



$E = mc^2$

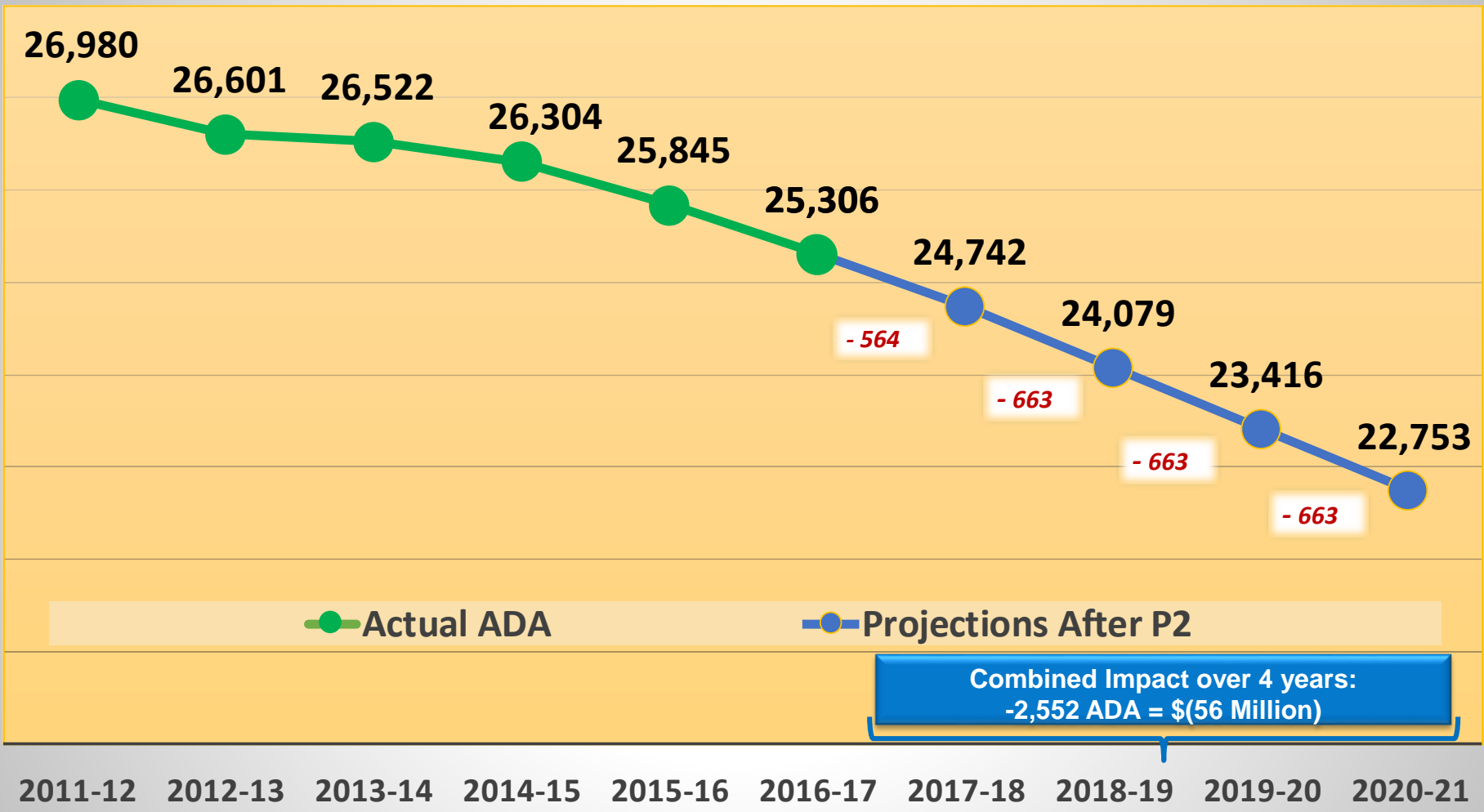
# 2017-18 1<sup>st</sup> INTERIM REPORT

## Orange Unified School District

District Advisory Council – Yorba Middle School

January 31, 2018

# Historical Average Daily Attendance & Projections



# Budgetary Building Blocks

## ■ Expenditures:

### ● Step and Column Increases:

- Certificated & Leadership 1.2%
- Classified 2%

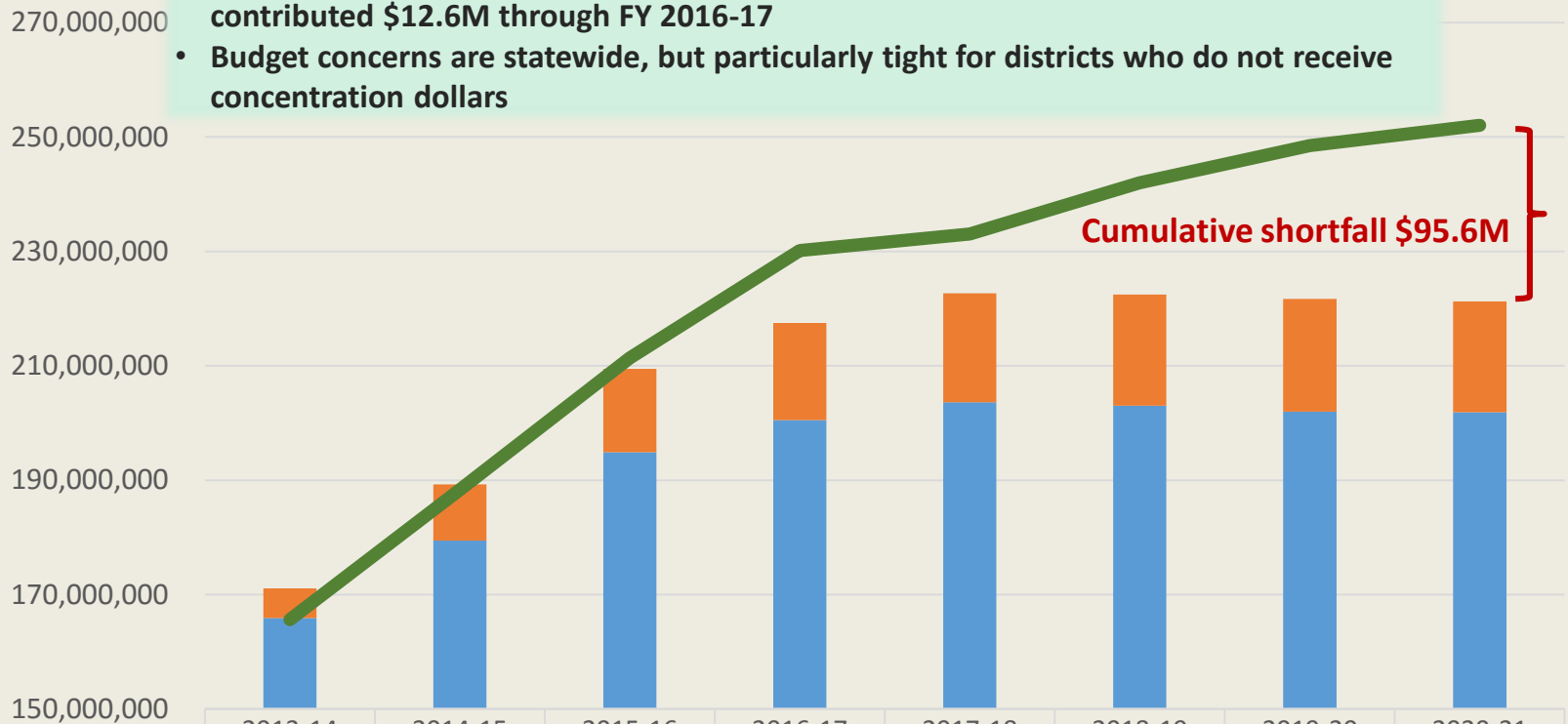
### ● Increases in STRS and PERS employer contribution rates

	2017-18	2018-19	2019-20	2020-21
CalSTRS	14.43%	16.28%	18.13%	19.10%
CalPERS	15.53%	18.10%	20.80%	23.80%



# Revenues & Expenditures: Structural Imbalance

- The increase in unrestricted expenditures outpaces increases in LCFF Revenues
- Declining Enrollment and increased STRS/PERS contributions remain a critical factor
- Districts no longer receive State Deferred Maintenance matching funds, General Fund contributed \$12.6M through FY 2016-17
- Budget concerns are statewide, but particularly tight for districts who do not receive concentration dollars



	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
LCFF Supplemental Revenues	5,151,788	9,832,446	14,548,528	17,003,064	19,062,374	19,467,366	19,693,157	19,371,468
LCFF Base Revenues	165,928,960	179,418,318	194,885,769	200,497,555	203,617,029	202,989,498	202,003,547	201,848,304
Unrestricted Expenditures	165,613,365	188,316,578	211,361,545	230,137,427	233,020,514	242,003,703	248,469,475	252,026,985

■ LCFF Base Revenues     
 ■ LCFF Supplemental Revenues     
 ■ Unrestricted Expenditures

# Multi-Year Projections: 1<sup>st</sup> Interim Report

	2017-18	2018-19	2019-20	2020-21
<b>TOTAL REVENUES</b>	285,535,284	274,950,592	274,101,775	273,666,109*
<b>TOTAL EXPENDITURES</b>	297,089,918	294,497,431	300,874,547	304,473,323*
INCREASE (DECREASE) IN FUND BALANCE	(11,554,634)	(19,546,839)	(26,772,772)	(30,807,214)
BEGINNING BALANCE	62,965,570	51,410,936	31,864,097	5,091,325
<b>PROJECTED ENDING BALANCE</b>	<b>51,410,936</b>	<b>31,864,097</b>	<b>5,091,325</b>	<b>(25,715,889)</b>
Adjustment to Ending Fund Balance				
Stores, Revolving Cash and Carryover	(334,295)	(334,295)	(334,295)	(334,295)
Reserve for STRS and PERS Increases	(9,795,173)	(6,275,299)	(2,646,928)	(1,649,423)
3% State Required Contingency	(8,912,698)	(8,834,923)	(9,026,236)	(9,134,200)
<b>Unappropriated Fund Balance Above 3%</b>	<b>32,368,770</b>	<b>16,419,580</b>	<b>(6,916,134)</b>	<b>(36,833,807)</b>

\* Change from preliminary of \$1M in Revenues and \$200K in Expenditures

# Multi-Year Projections: Budget Target

	2017-18	2018-19	2019-20	2020-21
<b>REVENUES</b>	<b>285,535,284</b>	<b>274,950,592</b>	<b>274,101,775</b>	<b>273,666,109</b>
<i>Identified Potential Sources of Revenues</i>		2,640,000	2,640,000	2,640,000
<b>TOTAL REVENUES AS ADJUSTED</b>	<b>285,535,284</b>	<b>277,590,592</b>	<b>276,741,775</b>	<b>276,306,109</b>
<b>EXPENDITURES</b>	<b>297,089,918</b>	<b>294,497,431</b>	<b>300,874,547</b>	<b>304,473,323</b>
<i>Identified Potential Budget Reductions</i>		(3,161,136)	(3,199,185)	(3,221,097)
<i>Additional Reductions to Balance the Budget</i>		(6,500,000)	(6,500,000)	(6,500,000)
<b>TOTAL EXPENDITURES AS ADJUSTED</b>	<b>297,089,918</b>	<b>284,836,295</b>	<b>291,175,362</b>	<b>294,752,226</b>
<b>INC/DEC IN FUND BALANCE</b>	<b>(11,554,634)</b>	<b>(7,245,703)</b>	<b>(14,433,587)</b>	<b>(18,446,117)</b>
<b>BEGINNING BALANCE</b>	<b>62,965,570</b>	<b>51,410,936</b>	<b>44,165,233</b>	<b>29,731,646</b>
<b>PROJECTED ENDING BALANCE</b>	<b>51,410,936</b>	<b>44,165,233</b>	<b>29,731,646</b>	<b>11,285,529</b>
Adjustment to Ending Fund Balance				
Stores, Revolving Cash and Carryover	(334,295)	(334,295)	(334,295)	(334,295)
Reserve for STRS and PERS Increases	(9,795,173)	(6,275,299)	(2,646,928)	(1,649,423)
3% State Required Contingency	(8,912,698)	(8,545,089)	(8,735,261)	(8,842,567)
<b>Unappropriated Fund Balance</b>	<b>32,368,770</b>	<b>29,010,550</b>	<b>18,015,161</b>	<b>459,244</b>

# Multi-year Projections are NOT Forecasts

- Projections are the mathematical result of today's decisions based on a given set of assumptions
- Primary Revenue Assumptions used are the result of State Agencies and OCDE Advisory
- Forecasts, however, are predictions for the future
- Projections are expected to change as various factors change - they are not predictions
- Projections will change any time the underlying factors change



# Next Steps

## ■ Local level

- On-going: District Staff exploring budget reduction proposals
- 2017-18 2<sup>nd</sup> Interim Reports on March 8, 2018
- 2018-19 Budget and LCAP Public Hearing on May 24, 2018
- Adopt 2018-19 District Budget by June 30, 2018

## ■ State level

- Governor's January Budget Proposal for FY 2018-19
  - May meet LCFF Target
- Governor's May Revision

