2016-17 Second Interim Budget Report

Presentation to the Board of Trustees
Brett W. McFadden, Associate Superintendent / CBO
March 14, 2017
What we will cover tonight

- Background on the AB 1200/2756 budget review process
- Multi-year fiscal outlook for the district
- Next steps in the budget / LCAP process
- Questions and comments
School district budgeting and reporting process

**Budget / report action:**
- Adopted budget / LCAP in place
- Unaudited actuals (fiscal activity through year end)
- Annual independent audit of prior-year budget
- 1st Interim Report (activity through Oct 31)
- 2nd Interim Report (activity through January 31)
- 3rd Interim Report (activity through June 30)
- LCAP / budget public meeting / hearing
- June budget adoption

**Board adoption date:**
- No later than July 1
- By September 15
- Board review in Jan/Feb
- By December 15
- By March 15
- If required by COE
- Prior to budget adoption
- By June 30

All school districts are required by law to adhere to this budget development and reporting process.
Fiscal certifications for districts

First, second, and third interim reports are reviewed by the Monterey County Office of Education and certified:

- **Positive** – the district can meet its minimum obligations over the MYP

- **Qualified** – the district may not be able to meet its obligations over the MYP

- **Negative** – the district will not be able to meet its obligations over the MYP
Filing a positive certification
- District can meet its minimum fiscal obligations over the MYP
- Based on assumptions of what we know now

Reflects major fiscal activity from July 1 to January 31 of the current fiscal year

Does not include any pending or new agreements with the district’s bargaining units

Based on the Governor’s 2017-18 January Budget Proposal
- Includes directives from MCOE and state
### Multi-year projection:  
**Total General Fund**

**Fund 01 General Fund – Unrestricted and Restricted Funds**  
2016-17 Second Interim  
(In millions)

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>17.96</td>
<td>13.67</td>
<td>10.58</td>
</tr>
<tr>
<td>Revenues</td>
<td>114.34</td>
<td>110.17</td>
<td>110.79</td>
</tr>
<tr>
<td>Expenditures</td>
<td>118.63</td>
<td>113.26</td>
<td>115.96</td>
</tr>
<tr>
<td>Increase/(Decrease)</td>
<td>-4.29</td>
<td>-3.09</td>
<td>-5.17</td>
</tr>
<tr>
<td>Ending Balance</td>
<td>13.67</td>
<td>10.58</td>
<td>5.41</td>
</tr>
<tr>
<td>Nonspendable (Revolving)</td>
<td>0.02</td>
<td>0.02</td>
<td>0.02</td>
</tr>
<tr>
<td>Estimated vacation liability</td>
<td>0.02</td>
<td>0.02</td>
<td>0.02</td>
</tr>
<tr>
<td>Reserve for Economic Uncertainties</td>
<td>3.56</td>
<td>3.40</td>
<td>3.48</td>
</tr>
</tbody>
</table>
# Multi-year projection: Unrestricted Gen Fund

## Fund 01 General Fund – Unrestricted Funds

### 2016-17 Second Interim

(In millions)

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<tr>
<td>Beginning Balance</td>
<td>16.05</td>
<td>13.48</td>
<td>10.58</td>
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<tr>
<td>Revenues</td>
<td>77.85</td>
<td>76.65</td>
<td>76.86</td>
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<tr>
<td>Expenditures</td>
<td>80.42</td>
<td>79.55</td>
<td>82.03</td>
</tr>
<tr>
<td>Increase/(Decrease)</td>
<td>(2.57)</td>
<td>(2.90)</td>
<td>(5.17)</td>
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All MYP’s include certain assumptions based on:

- State and federal policies / statutes (outlined in the “common message”)
- Input and direction from the Monterey COE

The second interim MYP assumes the following:

- All current board adopted spending and policies
- Step and column salary increases
- Bargaining unit salary schedules
- Projected expenditures and revenues
- No salary or benefit increases for employees in 2017-18 are factored
- District’s three-year LCAP
- A projected $1.5 million ongoing reduction to expenditures due to attrition
Next steps in the budget process

- Adoption of the Second Interim becomes the working 2016-17 budget for the district

- Budget timeline for the fiscal year:

  January  Governor's Proposed 2017-18 Budget
  Jan / Feb  Board review of 17-18 fiscal criteria and reductions
  Feb/March  Meeting with school sites and programs, LCAP development
  March 14  Adopt Second Interim and non-layoff reductions
  April  2017-18 budget and LCAP development
  May  Governor's May Budget Revision
  May  LCAP and budget workshop and community meetings
  June  Adoption of district's 2017-18 LCAP and budget
Questions and/or comments