



LAKE COUNTY OFFICE OF EDUCATION

TO TEACH. TO SERVE. TO LEARN.

To: Brock Falkenberg
Lake County Office of Educations Board Members

From: Lynn Thomasson
Assistant Director – Fiscal Services

Re: 2017-18 1st Interim Budget Report

Attached for your review is the 2017-18 1st Interim Budget Report.

The County Office has a projected positive ending balance in the Unrestricted General Fund of \$3,853,908. After meeting the 6% requirement for Reserve of Economic Uncertainty, fulfilling the requirement of 3% for routine restricted maintenance, and other Fund Designations, there remains an unassigned/un-appropriated balance of \$2,206,906 in the Unrestricted General Fund.

The County Office continues to maintain a healthy Cash Flow. At the close of November 2017, the cash balance in the General Fund was \$5,396,630 million. The cash balance is estimated to be \$6,339,158 million at the close of the 2017-18 fiscal year.

Multiyear Projections includes the following assumptions:

- Expiring programs
 - 2018-19 College Readiness Block Grant - Salaries reduced
 - 2018-19 School Based Counseling - Salaries reduced
 - 2019-20 PBIS - Salaries and other expenses reduced
- Step & Column Increases
 - Classified 2.51%
 - Certificated & Management 1.83%
- Retirement - employer contribution rate projections

	2017-18	2018-19	2019-20
CalPERS	15.531%	18.10%	20.80%
CalSTRS	14.430%	16.28%	18.13%

- Lottery - Unrestricted per ADA \$144
- Lottery - Prop 20 per ADA \$45
- Routine Restricted Maintenance 3%
- Reserve for Economic Uncertainty 4%
- Board Approved Additional Reserve 2%

General Fund – Form 01 – Material Changes

Unrestricted – Page 42

Line A3 - Other Local Revenue – Reduction of 14.8% (\$201,674)

- The Creativity School was previously funding based on a formula which resulted in revenues exceeding costs. The formula has been revised to align charges with actual costs. As a result of the previous formula, there is an ending balance that is being utilized to meet current year expenses and reduce charges to districts resulting in a reduction to revenue of \$160,000.
- Reduction of \$17,372 in Alternative Education fees, which are based on actual costs of the program
- Administrator Coaching budget reduced based on actual participants – reduction of \$38,000
- Miscellaneous increases in revenue for programs such as bulk purchasing, Educator of the Year, staff development in the amount of \$13,698

Line B4 – Books and Supplies – Increase of 3.6% (\$15,283)

- Increase to supply budgets in the amount of \$9,831
- Mostly attributed to bulk purchasing increase in the amount of \$6,333
- Increase in Creativity School supply budget in the amount of \$2,500
- Other miscellaneous increases in the amount of \$770

Line B5 – Services and Other Operating Expenditures – Increase of 11.3% (\$111,523)

- Travel and Conference budgets increased by \$1,961
- Utility Budgets increased by \$6,561
- The Lake County Office of Education initially planned to hire a Credentialing Coordinator and to share the position with the Mendocino County Office of Education (MCOE). Instead, MCOE hired the coordinator and the Lake County Office of Education will be purchasing their coordinator's time instead. This change necessitated a reduction to salaries and an increase to object 5800 for purchased services in the amount of \$70,000.
- Various revisions to Services budgets such as; Educator of the Year event, Staff Development, Legal Services – Increase of \$33,001

Line B8 – Other Outgo – Transfers of Indirect Costs – Increase of 12.6% (\$67,510)

- Increase of Indirect costs transfers based on anticipated increase of expenditures in restricted programs

Line D3 – Contributions – Reduction of 46.4% (\$236,938)

- Reduced contributions to the following programs/resources:
 - RS 6387 Career Technical Education Incentive Grant \$45,382
 - RS 8150 Routine Restricted Maintenance \$69,000
 - RS 9021 Healthy Start \$56,334
 - RS 9311 School Based Counseling \$21,444
 - RS 9540 Bloom \$63,859
- Increased contributions to various resources to cover disallowed costs such as utilities and rent for federal programs, etc. Increase of \$19,081

Restricted – Page 51

Line A4 – Other Local Revenue – Increase of 12.3% (\$189,770)

- New Grant - Northern California Career Pathways Alliance - \$150,000
- Highlands Academy increased based on maximum reimbursable and anticipated expenses – increase of \$60,785
- After School Education and Safety (ASES) increase in parent fees - \$2,300
- Additional Foster Youth Services purchased by districts – increase of \$3,510
- Title III ELD Workshop Fees – increase of \$3,675
- Healthy Start revised based on actual agreements – reduction of \$30,500

Line B1 – Certificated Salaries – Increase of 11.1% (\$76,870)

- Psychologist positions filled and budgeted to actual costs – increase of \$43,544
- Budgeted salary for new Northern California Career Pathways Alliance grant – Increase of \$61,090
- California Career Technical Education Incentive Grant – returning unused grant funds – reduced all certificated budget related to funding - reduction of \$17,440
- Miscellaneous vacancies filled at a lower rate than budgeted – Decrease of \$10,324

Line B4 – Books and Supplies – Increase of 92% (\$181,023)

- Budgeted Low Incidence balance of \$164,025
- Other miscellaneous revisions in the amount of \$16,998

Line B5 – Services and Other Operating Expenses – Increase of 3.9% (\$52,256)

- Increase is mainly attributed to the need for contracted Counselor Services in the amount of \$45,000
- Other miscellaneous increases in the amount of \$7,256

Line B6 – Capital Outlay – Increase of 32.1% (\$13,353)

- Lighting Retrofit Project increased the budget by \$13,353

Other Funds

Deferred Maintenance Fund 14

- Deferred Maintenance Fund 14 – Although no longer required, the County Office retains a balance that is being used for ongoing facility maintenance.

Forest Reserve Fund 16

- Forest Reserve received a temporary reauthorization for two more years with a 5% reduction in each year. (Through 2016-17) Since the pass-through of revenue is delayed until the following fiscal year, activity is also included in 2017-2018

OPEB Fund 20

- OPEB Fund 20 – The County Office continues to use the “Pay as You Go” method to fund other post employment benefits. The accrued liability of OPEB is 100% funded. One remaining retiree is receiving post employment benefits. The retiree’s benefit will expire in October 2020.