



# **2018-2019 PROPOSED BUDGET**

**REGULAR BOARD MEETING  
JUNE 27, 2018**

# Presentation



- Vision and Mission Statement
- Budget Development
- First Read vs. Proposed Budget Adoption
  - Revenues, Expenditures and Ending Fund Balance
- Local Reserves Requirement
- General Fund Summary
  - 2018-2019 Revenue and Expenditure
  - Facilities and Technology Expenditures
- Multi-Year Projection
- Looking Ahead
- Additional District Projections
- Other Funds

# **VISION AND MISSION STATEMENT**

# Vision



*Unrelenting pursuit of the extraordinary  
school experience.*

# Mission



*To ignite genius and empower students to  
advance the world.*

# Budget Development



- Budget determinations have been made in accordance with the District Design 2022 and Local Control Accountability Plan (LCAP)
- Maintain a fiscally sound reserve balance for a community funded school district (Basic Aid) and a continued commitment to proactive fiscal planning
- Communicate the budget to all stakeholders

**FIRST READ**  
*versus*  
**PROPOSED BUDGET**  
**ADOPTION**

# Revenues



	2018-2019 First Read	2018-2019 Proposed Budget	Difference
LCFF Sources	49,516,696	49,744,606	227,910
Federal Revenues	1,170,962	1,394,273	223,311
Other State Revenues	3,494,665	4,220,761	726,096
Other Local Revenues	3,366,319	3,455,050	88,731
Other Finance Sources	70,000	70,000	-
Total Revenues	57,618,642	58,884,690	1,266,048



# Changes in Revenue



- Revenue:
  - Increase in Property Taxes from 4.0% to 4.5% above 2017-2018 Estimated Actuals
  - Recognize the One-Time Discretionary Funds at \$168/ADA or \$726,096
  - Participation in Title 1 Part A Basic Grant Funding
  - Adjustment to E-Rate

# Expenditures



	2018-2019 First Read	2018-2019 Proposed Budget	Difference
Certificated Salaries	28,669,218	28,789,218	120,000
Classified Salaries	8,206,028	8,216,028	10,000
Employee Benefits	13,784,204	13,784,204	-
Books & Supplies	1,689,522	2,365,088	675,566
Operating Expenses	5,085,507	5,348,536	263,029
Capital Outlay	-	227,453	227,453
Other Outgo	184,163	154,163	(30,000)
<b>Total Expenditures</b>	<b>57,618,642</b>	<b>58,884,690</b>	<b>1,266,048</b>

# Changes in Expenditures



- Expenditures:
  - Salaries and Benefits:
    - ✦ 272.8 FTE Certificated Staff, 157.3 FTE Classified Staff, and 25.2 FTE Administration
  - Materials & Supplies
    - ✦ One-Time Discretionary Funds
  - Operating Expenses
    - ✦ One-Time Discretionary Funds Allocated for Facility Improvements
  - Capital Outlay
    - ✦ Technology - Switches
  - Other Outgo:
    - ✦ Remove CNS Contribution

# Ending Fund Balance



	2018-2019 First Read	2018-2019 Proposed Budget	Difference
Net Increase (Decrease)	-	-	-
Beginning Fund Balance	11,575,169	11,588,168	12,999
Ending Fund Balance	11,575,169	11,588,168	12,999
<b><i>Components of Ending Fund Balance:</i></b>			
Revolving Cash	25,000	25,000	-
Restricted	90,637	90,637	-
Reserve for STRS, PERS, OPEB	1,088,176	873,287	(214,889)
Reserve for Economic Uncertainty	1,728,559	1,766,541	37,982
Unassigned/Unappropriated	8,642,797	8,832,703	189,906
<i>Total Ending Fund Balance</i>	11,575,169	11,588,168	12,999
<i>Unrestricted Reserve %</i>	19.9%	19.5%	-0.4%

# Local Reserves Requirement



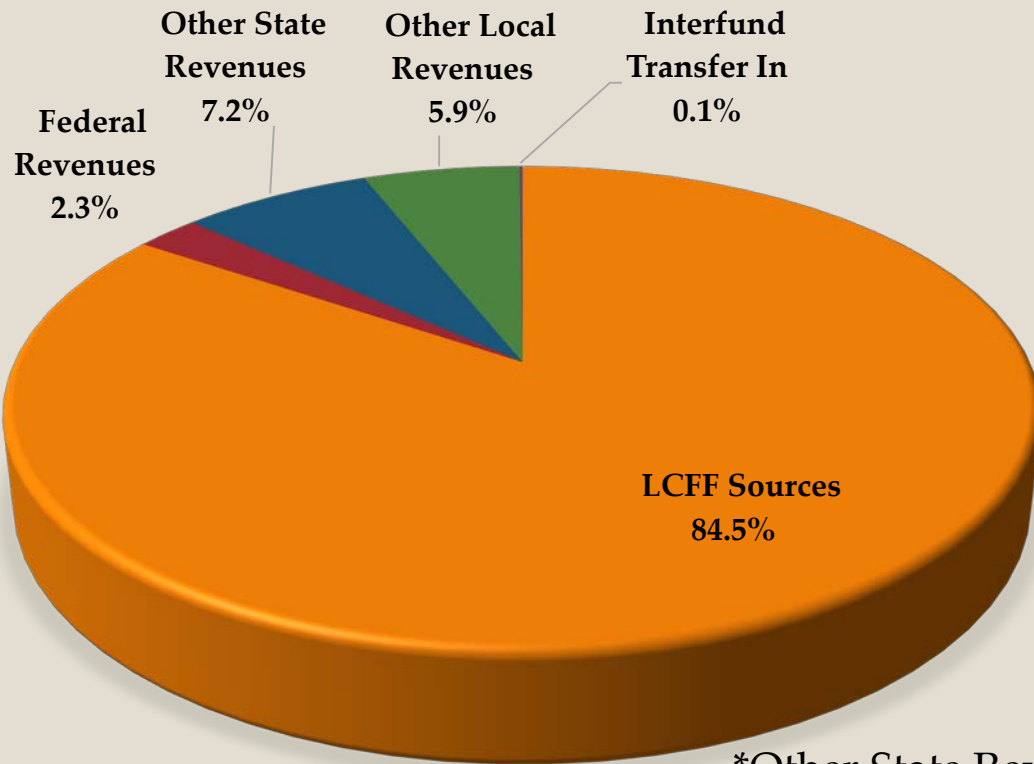
## Proposed 2018-2019 Ending Fund Balances:

Total Ending Fund Balance:	\$11,588,168
Less Restricted	\$ 90,637
Less Revolving Cash	\$ 25,000
Less Minimum 3% Reserve for Economic Uncertainties:	<u>\$ 1,766,541</u>
Remaining Balance to Substantiate Need:	\$ 9,705,990

\$ 873,287	Reserve for STRS, PERS, OPEB Future Obligations
<u>\$ 8,832,703</u>	Fund Balance Policy requiring reserves of at least 15%
\$ 9,705,990	Total Need Supported by Excess Fund Balances

# **GENERAL FUND SUMMARY**

# 2018-2019 Revenue Summary

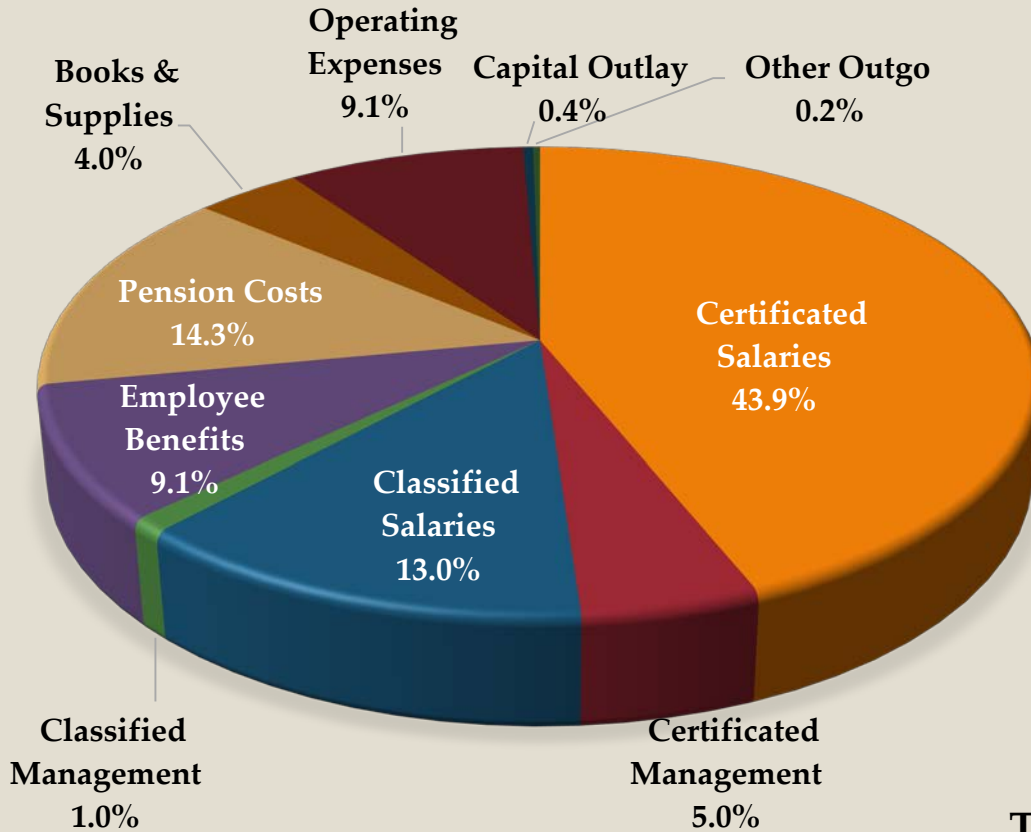


LCFF Sources	49,744,606
Federal Revenues	1,394,273
Other State Revenues*	4,220,761
Other Local Revenues	3,455,050
Interfund Transfer In	70,000
<b>Total Rev. &amp; Other Sources</b>	<b>58,884,690</b>

\*Other State Revenues includes:

- One-time mandate funding of \$726,096
- State STRS "on-behalf" contribution of \$2,251,408

# 2018-2019 Expenditure Summary



Certificated Salaries	25,862,719
Certificated Management	2,926,499
Classified Salaries	7,627,570
Classified Management	588,458
Employee Benefits	5,387,552
Pension Costs*	8,396,652
Books & Supplies	2,365,088
Operating Expenses	5,348,536
Capital Outlay	227,453
Other Outgo	154,163
<b>Total Exp. &amp; Other Outgo</b>	<b>58,884,690</b>

**Total Salary and Benefits\* = 86.3%**

\*Pension costs includes State STRS "on-behalf" contribution of \$2,251,408



# Facilities Expenditures



Districtwide (All School Sites) \$623,000

- Landscaping
- Exterior LED Lighting
- Electrical
- Plumbing, Sewer, drains and Backflow
- HVAC
- Carpet Cleaning
- Doors and Locks
- Fencing
- Playgrounds
- Fire Services
- Painting
- Concrete Repairs
- Emergency Repairs

# Technology Expenditures



Districtwide (All School Sites) \$677,000

- Audio Visual Equipment (large screen monitors)
- Device Refresh
  - Chromebooks
- Technology Infrastructure:
  - Wireless Access Points Districtwide
  - Switch Replacement at Del Mar Heights School, Sage Canyon School and Torrey Hills School

# **MULTI-YEAR PROJECTION**

# Multi-Year Projection Assumptions



- Property Tax Projection:
  - 2019-20 4% Increase
  - 2020-21 4% Increase
- Average Daily Attendance Projections:
  - 2019-20 4,302
  - 2020-21 4,325
- Salary: Step and Column 2% Increase Annually
- Benefits: Annual Increases in Employer STRS and PERS Contributions

# Multi-Year Projection



DESCRIPTION	FY 2018-19 Current (Base Year)	FY 2019-20 First Projected Year	FY 2020-21 Second Projected Year
<b>Revenues</b>			
Revenue Limit Sources	49,744,606	51,655,138	53,636,684
Federal Revenues	1,394,273	1,394,273	1,394,273
Other State Revenues	4,220,761	3,492,783	3,495,805
Other Local Revenues	3,455,050	3,460,055	3,509,391
Transfers In	70,000	70,000	70,000
<b>Total Revenues</b>	<b>58,884,690</b>	<b>60,072,259</b>	<b>62,106,152</b>
<b>Expenditures</b>			
Certificated Salaries	28,789,218	29,365,002	29,952,303
Classified Salaries	8,216,028	8,380,349	8,547,956
Employee Benefits	13,784,204	14,804,873	15,573,404
Books & Supplies (includes Chromebooks, Audio Visual Equipment)	2,365,088	1,731,946	1,691,322
Services, Other Operating Expenses (includes Facility Maintenance Projects)	5,348,536	5,230,657	5,880,656
Capital Outlay (depreciating assets over \$5,000)	227,453	50,000	50,000
Other Outgo	20,000	20,000	20,000
Debt Service	134,163	134,163	134,163
<b>Total Expenditures:</b>	<b>58,884,690</b>	<b>59,716,990</b>	<b>61,849,804</b>

# Multi-Year Projection Continued



DESCRIPTION	FY 2018-19 Current (Base Year)	FY 2019-20 First Projected Year	FY 2020-21 Second Projected Year
Net Increase (Decrease) In Fund Balance	-	355,259	256,348
Beginning Balance as of July 1	11,588,168	11,588,168	11,943,427
Ending Balance	11,588,168	11,943,427	12,199,775
Revolving Cash	25,000	25,000	25,000
Restricted:	90,637	90,637	90,637
Assigned:			
STRS, PERS, OPEB Future Obligations	873,287	1,078,732	951,174
Reserve for Economic Uncertainties	1,766,541	1,791,510	1,855,494
Unassigned/unappropriated Amount	8,832,703	8,957,548	9,277,470
Total Ending Fund Balance	11,588,168	11,943,427	12,199,775
Unrestricted Reserve %	19.5%	19.8%	19.6%

# LOOKING AHEAD

# Looking Ahead



- 2017-2018 carryover after Unaudited Actuals
- Continue to monitor enrollment projections and staffing needs
- Beginning fiscal year 2020-2021, 3% contribution requirement towards Restricted Maintenance Account
- Prioritize projects as identified in the Facility Master Plan (FMP)
- State STRS “on-behalf” contribution of \$2,251,408 offset in expenditures to be recalculated at 1<sup>st</sup> Interim

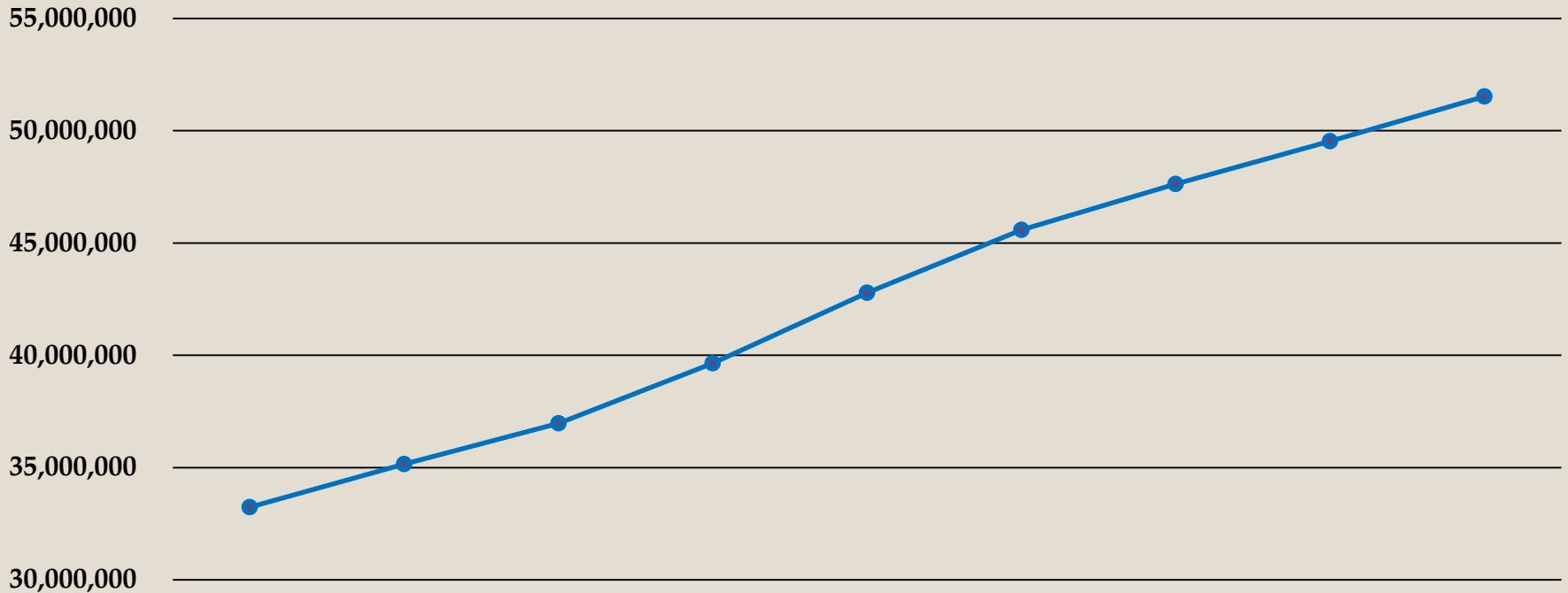


# Additional District Projections



- Property Tax Revenue Projection
- CalSTRS (Pension) Projection
- CalPERS (Pension) Projection
- Property Tax Revenue versus Annual Statutory Increases
- Estimated Annual School Operating Costs
- STEAM+ Funding

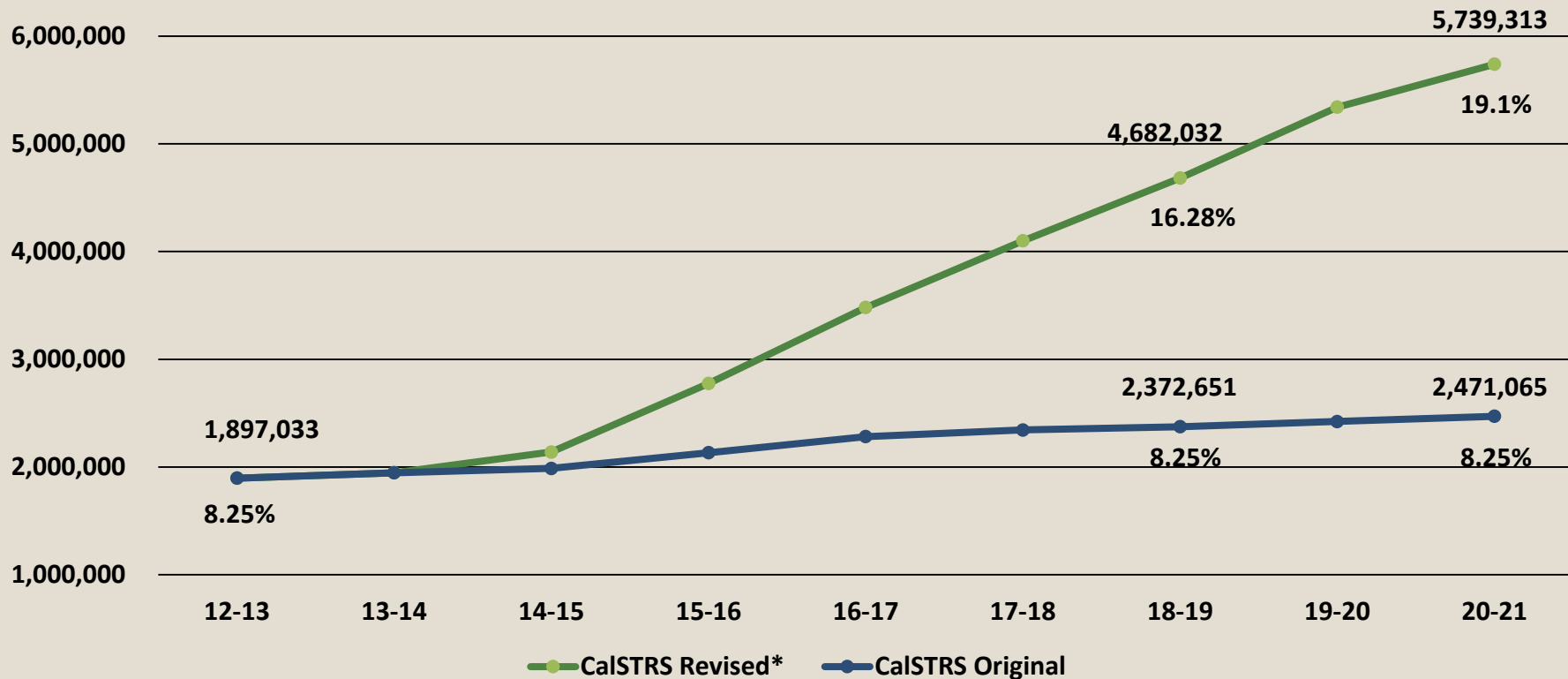
# Property Tax Revenue Projection



	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019*	2019-2020*	2020-2021*
Districtwide Tax Revenue	33,239,851	35,155,784	36,971,769	39,639,235	42,779,608	45,582,113	47,633,308	49,538,640	51,520,186
Difference	228,779	1,915,933	1,815,985	2,667,466	3,140,373	2,802,505	2,051,195	1,905,332	1,981,546
% Difference	0.7%	5.76%	5.17%	7.21%	7.92%	6.55%	4.50%	4.00%	4.00%

\*Projected Property Tax

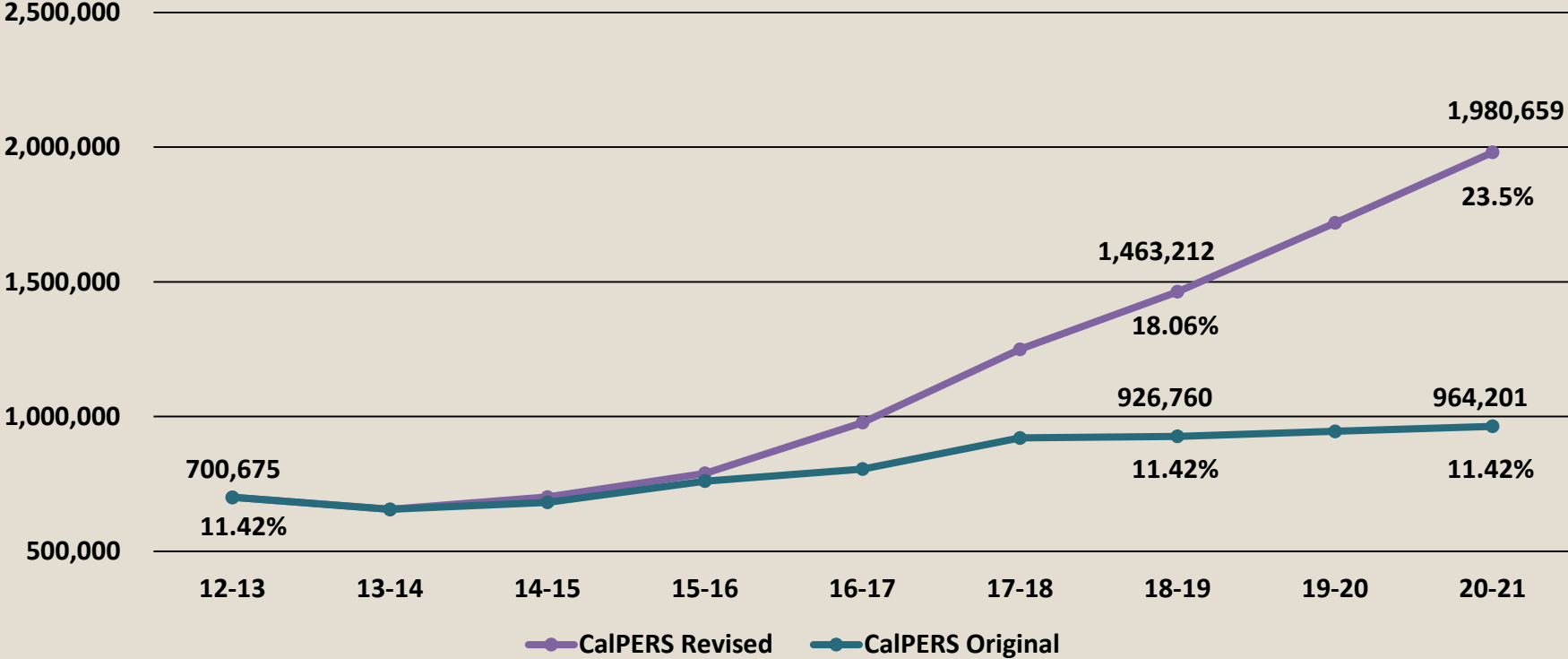
# CalSTRS (Pension) Projection



	2012-2013	2020-2021	% Change
Rate	8.25%	19.10%	132%
Annual Cost	\$ 1,897,033	\$ 5,739,313	203%

\*Comparison excludes State STRS "on-behalf" contribution

# CalPERS (Pension) Projection



	2012-2013	2020-2021	% Change
Rate	11.42%	23.50%	106%
Annual Cost	\$ 700,675	\$ 1,980,659	183%

# Property Tax Revenue vs Annual Statutory Increases



## Statutory Increases for 2019-2020

2% Step and Column Adjustment	\$ 911,000
CalSTRS & CalPERS % Increases	\$ 758,000
Maintain 20% Reserve	<u>\$ 334,000</u>
	\$ 2,003,000

2018-2019 Property Tax Revenue \$47,633,308

Required % of Property Tax Revenue 4.2%  
to Meet Annual Statutory Increases

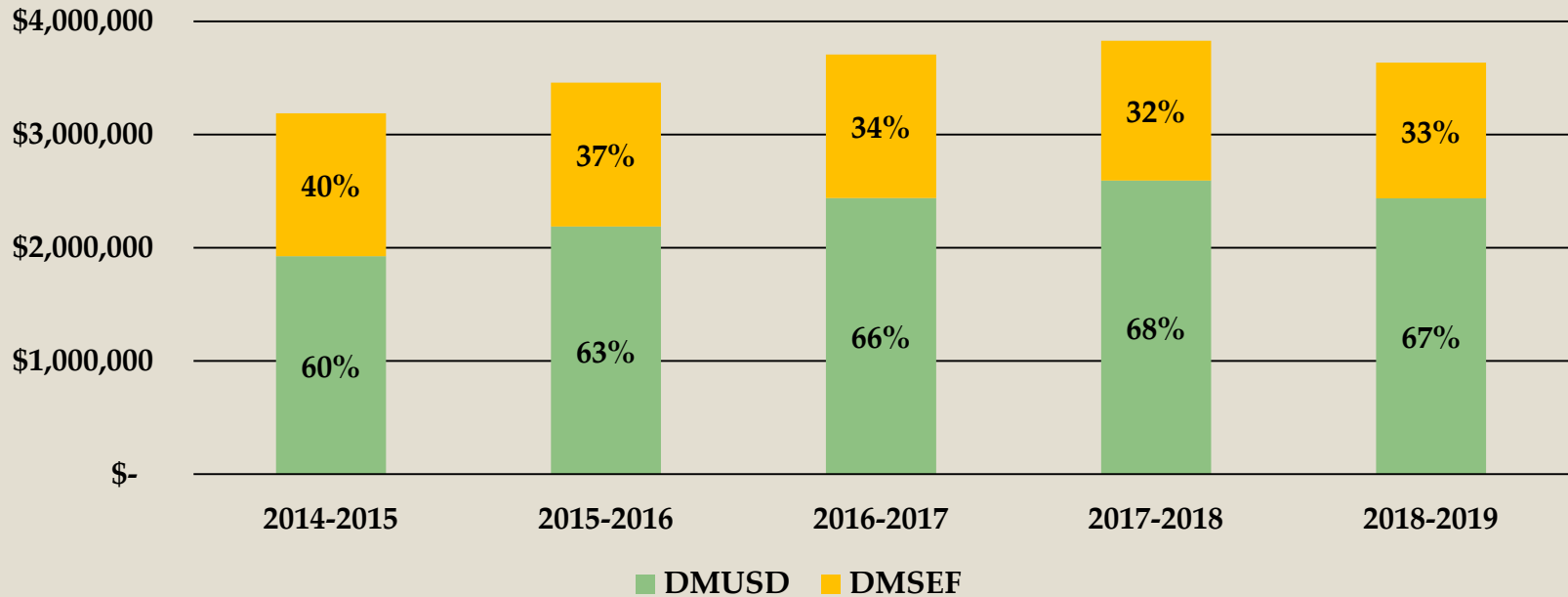
# Estimated Annual School Operating Costs



<b>Administrative Staff</b> (Principal, Administrative Assistant, Office Assistant)	\$ 321,000
<b>Instructional Staff</b> (4 Teachers, 2 STEAM+, 6 Special Education Staff, Substitutes)	\$ 1,112,000
<b>Support Staff</b> (Health, Library, Plant Manager, Custodian, Noon Duty, Lunch Servers)	\$ 239,000
<b>Operations</b> (Materials and Supplies, Utilities, Security, Copier, Licenses, etc.)	\$ 248,000
<b>3% Restricted Maintenance</b>	<u>\$ 57,600</u>
<b>Total*</b>	\$ 1,977,600

\*2018-2019 Estimated annual cost to General Fund for 450 seat school

# STEAM+ Funding



Fiscal Year:	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
<b>DMSEF Contribution</b>	\$ 1,260,000	\$ 1,270,000	\$ 1,270,000	\$ 1,236,000	\$ 1,200,000
<b>DMSEF Funded Specialist</b>	13.7	13.8	13.0	11.9	10.9
<b>District Funded Specialist</b>	20.9	21.6	22.8	22.7	20.1
<b>District Obligation</b>	\$ 1,926,960	\$ 2,188,342	\$ 2,438,778	\$ 2,593,580	\$ 2,437,001
<b>Total STEAM+ Expenditure</b>	\$ 3,186,960	\$ 3,458,342	\$ 3,708,778	\$ 3,829,580	\$ 3,637,001

\*Excludes Design Engineers, which are not part of the STEAM+ allocation

# OTHER FUNDS



# Fund 13 Cafeteria Fund



Total Revenues	\$ 1,070,100
Total Expenditures	<u>\$ 1,070,100</u>
Net Increase/Decrease in Fund Balance	\$ -
Beginning Fund Balance	\$ -
Ending Fund Balance	\$ -

# Fund 14 Deferred Maintenance



Total Revenues	\$ 137,926
Total Expenditures	<u>\$ -</u>
Net Increase in Fund Balance	\$ 137,926
Beginning Fund Balance	\$ 481,267
Ending Fund Balance	\$ 618,393

# Fund 25 Capital Facilities Fund



Total Revenues	\$ 44,000
Total Expenditures	<u>\$ 11,000</u>
Net Increase in Fund Balance	\$ 33,000
Beginning Fund Balance	\$ 493,932
Ending Fund Balance	\$ 526,932

The 2016 Developer Fees for Residential is \$3.48/sq. ft. and Commercial is \$0.56/sq. ft. DMUSD receives 47.47% (\$1.65 & \$0.27 /sq. ft. respectively) and the San Dieguito Union High School District receives the remaining 52.53%. Funds are to be used to increase capacity at a school site.

# Fund 40 Special Reserve for Capital Outlay



Total Revenues	\$ 5,000
Total Expenditures	<u>\$ 10,000</u>
Net Decrease in Fund Balance	\$ (5,000)
Beginning Fund Balance	\$ 5,434,647
Ending Fund Balance	\$ 5,429,647

# Fund 49 CFD 95-1 & CFD 99-1 Combined



Total Revenues	\$ 4,243,163
Total Expenditures	<u>\$ 1,479,011</u>
Net Increase in Fund Balance	\$ 2,764,152
Beginning Fund Balance	\$12,048,546
Ending Fund Balance	\$14,812,698
CFD 95-1 Ending Fund Balance:	\$ 4,388,041
CFD 99-1 Ending Fund Balance:	\$10,424,657

# Fund 63 Enterprise Fund



Total Revenues	\$ 4,563,250
Total Expenditures	<u>\$ 4,534,744</u>
Net Increase in Fund Balance	\$ 28,506
Beginning Fund Balance*	\$ 771,910
Ending Fund Balance*	\$ 800,416

\*Net of Pension and OPEB Liability

# Fund 73 Trust Fund



Total Revenues	\$ 250
Total Expenditures	<u>\$ -</u>
Net Increase in Fund Balance	\$ 250
Beginning Fund Balance	\$ 32,642
Ending Fund Balance	\$ 32,892

**QUESTIONS?**