



**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

Vernon Hal, Senior Business Officer

[Gloria Gamblin, Interim CFO](#)

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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

## Jan – Mar 2017

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

## Apr – Jun 2017

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

## Jul – Sep 2017

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

## Oct – Dec 2017

- 1<sup>st</sup> Budget Revision
- 1<sup>st</sup> Interim report (Dec)

## Jan – Sep 2018

- 2<sup>nd</sup> Interim report (Mar)
- 3<sup>rd</sup> 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	<b>\$105,654</b>
✓ Mandated block grant	<b>\$67,863</b>
✓ State Lottery	<b>\$35,098</b>



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

**\$939,231**

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**\$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



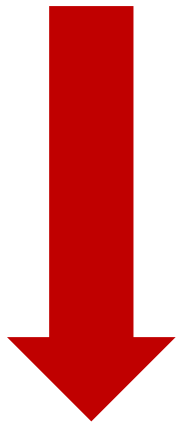
## 3) Actuals indicate projected budget was too low:

✓ 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

	Unrestricted General Fund			
	2017-2018			
Description	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%
<b>Total LCFF Sources</b>	<b>361,628,956</b>	<b>359,593,984</b>	<b>2,034,972</b>	<b>0.6%</b>
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%
<b>Total Revenues</b>	<b>410,515,671</b>	<b>407,332,823</b>	<b>3,182,848</b>	<b>0.8%</b>
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%
<b>Total Expenditures</b>	<b>332,358,329</b>	<b>327,964,669</b>	<b>4,393,660</b>	<b>1.3%</b>
<b>Excess of Revenue over Expense</b>	<b>78,157,342</b>	<b>79,368,154</b>	<b>(1,210,812)</b>	<b>-1.5%</b>



# 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%
<b>Other Financing Sources/Uses</b>	<b>(940,521)</b>	<b>(940,521)</b>	-	0.0%
<b>Other Contributions Sources</b>	<b>70,327,977</b>	<b>70,327,977</b>	<b>0</b>	0.0%
<b>Net Increase in Fund Balance</b>	<b>6,888,844</b>	<b>8,099,656</b>	<b>(1,210,812)</b>	-14.9%
<b>Beginning Fund Balance</b>	<b>3,420,074</b>	<b>8,431,471</b>	<b>(5,011,397)</b>	-59.4%
<b>Ending Fund Balance</b>	<b>\$ 10,308,918</b>	<b>\$ 16,531,127</b>	<b>\$ (6,222,209)</b>	-37.6%
	Unrestricted General Fund			
	2017-2018			
Description	Revised Budget	Adopted Budget	Difference	%
<b>Components of the Ending Fund Balance:</b>				
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%
<b>Designated for the Following:</b>				
Revolving Cash	150,000	150,000	-	0.0%
<b>Total Ending Fund Balance</b>	<b>\$ 10,308,918</b>	<b>\$ 16,531,127</b>	<b>\$ (6,222,209)</b>	-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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1000 Broadway, Suite 680, Oakland, CA 94607

[www.ousd.org](http://www.ousd.org)



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