



**OAKLAND UNIFIED
SCHOOL DISTRICT**

Community Schools, Thriving Students

2018-19 ADOPTION BUDGET



Presented by Chief Business Officer, Marcus Battle

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Finance Officer - Reporting, Linda Wu

Board of Education Presentation

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June 27, 2018



Executive Summary

- What is the Adoption Budget
- Key Results

Executive Summary – ADOPTION BUDGET

The Adoption Budget is the projected annual budget plan for Fiscal year 2018-2019

Executive Summary – ADOPTION BUDGET



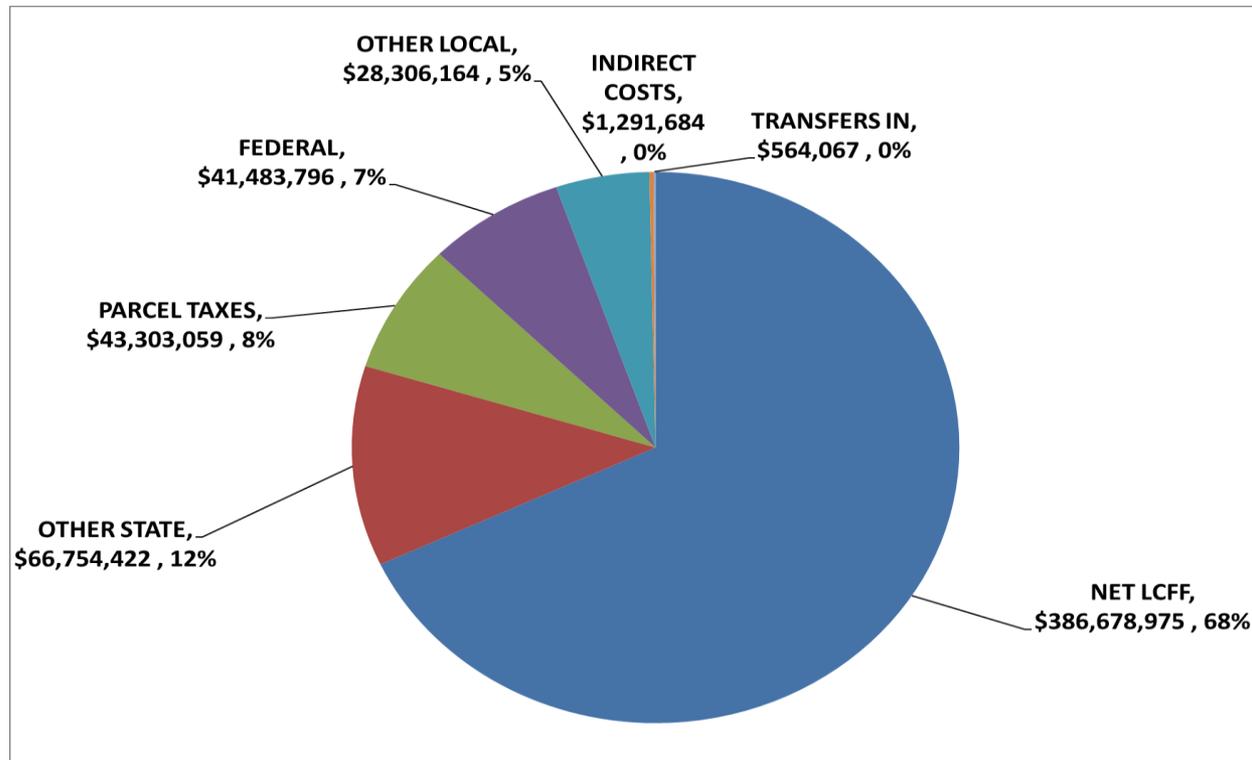
Key Results

- The Reserve for Economic Uncertainty is projected to meet the **2%** minimum threshold required by the California Department of Education.
- The Ending Unrestricted General Fund Balance is projected to be approximately **\$14.7 Million**.
- The General Fund is projected to end the year with a positive cash balance of approximately **\$30.2 Million**.

2018-19 Budget

Total General Fund Revenue

Revenue By Type: **\$556.5M**

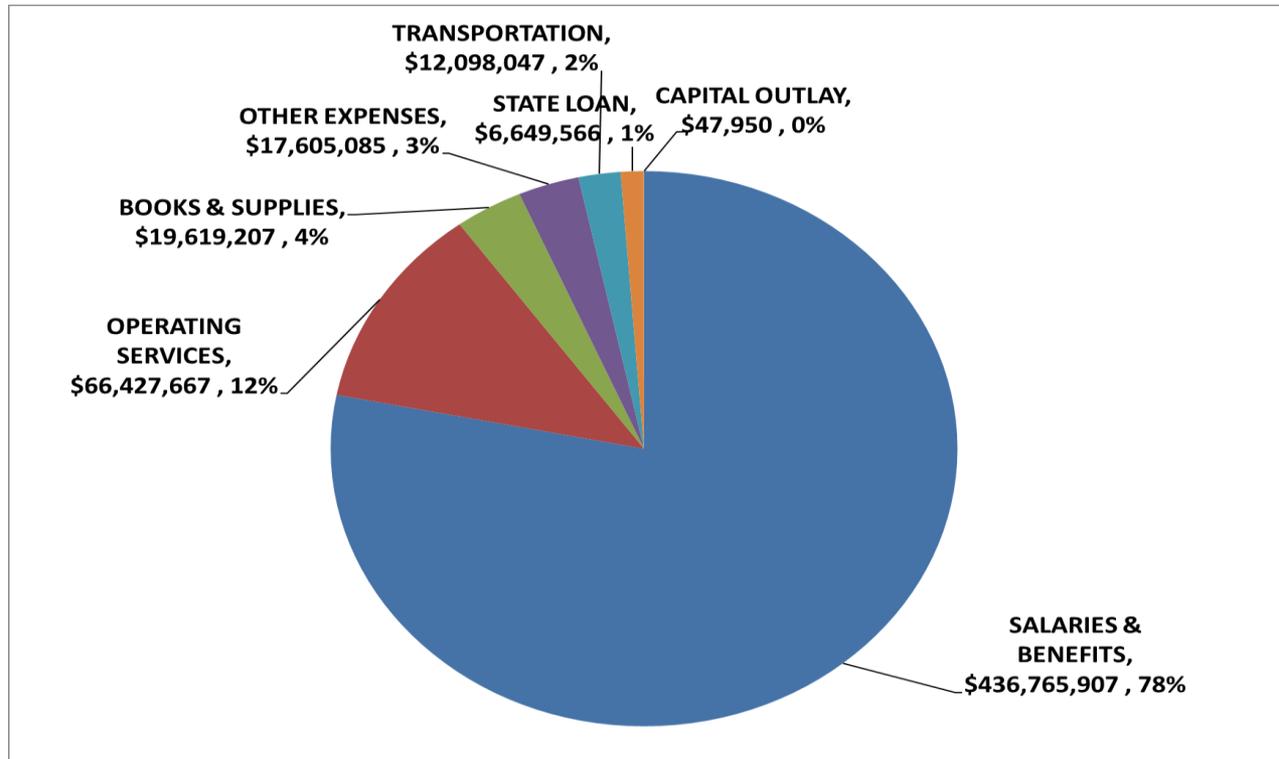


- State Local Control Funding Formula (LCFF) revenue represents almost 68% of all General Fund revenue.

2018-19 Budget

Total General Fund Expenses

Expenses By Type: **\$544.0M**



- Salaries & Benefits represent 78% of all expenses in the General Fund.

General Fund – Revenue & Expense Summary

Components (Unrestricted Only)	FY 2017-18 Estimated Actuals	June 27 FY 2018-19 Proposed Budget	Change
Revenues	\$566,260,130	\$566,526,416	\$266,285
Expenses	\$567,660,249	\$544,065,384	(\$23,594,866)
Net (Increase/Decrease)	(\$1,400,119)	\$22,461,032	\$23,861,151
Beginning Balance	\$27,108,369	\$25,708,250	\$1,400,119
Ending Balance before Reserve	\$25,708,250	\$48,169,282	\$22,461,032
Revolving Cash & Stores/Designations	\$150,000	\$500,000	\$350,000
General Fund Reserves	\$5,697,721	\$14,214,515	\$8,516,794
Reserve for Economic Uncertainty %	1.00%	2.61%	1.61%



General Fund

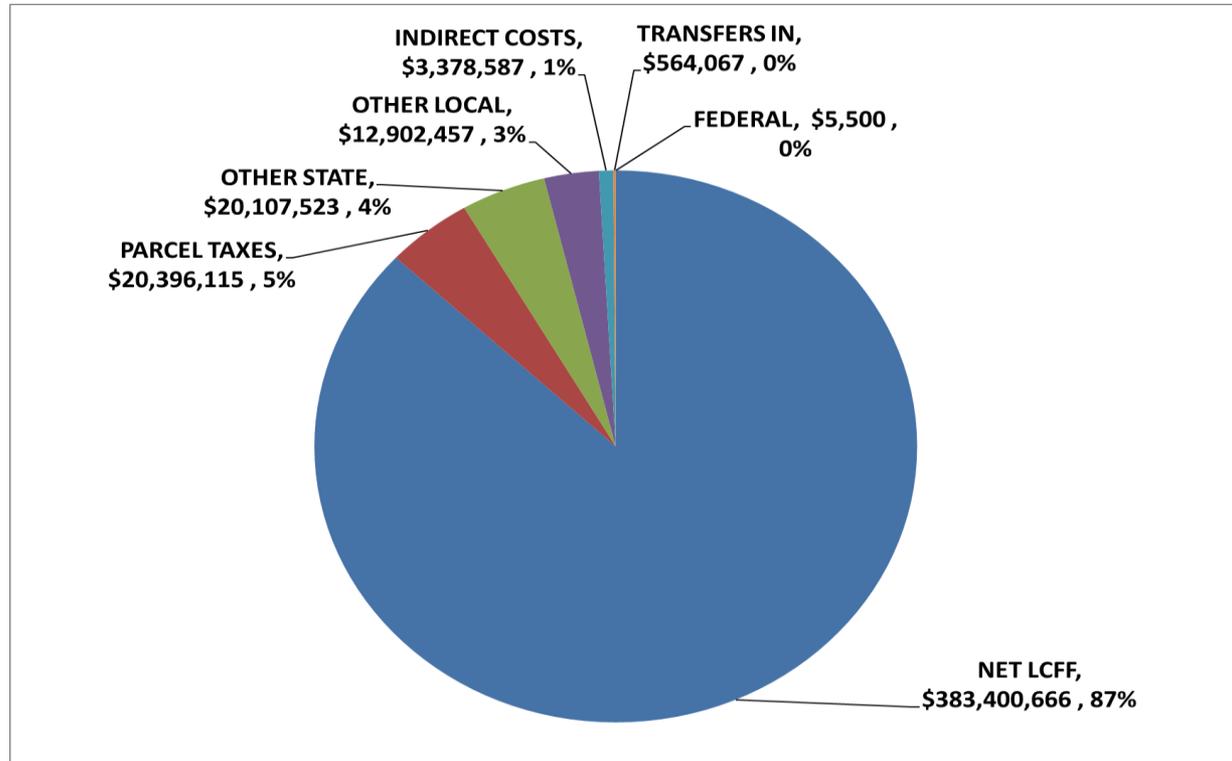
Unrestricted General Fund

- Revenues and Expenses Summary

2018-19 Budget

Total Unrestricted General Fund Revenue

Revenue By Type: **\$436.8M**

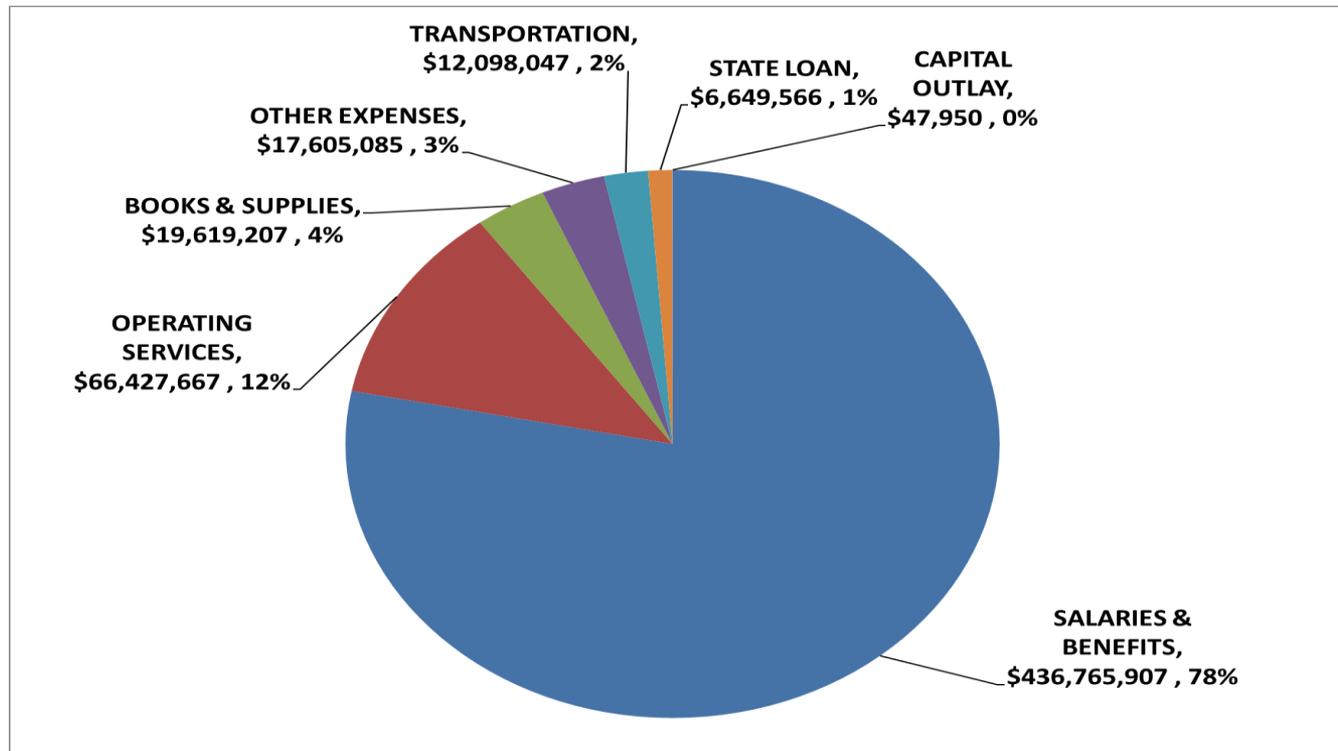


- State Local Control Funding Formula (LCFF) revenue represents almost 87% of Unrestricted General Fund revenue.

2018-19 Budget

Total Unrestricted General Fund Expenses

Expenses By Type: **\$427.9M**



- Salaries & Benefits represent 78% of all expenses in the unrestricted General Fund.
- Other investments such as Operating Services, Transportation, Books and supplies make up 21% of the Unrestricted General Fund

General Fund – Revenue & Expense Summary

Components (Unrestricted Only)	FY 2017-18 Estimated Actuals	June 27 FY 2018-19 Proposed Budget	Change
Revenues	\$412,460,554	\$436,812,261	\$24,351,707
Expenses	\$410,032,905	\$427,947,467	\$17,912,562
Net Increase (Decrease)	\$2,427,649	\$8,866,794	\$6,439,145
Other Sources/Uses			
Beginning Balance	\$3,420,072	\$5,847,721	\$2,427,649
Ending Balance before Reserve	\$5,847,721	\$14,714,515	\$8,866,794
Revolving Cash & Stores/Designations	\$150,000	\$500,000	\$350,000
General Fund Reserves	\$5,697,721	\$14,214,515	\$8,516,794
Reserve for Economic Uncertainty %	1.00%	2.61%	1.61%



General Fund

Restricted General Fund

- Revenues and Expenses Summary

Restricted General Fund – Revenue & Expense Summary

Components (Restricted Only)	FY 2017-18 Estimated Actuals	June 27 FY 2018-19 Proposed Budget	FY 2020-21
Revenues	\$153,799,577	\$129,714,155	(\$24 ,085,422)
Expenses	\$157,627,344	\$116,119,917	(41,507,427)
Net Increase (Decrease)	(\$3,827,768)	\$13,594,239	\$17,422,007
Beginning Balance	\$23,688,296	\$19,860,529	\$3,827,767
Ending Balance	\$19,860,529	\$33,454,767	\$13,594,238



General Fund

OUSD Policy Commitments

Resolution 1718-0087

- Reserve Policy
- Fund 67 Restoration Policy
- Use of One-time Funds Policy

2018-19 Budget

OUSD Policy Commitments

Resolution 1718-0087

Confirming the District's Commitment to Fiscal Services

BE IT FURTHER RESOLVED that for Step 2, in order to ensure that Oakland Unified School District improves its fiscal condition, the Board of Education is committed to the following adjustments to the 2018-19 school year adopted budget to support the following priorities for 2018-19:

- Build the reserve for economic uncertainty to at least 3 percent in alignment with Board policy
- Contribute an amount necessary to rebuild the Self Insurance Fund to a minimum level of 40 percent of the actuary by the end of the 2021-22 school year as part of a plan to restore the fund
- Set aside any one-time funds from the State to continue to build the reserve for economic uncertainty;

2018-19 Budget

OUSD Policy Commitments

Resolution 1718-0087

Confirming the District's Commitment to Fiscal Services

- Build the reserve for economic uncertainty to at least 3 percent in alignment with Board policy. Amended at June 6th Board Meeting to 2.5%

	2017-2018 Estimated Actuals	2018-2019 Adopted Budget	
Reserve for Economic Uncertainty %	1.00%	2.61%	1.61%

2018-19 Budget

OUSD Policy Commitments

- Contribute an amount necessary to rebuild the Self Insurance Fund to a minimum level of 40 percent of the actuary by the end of the 2021-22 school year as part of a plan to restore the fund

OUSD BUDGET 2018-19		Self Insurance 67
Beginning Balance	a	
Income		
LCFF Sources		-
Federal Revenues		-
State Revenues		4,424
Local Revenues		21,207,931
Total Revenues	b	21,212,355
Expenses		
Certificated Salaries		250,000
Classified Salaries		1,576,226
Employee Benefits		590,233
Supplies		65,400
Services		16,430,495
Capital Outlay		-
Other Outgo		-
Indirect Cost		-
Total Expenses	c	18,912,355
Income less Expenditures	b-c=d	2,300,000
Transfers		
Transfers In		-
Transfers Out		300,000
Other Sources/Uses		-
Contributions		-
Total Transfers	e	(300,000)
Net Increase / (Decrease)	d+e=f	2,000,000
Ending Balances	a+f=g	\$ 2,000,000

The proposed budget for Fund 67 indicates a \$2M increase to the ending fund balance. This is to rebuild the Self-Insurance Fund back to the level at the beginning of the 2016-17 school year as requested in the approved resolution

2018-19 Budget

OUSD Policy Commitments

- Set aside any one-time funds from the State to continue to build the reserve for economic uncertainty;

<u>ONE TIME FUND RECONCILIATION</u>	<u>AMOUNTS</u>
One Time Funds	\$ 12,156,781
<i>Net increase to Fund balance(One time funds)</i>	\$ 8,866,794
One Time Funds Allocated to Expense	\$ 3,289,987
<u>ITEMIZATION OF ONE-TIME EXPENSES</u>	<u>AMOUNTS</u>
One time Litagation Support	\$ 1,500,000
Various Supports for Fiscal Vitality	\$ 850,000
Escape Support Phase 1	\$ 500,000
Board Election Cost	\$ 350,000
Blue Print Cohort I Planning Year	\$ 100,000
One Time Expenses in 18-19	\$ 3,300,000

OUSD has committed 27% of one-time funds to one-time expenses in the 2018-19 fiscal year. The remaining 73% has been designate to the reserve



General Fund

Multiyear Projections

2018-19 Budget Multi Year Assumptions

Multi-Year Projection Assumptions

Other Assumptions	FY 18-19 Budget Proposal	FY 19-20 Budget Projection	FY20-21 Budget Projection
Revenue Assumptions			
One Time State Discretionary Revenues	12,156,781	-	-
Federal	Based on Documented Funds	-10%	-10%
State			
Local Revenues	Based on Documented Funds	-5%	-5%
Expense Assumptions			
Step & Column	Yes	Yes	Yes
CalSTRS	16.8%	18.1%	19.1%
CalPERS	18.10%	20.80%	23.80%
Materials/Supplies & Other Services (CPI Applied)	3.22%	3.04%	2.94%

2017-18 2nd Interim

Unrestricted General Fund - Multiyear Summary

Components (Unrestricted Only)	FY 2018-19	FY 2019-20	FY 2020-21
Revenues	\$436,812,261	\$430,637,430	\$436,953,291
Expenses *	\$427,945,467	\$419,982,615	\$444,282,115
Net Increase (Decrease)	\$8,866,794	\$10,654,815	(\$7,328,824)
Other Sources/Uses			
Beginning Balance	\$5,847,721	\$14,714,515	\$25,369,330
Ending Balance before Reserve	\$14,714,515	\$25,369,330	\$18,040,507
Revolving Cash & Stores/Designations	500,000	\$500,000	\$500,000
General Fund Reserves	\$14,214,515	\$24,869,330	\$17,540,507
Reserve %	2.61%	4.59%	3.11%

**In efforts to achieve a 3% reserve by 2019-20, \$27M reduction in expenditures are reflected in both subsequent years contingent upon the passage of the Boards Commitment to Fiscal Solvency Resolution.*

2017-18 2nd Interim

Restricted General Fund - Multiyear Summary



Components (Restricted Only)	FY 2018-19	FY 2019-20	FY 2020-21
Revenues	\$129,714,155	\$123,233,980	\$117,285,206
Expenses	\$116,119,917	\$121,657,652	\$119,146,212
Net Increase (Decrease)	\$13,594,239	\$1,576,328	(\$1,861,007)
Beginning Balance	\$19,860,529	\$33,454,767	\$35,031,095
Ending Balance	\$33,454,767	\$35,031,095	\$33,170,088

2017-18 2nd Interim

Combined General Fund - Multiyear Summary



Components	FY 2018-19	FY 2019-20	FY 2020-21
Revenues	\$566,526,416	\$553,871,410	\$554,238,497
Expenses	\$544,065,384	\$541,640,267	\$563,428,327
Net Increase (Decrease)	\$22,461,032	\$12,231,143	(\$9,189,830)
Beginning Balance	\$25,708,250	\$48,169,282	\$60,400,425
Revolving Cash & Stores/Designations	\$500,000	\$500,000	\$500,000
Ending Balance	\$48,169,282	\$60,400,425	\$51,210,594

As we move into 2018-19, red flags are signaling caution as previously indicated at the closing for 2017-18:

- **LCFF** is fully funded, which means the increases from year to year will reflect mainly cola adjustments
- **Cost of Living Adjustments (COLAs)** are not expected to keep pace with the true cost of living; meaning the increases in revenues will not be enough to pay for increases in costs.
- **Support** to Special Education, Transportation, and Child Nutrition need realigning to closely stay within each program revenue sources. **Special Education, in particular, is a program that needs to be monitored very closely.**
- **Reductions** in program in the 2 subsequent years are required to reach and maintain a 3% reserve

Caution Ahead



2018-19 Budget Conclusion

- Staff is presenting the Governing Board with a balanced budget for fiscal year 2018-2019
- The State required reserve of 2% has been met for the 2018-2019 Proposed Adopted Budget
- The initial Board required reserve of 3% has not been met for 2018-19 a revised adoption approval of 2.5% has been recognized and exceeded
- The multi-year projection for the subsequent two years require and reflect \$27M of reductions in each year to reflect a 3% reserve
- Based on the above, the General Fund Multiyear Projections and the financial position of all other funds, staff is recommending submittal of the Adoption Budget to the Alameda County Office of Education (ACOE) with a "Positive" certification.



Appendices

- All Funds
- Cash flow – General Fund



Appendix

All Funds

All Funds – 2018-19 Adoption Budget



OUSD BUDGET 2018-19		General	General	General	Adult	Early	Food	Deferred	Bulding	Capital	County Schl	Spec Reserv	Bond Int &	Self	Total	ALL
		Unrestricted	Restricted	Fund	Education	Childhood	Service	Maintenance	Fund	Facilities	Facilities	Cap Projects	Redemption	Insurance	Special	FUNDS
		01	01	Total	11	12	13	14	21	25	35	40	51	67	Funds	TOTAL
Beginning Balance	a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,374	\$ 47,865,730	\$ 12,067,249	\$ 405,433	\$ -	\$ -		\$ 60,343,786	\$ 60,343,786
Income																
LCFF Sources		383,400,666	3,278,309	386,678,975	-	-	-	-	-	-	-	-	-	-	-	386,678,975
Federal Revenues		5,500	41,478,296	41,483,796	206,854	935,785	17,514,666	-	-	-	-	3,515,934	-	-	22,173,239	63,657,034
State Revenues		20,107,523	46,646,898	66,754,422	2,319,101	12,794,533	1,019,956	-	6,793	-	-	442,000	4,424	-	16,586,807	83,341,229
Local Revenues		33,298,572	38,310,651	71,609,223	100,800	153,840	751,970	-	-	-	-	75,923,058	21,207,931	-	98,137,599	169,746,822
Total Revenues	b	436,812,261	129,714,155	566,526,416	2,626,755	13,884,158	19,286,592	-	6,793	-	-	79,880,992	21,212,355	-	136,897,644	703,424,060
Expenses																
Certificated Salaries		145,139,650	50,633,452	195,773,102	1,336,047	2,569,343	-	-	-	-	-	-	250,000	-	4,155,390	199,928,492
Classified Salaries		57,905,137	35,000,315	92,905,452	316,479	3,229,153	7,214,970	-	2,770,660	-	-	-	1,576,226	-	15,107,488	108,012,940
Employee Benefits		94,878,983	53,208,370	148,087,353	702,616	3,963,335	4,275,766	-	1,288,374	-	-	-	590,233	-	10,820,325	158,907,677
Supplies		9,456,785	10,162,422	19,619,207	86,517	971,791	8,438,632	-	-	-	-	-	65,400	-	9,562,340	29,181,547
Services		39,823,821	39,020,757	78,844,578	99,000	2,573,423	124,681	-	43,682,613	500,000	-	-	16,430,495	-	63,410,212	142,254,790
Capital Outlay		47,950	-	47,950	-	-	130,000	-	130,876	700,000	405,433	-	-	-	1,366,309	1,414,259
Other Outgo		6,649,566	2,203,928	8,853,493	-	519,889	-	5,374	-	10,867,249	-	-	76,694,737	-	88,087,249	96,940,742
Indirect Cost		(3,378,587)	2,086,903	(1,291,684)	86,096	-	685,700	-	-	-	-	-	-	-	771,796	(519,888)
Total Expenses	c	350,523,304	192,316,147	542,839,451	2,626,755	13,826,934	20,869,749	5,374	47,872,523	12,067,249	405,433	-	76,694,737	18,912,355	193,281,109	736,120,559
Income less Expenditures	b-c=d	86,288,958	(62,601,992)	23,686,965	-	57,224	(1,583,157)	(5,374)	(47,865,730)	(12,067,249)	(405,433)	-	3,186,255	2,300,000	(56,383,464)	(32,696,499)
Transfers																
Transfers In		564,067	-	564,067	-	-	1,790,000	-	-	-	-	-	-	-	1,790,000	2,354,067
Transfers Out		1,790,000	-	1,790,000	-	57,224	206,843	-	-	-	-	-	300,000	-	564,067	2,354,067
Other Sources/Uses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions		(76,196,230)	76,196,230	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Transfers	e	(77,422,163)	76,196,230	(1,225,933)	-	(57,224)	1,583,157	-	-	-	-	-	-	(300,000)	1,225,933	-
Net Increase / (Decrease)	d+e=f	8,866,794	13,594,238	22,461,032	-	-	-	(5,374)	(47,865,730)	(12,067,249)	(405,433)	-	3,186,255	2,000,000	(55,157,531)	(32,696,499)
Ending Balances	a+f=g	\$ 8,866,794	\$ 13,594,238	\$22,461,032	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ 3,186,255	\$ 2,000,000	\$ 5,186,255	\$ 27,647,288



Appendix

Cash Flow – General Fund

2018-19 Adoption Budget

Cash flow – General Fund



Oakland Unified School District						
Cash Flow for 2018-19 Adopted Budget Reporting Period						
Actual Cash Balance	July 2018 Projected	August 2018 Projected	September 2018 Projected	October 2018 Projected	November 2018 Projected	December 2018 Projected
Beginning Cash	\$ 23,843,973	\$ 13,675,811	\$ 17,899,602	\$ 52,414,858	\$ 23,562,462	\$ 8,417,506
Total Receipts	18,258,088	14,764,085	43,094,373	26,612,169	28,409,643	102,238,291
Total Disbursements	15,633,635	19,452,043	42,541,071	47,467,119	47,476,366	46,651,578
A/R & A/P	35,698,535	1,339,939	(24,472,578)	(411,004)	(2,807,952)	3,877,214
Net Increase / Decrease	(10,168,163)	4,223,792	34,515,256	(28,852,396)	(15,144,956)	53,494,816
Ending Cash	\$ 13,675,811	\$ 17,899,602	\$ 52,414,858	\$ 23,562,462	\$ 8,417,506	\$ 61,912,322
Actual Cash Balance	January 2019 Projected	February 2019 Projected	March 2019 Projected	April 2019 Projected	May 2019 Projected	June 2019 Projected
Beginning Cash	61,912,322	58,101,250	41,769,436	59,342,206	38,268,882	33,677,595
Total Receipts	39,844,002	21,774,248	72,122,739	56,735,991	42,872,040	77,088,741
Total Disbursements	44,659,662	47,774,915	45,109,993	47,919,366	52,347,539	73,971,302
A/R & A/P	(683,397)	864	3,063,804	28,854,066	10,997,938	(40,422,405)
Net Increase / Decrease	(3,811,072)	(16,331,814)	17,572,770	(21,073,323)	(4,591,287)	(3,415,130)
Ending Cash	\$ 58,101,250	\$ 41,769,436	\$ 59,342,206	\$ 38,268,882	\$ 33,677,595	\$ 30,262,465

Questions



EVERY STUDENT THRIVES!



**OAKLAND UNIFIED
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