



LAKE COUNTY OFFICE OF EDUCATION

TO TEACH. TO SERVE. TO LEARN.

To: Brock Falkenberg
Lake County Office of Educations Board Members

From: Denise Shannon
Assistant Director – Fiscal Services

Re: 2019-20 Original Budget Report

Attached for your review is the 2019-20 Original Budget Report.

In the 2019-20 budget year, the County Office is estimated to have a positive ending balance in the Unrestricted General Fund of \$5.1 million. After the Reserve for Economic Uncertainty of \$707,997 and Fund Designations, there is an unappropriated/undesignated balance of \$4.4 million.

The County Office continues to maintain a healthy Cash Flow. The cash balance is estimated to be \$8.4 million at the close of the 2018-19 fiscal year.

Fund 01 Assumptions

- Lottery - Unrestricted per ADA \$151
- Lottery - Prop 20 per ADA \$53
- Routine Restricted Maintenance 3%
- Reserve for Economic Uncertainty 4%
- Board Approved Additional Reserve 2%
- COLA for state revenue

| COLA | 2019-20 | 2020-21 | 2021-22 |
|------|---------|---------|---------|
| | 3.26% | 3.00% | 2.80% |

- Retirement - employer contribution rate projections

| Retirement System | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|-------------------|---------|---------|---------|---------|
| CalSTRS | 16.28% | 18.13% | 18.1% | 17.8% |
| CalPERS | 18.062% | 20.733% | 23.6% | 24.9% |

Multiyear Projections include the following assumptions:

- Expiring programs
 - RS 3020 Statewide System of School Support
 - RS 3395 Alternate Dispute Resolution – continue to spend down carryover and reduction of revenue in out years
 - RS 4204 Title III Tech Assistance
 - RS 5827 Positive Behavior Support System (PBIS) – grant ends Sept. 2019 with a plan to receive a one year no cost extension through Sept. 2020. Multi Year Projection did not include extension as we won't be notified until August 2020

- Program Changes
 - RS 6011 ASES Coding – 3 year grant of \$50k @ \$20-\$20-\$10k
 - RS 6010 After School Program spend down of revenue with reduction in year 2 & 3
 - RS 6520 Special Education Workability program becomes an award by lottery next year so it is not included in projection
 - RS 9368 HEAP grant is one time spent over two years
 - RS 9820 Americorps Tutor Program reduction of revenue in out years until actual revenue is known

Form 01 - Unrestricted and Restricted Material Changes

Line A2 Federal Revenue – Reduction of \$968,641

- The reduction in federal revenues is mostly attributed to the loss of PBIS funding of \$813,519 which sunsets in September 2019. We have applied for a no cost extension that would extend the program until September 2020 but we will not know about the approval of that extension until August 2019
- CSI funding reduction of \$81,986
- Title III ending \$8,089

A3 Other State Revenue – Reduction of \$341,169

- Receipt of one time funds in 2018-19 for ASES Coding that are to be spent over three years (\$50,000)
- Spend down of carryover for after school program (\$158,634)
- Special Education Workability program becomes an award by lottery so funding is not included in year two and three (\$142,125)

B1-B3 Salaries and Benefits

- Certificated, classified, and management salary schedules received a 5% increase over prior year
- Salary budget includes the following:
 - Vacant positions being eliminated
 - Step & Column Movement
- Increased STRS & PERS

B4-B6 Books and Supplies – Services – Capital Outlay

- B4 Books and Supplies changes attributed to the following:
 - Decreased due to sunset of programs listed above
- B6 Capital Outlay
 - Reduction in unrestricted capital outlay expenditures are attributed to fleet vehicle purchase in 2019-20 and fewer planned purchases in the 2020-21 and 2021-22 fiscal years

C Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources and Uses

- Utilizing ending balances for enhancement of programs and one time purchases

Child Development Fund 12

- STRS decrease due to reclassification of preschool teachers and director from classified to certificated. Members remain in PERS
- Object 1900 is currently budgeted in 5800 due to internal employee vs external
- Object 2400 hired new QRIS coach late 2018-19, entire salary reflected in 2019-20
- Object 4200 preschool anticipating new curriculum purchase in 2019-20
- Object 55-5600 understated - to be revised at first interim
- Object 5800 increased training costs
- Object 5900 new radio ads in 2019-20

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 was not reauthorized and therefore reverts to the 25% rule resulting in reduced revenues

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 for the final retiree through October, 2020