



Action Item

TO: Board of Trustees and Superintendent of Schools

PREPARED BY: Patsy Thomas, Director Fiscal Services

PRESENTED BY: Jeffrey Weinstein, Assistant Superintendent Business Services

BOARD AGENDA ITEM: Consideration of Approval of the Adopted Budget, Fiscal Year 2019-20

BOARD MEETING DATE: June 5, 2019

BACKGROUND:

Pursuant to the Education Code, the governing board of a school district must approve an annual Adopted Budget prior to July 1 each fiscal year. Prior to adoption, the board must hold at least one public hearing to provide the public the opportunity to comment on the proposed Adopted Budget, as well as the goals, specific actions and expenditures proposed to be included in the LCAP or the annual update. The Adopted Budget and LCAP public hearings must be held at the same meeting. Similarly, the Adopted Budget and the LCAP must be approved at the same regular meeting of the board but separate from the public hearing meeting. Finally, the LCAP must be approved prior to governing board consideration of the Adopted Budget. On May 15, 2019, the Board of Trustees conducted public hearings to receive input on the proposed 2019-20 LCAP and Adopted Budget. The meeting agenda for June 5, 2019 includes Board consideration of approval of the 2019-20 LCAP and Adopted Budget.

At the time of preparation of the proposed 2019-20 Adopted Budget, the State had not adopted a 2019-20 budget. Therefore, some of the State income assumptions contained in the District's proposed budget may change. Any unanticipated changes to the State budget, as well as final 2018-19 ending balance figures will be included in the 2019-20 First Interim Revision and Financial Report to be presented to the Board of Trustees in December 2019.

ADMINISTRATIVE DISCUSSION:

The proposed 2019-20 budget has been prepared and a summary of the proposed revenues, expenditures, transfers, and fund balances is attached.

FISCAL IMPACT:

The proposed 2019-20 Adopted Budget projected ending reserve balance is \$19,972,116.

RECOMMENDATION:

It is the recommendation of District Administration that the Board of Trustees approve the 2019-20 Adopted Budget Financial Report and authorize the Superintendent or designee to sign the Adopted Budget Certification.

2019-20 Proposed Budget Summary

2019-20 Fiscal Overview

The District's 2019-20 budget reflects a continued increase in funding by the State. The Governor's 2019-20 budget at the May Revise included a decrease in COLA from 3.46% to 3.26%. The Local Control Funding Formula (LCFF) is fully funded.

The District's Supplemental/Concentration funding for 2019-20 is \$28,248,281 which supports the Local Control Accountability Plan (LCAP).

The District is projecting the 2019-20 budget will deficit spend (\$2,089,770). The deficit will be offset by the CSEBO reserves for retiree benefits in the amount of \$2,181,030 and the Unit Share "Off Schedule" Reserve of \$812,187 that will be budgeted at the 2019-20 First Interim. The multi-year is projecting deficit spending in year 2 and 3 which will be offset by the CSEBO retiree reserves.

Enrollment is projected to increase .439% (less than half of 1%) based on historical comparisons. The ratio of Enrollment to Average Daily Attendance (ADA) is estimated at 93.42% (excluding County Operated ADA). The District continues to work on programs to increase ADA of its student population. .

2019-20 Budget Development Assumptions

There are many unpredictable factors that affect revenues and expenditures. The District bases its 2019-20 budget on assumptions. This is the best information available at the time the budget is developed. The budget report, therefore, should be considered a "financial snapshot" on the date it is approved.

As variables change, formal adjustments approved by the Governing Board are made throughout the course of the year. The District utilizes School Services of California, Inc. dashboards which provides officially recognized financial information for budgetary reporting. The district's budgetary methodology encompasses the following assumptions for developing the 2019-20 Adopted budget:

- The district uses the FCMAT calculator for the LCFF revenue projection.
- The district questions and/or validates all new requests for expenditure increases.
- The district holds the line on expenses and budgetary increases to the best extent possible and all budgetary increases are reviewed on a case-by-case basis – most increases are made because of normal operations for employee salaries and benefit costs and adjustments for utilities and other services.
- The budget includes a proportional allocation to provide supplemental services to English Learners (EL), Low Income and Foster Youth students through the Local Control Accountability Plan (LCAP).

The financial assumptions upon which the 2019-20 budget report is based are as follows:

REVENUE

- ✓ Total revenues are projected to increase by \$123,412 over the 2018-19 Estimated Actuals.
- ✓ Local Control Funding Formula (LCFF) is projected to increase over prior year \$493 per Average Daily Attendance (ADA).
- ✓ Cost of Living Allowance (COLA) for LCFF, state categorical programs, Special Education and Child Nutrition is projected at 3.26%.
- ✓ LCFF is calculated based on 15,710.91 ADA and 66.12% Unduplicated Pupil Percentage.
- ✓ Lottery revenue is based on \$151 per ADA for Unrestricted and \$53 per ADA for Restricted Prop. 20.
- ✓ Mandated Block Grant is based on \$61.94 per ADA.
- ✓ Federal Programs are based on 2018-19 funding less carryover.

- ✓ \$1.6m Special Education School Readiness Grant

EXPENDITURES

- ✓ Total expenditures are projected to increase by \$715,584 over the 2018-19 Estimated Actuals.
- ✓ Teacher Student ratio was staffed at 28.43:1 for the comprehensive high schools and flat staffing for the alternative schools (Frontier 17 fte, Oxnard Middle College 2.0 fte and Condor 17 fte).
- ✓ Additional teachers staffed is 10.60 fte Class Size Reduction, 1.20 fte GED, 1.2 fte Oxnard Middle College, 4.0 fte Condor and 4.0 fte Frontier in Supplemental/Concentration Funding.
- ✓ Increase staff costs for step/column and longevity movement.
- ✓ CalSTRS employer rate 17.10% an increase of .82% over fiscal year 2018-19.
- ✓ CalPERS employer rate 20.733% an increase of 2.671% over fiscal year 2018-19.
- ✓ Employee health and welfare increased by approximately 11.11%.
- ✓ School site allocations is \$80 per 2018-19 CBEDS.

Revenue Summary

Local Control Funding Formula (LCFF)

The District uses the Fiscal Crisis & Management Assistance Team (FCMAT) calculator for the LCFF revenue projection. The 2019-20 base grant is \$9,329 plus \$243 add-on per ADA for a total of \$9,572. There is also a 20% supplemental grant and 50% concentration grant above 55% for students that are eligible through Free and Reduced Priced Meal (FRPM), English Learner and Foster Youth. The total LCFF entitlement per ADA is \$11,437.

At budget adoption, the District's projected unduplicated pupil 3 year rolling percentage is 66.12%.

The District's LCFF funding at budget adoption totals \$179,683,231. This is an increase of \$8,720,351 over the 2018-19 Estimated Actuals.

Federal Revenues

The District's Federal revenues are projected to decrease by (\$624,186) in fiscal year 2019-20 compared to 2018-19 Estimated Actuals.

The decrease is due to the reduction of (\$416,248) in Migrant Education Funding, services will be provided by the Ventura County Office of Education, (\$488,652) in carryover funds included in Estimated Actuals and are not budgeted in the 2019-20 Adopted Budget. Any carryover funds will be reported at the 2018-19 Unaudited Actuals and if needed, will be budgeted in the 2019-20 First Interim Report. The decreases are offset with \$205,711 in Title IV funding and \$75,003 increase in Workability Funding.

Other State Revenue

The District's Other State revenues are projected to decrease by (\$3,448,841) in fiscal year 2019-20 compared to 2018-19 Estimated Actuals.

The decrease is due to 2018-19 One Time Discretionary Funding of (\$2,840,184). Reductions due to carryover funds that are included in 2018-19 Estimated Actuals are not budgeted in the 2019-20 Adopted Budget include (\$116,596) in Restricted and Unrestricted Lottery, (\$175,829) Academy (CPA), and (\$10,000) California Scale

Up MPSS Statewide Initiative. Any carryover funds will be budgeted in the 2019-20 First Interim Report. Special Education Mental Health Funds were decreased (\$166,945) at the advisement from the County SELPA. The SELPA is not sure there will be funds available. This may change by First Interim. The decrease is offset by a decrease in expenditures. A decrease of (\$565,546) in STRS on Behalf which is offset with a decrease in expenditures. GASB 68 and 75 are required accounting and financial reporting for Pensions.

The reductions were offset by an increase of \$40,795 in Mandated Block Grant, \$221,900 in Career Technical Education Incentive Grant (CTEIG), and \$163,564 in Classified School Employee Summer Assistance Program.

Other Local Revenue

The District's Other Local revenues are projected to decrease by (\$4,523,912) in the 2019-20 Adopted Budget compared to 2018-19 Estimated Actuals.

The decreases are due to the receipt of one time CSEBO revenue for retiree benefits in the amount of (\$5,815,540), a reduction in the amount of (\$75,324) in rental revenue this is partially due to the closing of 3 sites for field upgrades, (\$14,985) in donations that are budgeted at First Interim, ASB reimbursable of (\$340,688) that will be budgeted during First and Second Interim as needed, miscellaneous reimbursements in the amount of (\$35,013), ROP and CTE Reimbursements in the amount of (\$272,050) for ROP class supplies and substitute costs, and the reimbursement of (\$144,614) for the Union Executive Director who will be funded directly out of Unit Share. Reimbursable revenue is budgeted as the reimbursable expenditures happen which is reported at 1st and 2nd Interim. Special Education AB602 was reduced (\$260,843) over prior year due to increase in enrollment but not an increase to the SELPA funding.

The decrease is offset by new funding for the Special Education Readiness Grant \$1,638,664, increase in summer school reimbursement of \$773,260, increase in charter school oversight \$12,712 and TUPE allocation increase of \$8,325. Miscellaneous revenue adjustments totaling 2,184.

Contributions

The General Fund Contributions for the 2019-20 Adopted Budget are projected to increase \$170,686 over the 2018-19 Estimated Actuals.

The contributions for Special Education are projected to decrease (\$1,479,811) in the 2019-20 Adopted Budget. This is due to the Special Education Readiness Grant, reduction in AB602 funding and increase in IDEA SPED funding.

The contribution for Routine Restricted Maintenance Account (RRMA) is projected to increase \$1,945,905 in the 2019-20 Adopted Budget over 2018-19 Estimated Actuals. The district was previously required to budget the lesser of 3% of the total general fund expenditures or the amount deposited in 2014-15 \$4,576,231. This allowance sunset and the district is now required to contribute the full 3%.

The contributions for Title II and Title II LEP (\$295,408) were budgeted in 2018-19 due to disallowed expenditure findings during the District's Federal Program Monitoring audit.

Expenditure Summary

The District's total projected expenditures for the 2019-20 Adopted Budget totals \$217,372,254 which is an increase of \$715,584 over the 2018-19 Estimated Actuals.

Certificated Salaries

Are projected to be \$88,189,462 which is an increase of \$1,022,195 over the 2018-19 Estimated Actuals. The increase is due to step and column increases and budgeting for a 1% off schedule that was agreed to in the Certificated Bargaining Unit contract.

Classified Salaries

Are projected to be \$27,620,612 which is an increase of \$1,530,245 over the 2018-19 Estimated Actuals. The increase is due to budgeting \$420,905 in Paraeducator 1:1 vacancies and positions that were filled, \$163,564 in new funding for Classified Employee Summer Assistance Program, an increase in summer school positions (reimbursable) of \$366,508, new positions and vacancies that were reduced in 2018-19 that are fully budgeted at Adopted in clerical and classified management of \$801,178 and miscellaneous decreases due to the completion of programs and hourly salaries that were reduced in the amount of (\$221,910).

Employees Benefits

Are projected to be \$69,723,735 which is an increase of \$4,116,402 over the 2018-19 Estimated Actuals. The increase is due to the .82% in CalSTRS (16.28% to 17.10%) and 2.671% in CalPERS (18.062% to 20.733%) employer rate increases. Health and Welfare's overall increase was approximately 11.11%. Retiree benefits increase was approximately 3%. The District continues to work with CSEBO and Segal to find ways of reducing retiree medical premiums. State Unemployment Insurance (SUI) rate and Workers Compensation rates remained the same.

Books and Supplies

Are projected to be \$7,170,868 which is a decrease of (\$760,954) over 2018-19 Estimated Actuals. The decrease is mainly due to reducing the supply budget in Routine Restricted Maintenance to offset the transfer of Grounds Maintenance Workers and Custodians salary and benefits of (\$175,219), budgeted Carl Perkins supplies to services for showcase and printing (\$130,947), reduced supplies to fund Site Intervention Specialist in the School Wide Program (\$705,782), removal of prior year carryover funds of (\$551,875) and 10% decrease to district and site budgets, removal of reimbursable budgets, transfer of prior year budgets to cover payroll increases or services and programs that have ended for a total of (\$724,720) and (\$55,172) in miscellaneous changes. This is offset by the increase in LCAP funding of \$1,582,761.

Services and Other Operating

Are projected to be \$20,692,418 which is a decrease of (\$1,109,718) over 2018-19 Estimated Actuals. The decrease is mainly due to the loss of District Migrant Funds that will be handled at the Regional level of (\$76,777), prior year carryover of (\$577,023), end of College Readiness Block Grant (\$761,969), loss of Mental Health Funds of (\$166,945) and reduction in Routine Restricted Maintenance to offset the transfer of Grounds Maintenance Workers and Custodians salary and benefits of (\$128,889) and (\$557,119) in miscellaneous changes to district and site budgets. This was offset by \$1,159,004 in LCAP funding.

Capital Outlay

Is budgeted to be \$587,466 which is a decrease of (\$4,098,698) over 2018-19 Estimated Actuals. This is mainly due to the completion of Prop 39 funding (\$3,298,678), reduction of capital projects in Routine Restricted Maintenance (\$209,095) due to the modernization projects that will be paid with Measure A funding, removal of one time purchases for new copiers/printers, 6 passenger vans, warehouse shrink wrapper, golf carts and sound system for Camarillo High School (\$610,398) and \$19,473 in miscellaneous changes.

Other Outgo

Is budgeted to be \$3,387,693 which is an increase of \$16,112. The increase is mainly due to the increase in the principal payment for the Solar debt of \$64,104 which is offset by the decrease in interest for the Solar debt of (\$24,637). The transfer of apportionment for County Operated Schools decreased (\$10,247) due to a decrease

in ADA, State Special Schools decreased (\$20,880) due to budgeting to actuals and Adult Education Indirect increased \$7,772.

General Fund Expenses by Function

A Function represents a general operational area in the district. Functions are defined by the state to promote consistent accounting and reporting throughout the state.

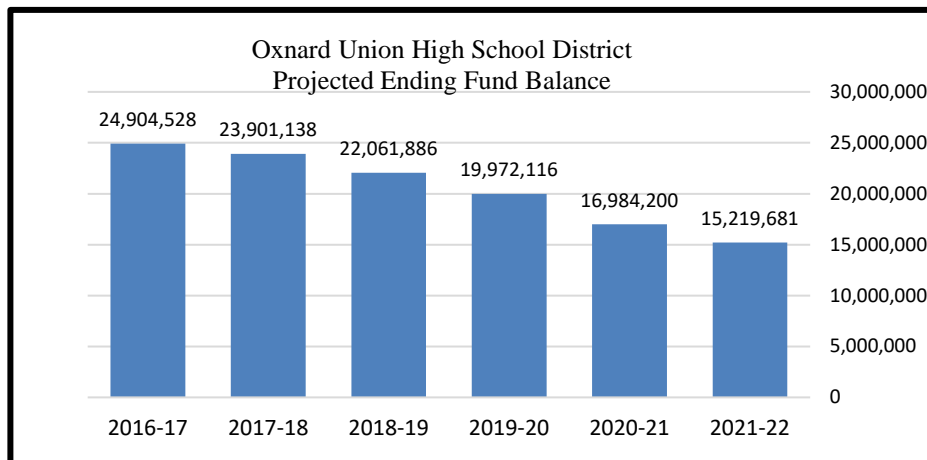
Following are the main function areas included in the General Fund (excludes Transfers Out).

Function	2018-19 Estimated Actuals	2019-20 Adopted Budget	% of Total
Instruction	\$ 128,487,642	\$ 130,413,469	60.00%
Instruction Related Services	26,513,729	25,745,001	11.84%
Pupil Services	21,116,122	22,395,558	10.30%
Ancillary Services	3,285,977	3,066,016	1.41%
Community Services	248,773	255,364	0.12%
General Administration	11,407,011	12,754,240	5.87%
Plant Services	21,742,688	18,879,538	8.69%
Other Outgo	3,854,728	3,863,068	1.78%
Total	\$ 216,656,670	\$ 217,372,254	100.00%

- **Instruction**--Activities dealing directly with the interaction between students and teachers.
- **Instructional Related Services**--Activities that provide administrative, technical, and logistical support to facilitate and enhance instruction and community services.
- **Pupil Services**--Activities involving counseling for students or parents.
- **Ancillary Services**--School sponsored activities during or after school that are not essential to instruction. These activities generally are for motivation and enjoyment of skills in a competitive or non-competitive setting.
- **Community Service**--Activities that provide community services to participants other than students.
- **General Administration**--Expenses related to district wide or countywide administrative activities.
- **Plant Services**--Activities that maintain and safeguard buildings, grounds, and equipment.
- **Other Outgo**--Debt service and transfers out to other funds and agencies.

Ending General Fund Balance

The Adopted Budget projects a decrease of \$2,089,770 in the ending balance from the 2018-19 Estimated Actuals.



The District's Components of End Fund Balances are as follows:

Fund Balance Components	2018-19 Estimated Actuals	2019-20 Adopted Budget
Revolving Cash & Stores Inventory	\$280,748	\$210,000
Reserve for Economic Uncertainty (3%)	6,508,538	6,522,136
CSEBO Reserve Retiree Benefits	3,605,410	1,424,380
Prop 39 Energy Savings	91,000	91,000
Summer School Savings	1,411,547	1,411,547
Unallocated Unit Share	1,539,656	2,209,630
Unassigned/Unappropriated	8,624,987	8,103,423
Total	\$22,061,886	\$19,972,116

Local Control Accountability Plan (LCAP) Budget

The local Control Accountability Plan (LCAP) budget provides supplemental services to the District's English learners, free and reduced-price meal program eligible, foster youth. The projected 2019-20 Supplemental revenue is \$19,886,886 and the Concentration revenue is \$8,361,395 for a total of \$28,248,281. These funds are considered unrestricted, but the District budgets the Supplemental & Concentration funds in a locally defined revenue. The District also budgeted based on the instructional goal and actions. The LCAP is budgeted as follows:

Goal	Action	Budget
Instruction		
1-1-1	Instructional Goals & Strategies	2,964,608
1-2-1	Flexible Scheduling	32,079
1-3-1	Lesson Study	107,911
1-4-1	English Learner Support	123,773
1-5-1	Project Based Learning	18,584
1-6-1	Instructional Materials & Technology	5,068,098
1-7-1	Instructional Coaching (Site & District)	752,943
1-8-1	Tech Coaching (Site & District)	1,133,696
1-9-1	Appropriately Assigned & Credentialed Teachers	3,078,787
		<u>13,280,479</u>
College & Career		
2-1-1	Post-Secondary Partnerships	266,049
2-2-1	College Apps & FAFSA	20,457
2-3-1	AVID	437,068
2-4-1	PSAT/SAT	563,366
2-5-1	Advanced Placement & IB	403,937
2-6-1	Counseling & Guidance	420,114
2-7-1	Career Academies & Career Pathways	34,358
		<u>2,145,349</u>
Positive Behavioral Interventions & Support		
3-1-1	PBIS PD & Site Coaching	151,053
3-2-1	MTSS Interventions	6,092,753
3-3-1	Cultural Proficiency	46,460
3-4-1	CALSAFE	705,000
3-5-1	Safe Schools & Well-Maintained Facilities	5,648,376
		<u>12,643,642</u>
Parent Involvement		
4-1-1	Parent Communication/ParentVUE	100,780
4-2-1	Parent Survey	35,103
4-3-1	Parent Programming	11,109
4-4-1	Parent Liaison	31,819
		<u>178,811</u>
	Total Supplemental/Concentration	<u>28,248,281</u>

Multi-Year Projection (MYP)

The 2019-20 MYP at budget adoption reflects that the District will be able to maintain the statutory reserve throughout the forecast period. The MYP projects deficit spending in fiscal years 2020-21 and 2021-22 which will be offset by CSEBO retiree reserves. The MYP does not include any one-time funding. It will be included in Interim reports if the Governor includes it in the adoption of the state budget. Increases for step and column, STRS, PERS and Health and Welfare are included. The 10% reduction in operating budgets and \$10.00 per CBEDS reduction in site budgets are included in the MYP. The District continues to work on ways of increasing revenue through enrollment and ADA.

	2019-20	2020-21	2021-22
Revenues & Other Financing Sources	215,314,744	217,769,968	224,174,006
Expenditures & Other Financing Uses	217,404,514	220,757,884	225,938,525
Net Increase (Decrease) to Fund Balance	(2,089,770)	(2,987,916)	(1,764,519)
Beginning Fund Balance	22,061,886	19,972,116	16,984,200
Ending Fund Balance	19,972,116	16,984,200	15,219,681
Revolving Cash & Stores	210,000	210,000	210,000
Reserves	13,239,980	10,151,463	8,231,525
Reserve for Economic Uncertainties of 3%	6,522,136	6,622,737	6,778,156
Estimated Reserve %	9.19%	7.69%	6.74%

	2019-20		2020-21		2021-22	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Revenues & Other Financing Sources	174,601,813	40,712,931	180,061,912	37,708,056	186,028,468	38,145,538
Expenditures & Other Financing Uses	176,691,583	40,712,931	183,049,828	37,708,056	187,792,987	38,145,538
Net Increase (Decrease) to Fund Balance	(2,089,770)	0	(2,987,916)	0	(1,764,519)	0
Beginning Fund Balance	22,061,886	0	19,972,116		16,984,200	
Ending Fund Balance	19,972,116	0	16,984,200	0	15,219,681	0

Summary of Other Funds

2019-20 Adopted Budget						
Other Funds	Adult Education 110	Cafeteria 130	Measure H 214	Measure A 215	Developer Fees 250	Capital Facilities RDA 251
Total Revenue	4,054,234	6,749,152	533,417	1,600,000	1,676,551	1,949,565
Total Expenditures	4,063,241	6,789,301	24,425,000	146,421,407	177,509	3,049,928
Excess/ (Deficiency)	(9,007)	(40,149)	(23,891,583)	(144,821,407)	1,499,042	(1,100,363)
Other Financing Sources	9,007	0	0	100,000,000	0	0
Net Inc/(Dec) to Fund Balance	0	(40,149)	(23,891,583)	(44,821,407)	1,499,042	(1,100,363)
Beginning Balance	0	40,149	24,682,739	122,465,404	8,243,226	2,344,014
Ending Balance	0	0	791,156	77,643,997	9,742,268	1,243,651

Other Funds	COP's 401	Oxnard #8 Start Up 409	Relocation DO 410	Bond Interest & Redemption 1996 Measure Q 510	Bond Interest & Redemption 2004 Measure H 514	Bond Interest & Redemption 2018 Measure A 515	Scholarships 730
Total Revenue	32,475	5,885	25,480	3,466,476	7,325,803	11,791,343	1,305
Total Expenditures	0	0	3,075,560	3,782,058	7,808,462	16,944,488	0
Excess/ (Deficiency)	32,475	5,885	(3,050,080)	(315,582)	(482,659)	(5,153,145)	1,305
Other Financing Sources	0	0	15,178,253	0	0	0	0
Net Inc/(Dec) to Fund Balance	32,475	5,885	12,128,173	(315,582)	(482,659)	(5,153,145)	1,305
Beginning Balance	1,690,435	407,603	983,403	3,688,719	7,112,970	21,398,138	60,796
Ending Balance	1,722,910	413,488	13,111,576	3,373,137	6,630,311	16,244,993	62,101

Fund 110 - The Adult Education Fund projects to have a balanced budget without a contribution from the General Fund.

Fund 130 - The Cafeteria Fund projects to have a balanced budget without a contribution from the General Fund

Fund 214 - The Building Fund (Measure H) proceeds have been targeted to be used for a new high school in the Oxnard area. Funds may also be used on other facility improvements as per the ballot initiative language

Fund 215 - The Building Fund (Measure A) proceeds have been targeted to be used for a new high school in the Oxnard area, improve/repair all high schools and adult school.

Fund 250 - Capital Facilities Fund - Developer Fees is supported by developer fees and is restricted to the construction or reconstruction of facilities related to the growth generated by development.

Fund 251 - Capital Facilities Fund - Redevelopment Fund/Other is supported by funds received from the dissolution of Redevelopment Agencies in 2012. Redevelopment funds come with fewer restrictions as to how the fund may be expended. Land lease is also recorded in this fund.

Fund 401-410 - The Special Reserve Fund for Capital Outlay Projects - are to be used for the Oxnard Growth High School Startup funds (Fund 409), COPs/Debt Service (Fund 401) and to record the receipt of revenue for the sale of district property and expense incurred for the relocation of the district office.

Fund 510, 514 & 515 - Bond Interest and Redemption Fund - account for the receipt of property taxes to repay the principal and interest on the General Obligation Bond debt service. This fund is restricted in use and cannot be used to pay General Fund expenditures.

Fund 730 - Foundation Private-Purpose Trust Fund is used for scholarship funds established with public donations.

Final Comments

The recommendation to the Governing Board is to adopt a positive certification for the budget adoption. The certification reflects that the District will end this year and the next 2 years with a positive ending fund balance.

The District will continue to be proactive in managing its fiscal resources while ensuring that the schools, teachers, staff, and students have the resources they need to maintain the excellent educational program. The District will continue to explore new cost saving strategies and revenue enhancement efforts to provide relief to the District's budget.