



**OAKLAND UNIFIED
SCHOOL DISTRICT**

Community Schools, Thriving Students

2017-2018 Budget Revision 1

Comparison of 2017- 2018 Revised Budget vs. Adopted Budget



Presented to the Board of Education

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Executive Summary



The 2017-18 revised budget projects a **\$6.2M reduction in our fund balance (i.e. savings)** compared to budget projected at adoption in June. This level of reduction would place our savings slightly below the required 2% reserve for economic uncertainty.

Background: What is a budget revision?

Like every District budget, **the 2017-18 budget travels a 2-year journey** from planning to implementation to reconciliation. The Fall budget revision adjusts for new information learned since budget adoption in June.

Oct – Dec 2016

- Enrollment Projections
- Review student results
- Revenue projections
- Prioritize Expenditures

Jul – Sep 2017

- Closing 2016-17 books
- 2017-18 actual enrollment determined
- 2017-18 actual payroll & other spending begins

Jan – Mar 2017

- State’s Budget projection
- School & Dept. spending plans finalized
- Recruitment/Layoffs initiated

Oct – Dec 2017

- 1st Budget Revision
- 1st Interim report (Dec)

Apr – Jun 2017

- Governor’s revised Budget projection
- LCAP finalized/adopted
- 2017-18 Budget finalized/adopted

Jan – Sep 2018

- 2nd Interim report (Mar)
- 3rd Interim (May)
- Budget year ends (Jun)
- Closing 2017-18 books (Sep)

Revenue Highlights

2017-18 Unrestricted General Fund revenue is projected to increase by \$3.2M



Enrollment increased by 549 Pupils from Adopted Budget* leading to increases in:

LCFF Revenue **\$2,034,972**

Other State Revenue

- ✓ **One-time block grant** **\$105,654**
- ✓ **Mandated block grant** **\$67,863**
- ✓ **State Lottery** **\$35,098**



Redevelopment Agency (RDA) revenue projections revised upwards from Adopted Budget.

\$939,231

\$3,182,848

* Anticipating lower enrollment, the 2017-18 budget was adopted based on 2016-17 ADA which is allowable. Higher enrollment meant the ability to use current year ADA, representing a net increase of 242 ADA.

Expenditure Highlights

Expenditures are projected to increase \$4.4M due to 3 types of new information



1) Post Adoption required investments:

✓ PEC Transportation	\$1,000,000
✓ Beginning Teacher Support Shortfall	\$700,000
✓ HR Adjustment (School Staffing)	\$561,696
✓ HR Adjustments (Contracts)	\$552,490
✓ OEA Arbitration decision	\$420,000

2) Items not accounted in 2016-17 Closing:

✓ 2016-17 Invoices not accrued	\$300,000
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Expenditure Highlights (continued)

Expenditures are projected to increase \$4.4M due to 3 types of new information



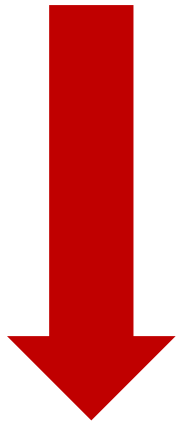
3) Actuals indicate projected budget was too low:

✓ Certificated Long-term Subs	\$339,474
✓ Temporary staffing	\$300,000
✓ Classified Long-term Subs	\$220,000

Total Increase: \$4,393,660

Projected Impact on Fund Balance Highlights

The Fund Balance is expected to decrease by \$6.2M below the projected amount at budget adoption in June.



- **2017-18 Beginning Fund Balance decrease of \$5,011,397 due to 2016-2017 Closing of the Books Ending Balance being less than projection on June 30, 2016.**
- **2017-18 Fund Balance projected decrease of \$1,210,812 resulting net change in revenue and expenditures (\$3,182,848 - \$4,393,660 = -\$1,210,812).**

**Total Decrease in Fund
Balance: \$6,222,209**



Comparison of 2017-18 Adopted Budget to Revised Budget: Summary of Unrestricted General Fund

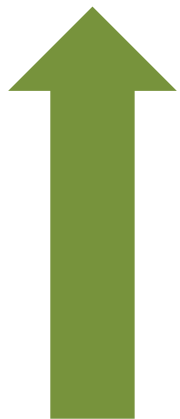
Description	Unrestricted General Fund			
	2017-2018			
	Revised Budget	Adopted Budget	Difference	%
LCFF Sources				
State Aid	\$ 223,490,716	\$ 221,455,744	\$ 2,034,972	0.9%
Property Taxes	91,083,214	91,083,214	-	0.0%
Education Protection Act - EPA	47,055,026	47,055,026	-	0.0%
Total LCFF Sources	361,628,956	359,593,984	2,034,972	0.6%
Federal Revenue	63,500	63,500	-	0.0%
Other State Revenue	13,414,311	13,205,696	208,615	1.6%
Other Local Revenue	35,408,904	34,469,643	939,261	2.7%
Total Revenues	410,515,671	407,332,823	3,182,848	0.8%
Certificated Salaries	140,307,572	138,911,376	1,396,196	1.0%
Classified Salaries	55,931,598	55,651,598	280,000	0.5%
Employee Benefits	81,894,069	80,776,605	1,117,464	1.4%
Books & Supplies	14,538,817	14,538,817	(0)	0.0%
Services, Other Op Expenses	37,870,665	36,270,665	1,600,000	4.4%
Capital Outlay	-	-	-	0.0%
Other Outgo	6,087,521	6,087,521	-	0.0%
Direct Support/Indirect Costs	(4,271,913)	(4,271,913)	0	0.0%
Total Expenditures	332,358,329	327,964,669	4,393,660	1.3%
Excess of Revenue over Expense	78,157,342	79,368,154	(1,210,812)	-1.5%

Comparison of 2017-18 Adopted Budget to Revised Budget: Summary of Unrestricted General Fund (cont.)

	Unrestricted General Fund			
	2017-2018			
Description	Revised Budget	Adopted Budget	Difference	%
Interfund - Transfer In	564,067	564,067	-	0.0%
Interfund - Transfer Out	1,504,588	1,504,588	-	0.0%
Other Financing Sources/Uses	(940,521)	(940,521)	-	0.0%
Other Contributions Sources	70,327,977	70,327,977	0	0.0%
Net Increase in Fund Balance	6,888,844	8,099,656	(1,210,812)	-14.9%
Beginning Fund Balance	3,420,074	8,431,471	(5,011,397)	-59.4%
Ending Fund Balance	\$ 10,308,918	\$ 16,531,127	\$ (6,222,209)	-37.6%
	Unrestricted General Fund			
	2017-2018			
Description	Revised Budget	Adopted Budget	Difference	%
Components of the Ending Fund Balance:				
Reserve for conomic Uncertainty (2%)	9,295,744	10,498,275	(1,202,531)	-11.5%
Reserved for Instructional Teacher Leaders (ILT's)	500,000	500,000	-	0.0%
Prepaid Expenses	363,174	363,174	-	0.0%
Add'l Reserve for Closing the Books		5,019,678	(5,019,678)	-100.0%
Designated for the Following:				
Revolving Cash	150,000	150,000	-	0.0%
Total Ending Fund Balance	\$ 10,308,918	\$ 16,531,127	\$ (6,222,209)	-37.6%

Next Steps

To ensure we end the year with required reserves and allow progress toward restoring both self-insurance funds and depleted reserves, we recommend adjustments to spending of \$14.2M.



\$1.2M = Amount to restore reserves to 2% minimum requirement.

\$13.0M = Cushion to absorb any further unforeseen expenditure needs or adjustments to existing projections.

**Total Spending Reductions or Revenue
Enhancements Recommended: \$14,222,209**



Any remaining funds at 2017-18 close will be applied to fund balance (i.e. savings) and/or the self-insurance fund.

Upcoming Financial Reports

We have several upcoming reports and presentations on our efforts to monitor and improve our fiscal vitality.

- 1. Recommended Spending Reductions – October 25**
- 2. Post Mortem Report – November**
- 3. Budget Revision 2 – November**
- 4. FCMAT Implementation Plan – November**
- 5. First Interim - December**

Questions



EVERY STUDENT THRIVES!



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