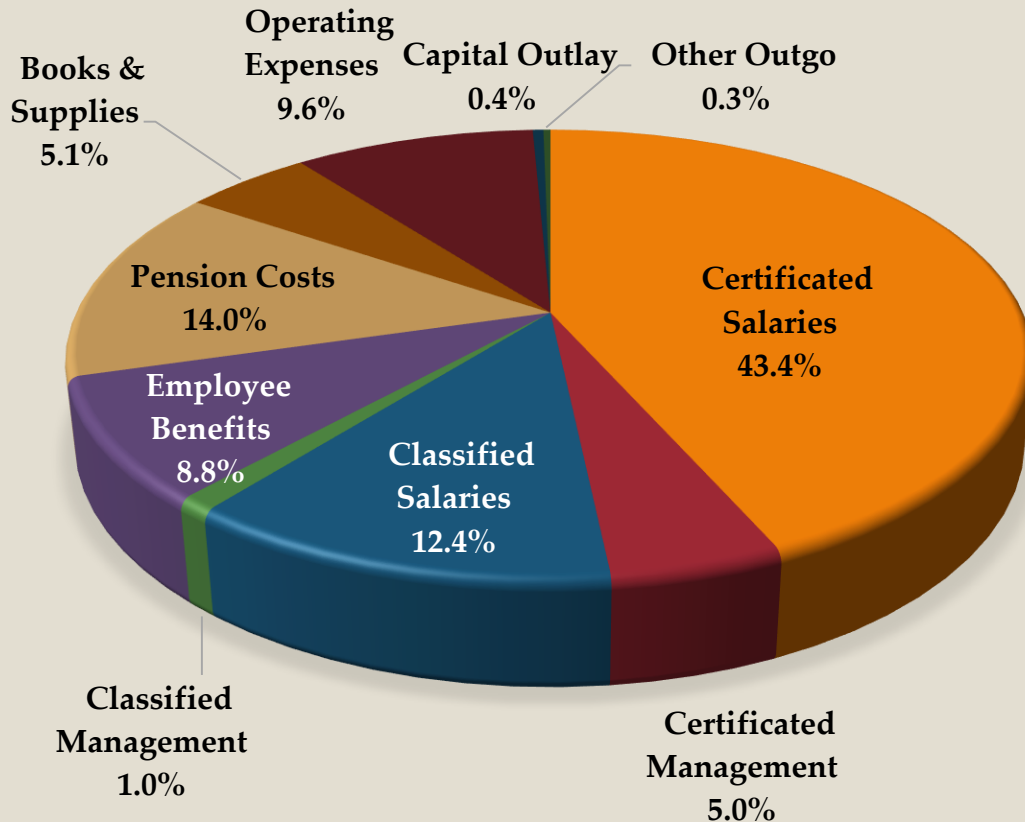


| | |
|--|-------------------|
| LCFF Sources | 50,578,544 |
| Federal Revenues | 1,393,144 |
| Other State Revenues | 4,420,323 |
| Other Local Revenues | 2,329,082 |
| DMSEF & Site Donations | 1,441,808 |
| Other Financing Sources | 881,605 |
| Total Revenue & Other Financing Sources | 61,044,506 |

Other State Revenues includes:

- State STRS "on-behalf" contribution of \$2,251,408

2018-2019 Expenditure Summary



| | |
|---|-------------------|
| Certificated Salaries | 26,140,943 |
| Certificated Management | 2,992,161 |
| Classified Salaries | 7,453,664 |
| Classified Management | 615,839 |
| Employee Benefits | 5,286,972 |
| Pension Costs* | 8,453,158 |
| Books & Supplies | 3,082,157 |
| Operating Expenses | 5,835,474 |
| Capital Outlay | 256,685 |
| Other Outgo | 171,022 |
| Total Expenditures & Other Outgo | 60,288,075 |

***Total Salary and Benefits = 84.5%**

*Pension costs include State STRS "on-behalf" contribution of \$2,251,408

MULTI-YEAR PROJECTION

Multi-Year Projection



- Based upon the School Services of California Dartboard
- Property Tax Projection:
 - 2019-20 4% Increase
 - 2020-21 4% Increase
- Average Daily Attendance Projections:
 - 2019-20 4,146
 - 2020-21 4,146
- 3% Restricted Maintenance contribution beginning Fiscal Year 2019-2020

Required Revenue Growth for Stability



Statutory Increases for 2019-2020

| | |
|--|-------------------|
| 2% Step and Column Adjustment | \$ 911,000 |
| CalSTRS & CalPERS % Increases | \$ 758,000 |
| Maintain 20% Reserve | <u>\$ 334,000</u> |
| | \$ 2,003,000 |
| | |
| 2018-2019 Property Tax Revenue | \$48,566,836 |
| Required % of Property Tax Revenue to Meet Annual Statutory Increases | 4.1% |

Multi-Year Projection



| DESCRIPTION | FY 2018-19 Current (Base Year) | FY 2019-20 First Projected Year | FY 2020-21 Second Projected Year |
|-----------------------------------|-----------------------------------|------------------------------------|-------------------------------------|
| Revenues | | | |
| LCFF Sources | 50,578,544 | 52,476,588 | 54,486,867 |
| Federal Revenues | 1,393,144 | 1,393,144 | 1,393,144 |
| Other State Revenues | 4,420,323 | 3,517,196 | 3,525,385 |
| Other Local Revenues | 3,770,890 | 3,434,844 | 3,487,188 |
| Transfers In/Other Sources | 881,605 | 70,000 | 70,000 |
| Total Revenues: | 61,044,506 | 60,891,772 | 62,962,583 |
| Expenditures | | | |
| Certificated Salaries | 29,133,104 | 29,487,730 | 30,077,485 |
| Classified Salaries | 8,069,503 | 8,186,736 | 8,350,471 |
| Employee Benefits | 13,740,130 | 14,744,202 | 15,514,732 |
| Books & Supplies | 3,082,157 | 1,781,103 | 1,781,103 |
| Services, Other Operating Expense | 5,835,474 | 6,205,178 | 6,255,178 |
| Capital Outlay | 256,685 | 50,000 | 50,000 |
| Other Outgo - exclude Direct Sup. | 36,859 | 38,031 | 39,191 |
| Debt Service | 134,163 | 278,666 | 278,666 |
| Total Expenditures: | 60,288,075 | 60,771,646 | 62,346,826 |

Multi-Year Projection



| DESCRIPTION | FY 2018-19 Current (Base Year) | FY 2019-20 First Projected Year | FY 2020-21 Second Projected Year |
|--|-----------------------------------|------------------------------------|--|
| Beginning Balance as of July 1 | 12,089,343 | 12,845,774 | 12,965,900 |
| Net Increase (Decrease) In Fund Balance | 756,431 | 120,126 | 615,758 |
| Ending Balance | 12,845,774 | 12,965,900 | 13,581,657 |
| Revolving Cash | 25,000 | 25,000 | 25,000 |
| Restricted | 126,477 | 126,477 | 126,477 |
| Assignments: | | | |
| - STRS, PERS, & OPEB Future Obligations | 1,842,444 | 1,875,526 | 2,207,752 |
| Reserve for Economic Uncertainties | 1,808,642 | 1,823,149 | 1,870,405 |
| Unassigned/Unappropriated Amount (15%) | 9,043,211 | 9,115,747 | 9,352,024 |
| | | | |
| Total Unrestricted Reserve Balance | 12,719,297 | 12,839,423 | 13,455,180 |
| Total Unrestricted Reserve Percentage | 21.1% | 21.1% | 21.6% |

Looking Ahead



- Enrollment projection and staffing needs
- STRS/PERS annual increases
- DMSEF contribution
- 3% minimum Routine Restricted Maintenance contribution effective July 1, 2019
- Prioritize projects as identified in Facilities Master Plan
- OPEB obligation funding plan
- Reserve for annual operations of East Pacific Highlands Ranch School #9
- Per District Design 2022, 2018-2019 Supporting Priority Action for Funding: Increase level of financial reserve

Questions?