



Marysville Joint Unified School District

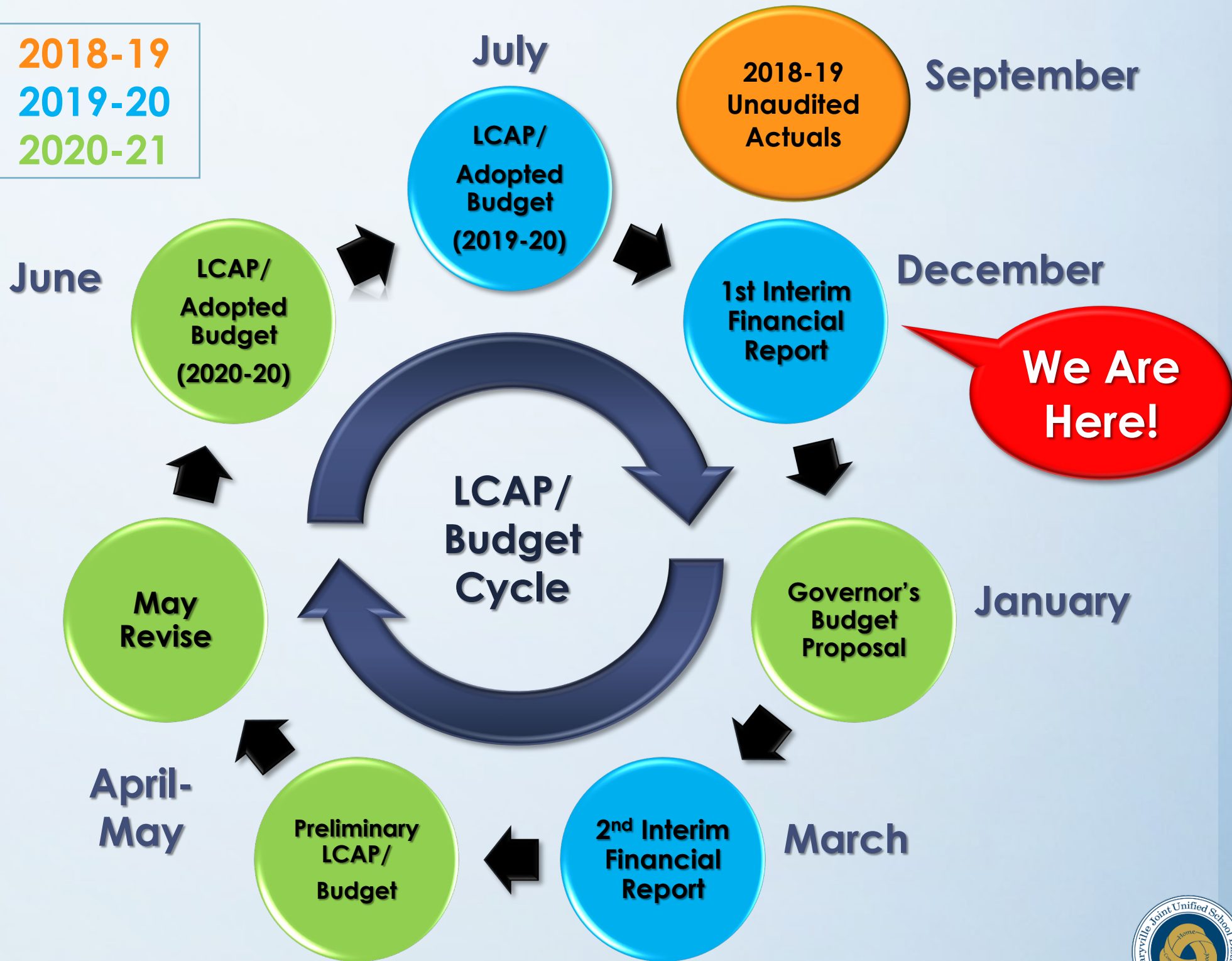
First Interim Budget Update

**Presented to Board of Trustees on
December 17, 2019**

Agenda

- Review Budget Cycle
- What's New with 1st Interim?
- Revenues/Expenditures Compared to Adopted Budget
- Unrestricted General Fund Balance
- Multi-Year Projection (MYP)
 - Fund Balance Is Decreasing Each Year
- Looking Forward
- Next steps

2018-19
2019-20
2020-21



What's New with 1st Interim?

- 2018-19 books are closed –actual ending fund balances now known and program carry-over funds added to site budgets.
- Changes since approving the District's Adopted Budget are identified and adjusted.
- Adjustments are made for known staffing through position control, including benefits, from the estimated amounts at budget adoption.
- **Adjust for current and projected negotiated settlements.**
- Create a new Multi-Year Projection (MYP) which is used to determine the district's financial condition.
- Certify the District's financial position: **POSITIVE**

Adopted Budget Compared to First Interim Total Revenue (Unrestricted) General Fund

(In Millions)	Adopted Budget FY 19-20	1 st Interim FY 19-20	Difference
LCFF Sources	\$104	\$104	\$ -
Federal Revenue	\$ -	\$ -	\$ -
Other State Revenue	\$1.7	\$2.8	\$1.1
Other Local Revenue	\$.7	\$1.1	\$0.4
TOTAL REVENUE	\$106.5	\$107.9	\$1.4

Unrestricted Revenue Details

Cost of Living Adjustment (COLA)

Description	2018-19	2019-20	2020-21	2021-22
Annual COLA (LCFF) – Proposed	3.00%	2.57%	2.67%	2.90%
Annual COLA (LCFF) – Enacted	3.70%*	3.26%*	3.00%	2.80%

Unrestricted Revenue Additions:

- Local Control Funding Formula = \$11K
- **Special Education Early Intervention Allocation = \$829K**
- Added Lottery = \$215K
- Added Bus Grant = \$330K
- Added Miscellaneous = \$6K
- **TOTAL UNRESTRICTED REVENUE ADDITIONS: \$1.4 Million**

NEW allocation comes directly from the State as unrestricted revenue. The plan for this ONE-TIME \$ is to use it for Special Education facility needs.

Adopted Budget Compared To First Interim Total Expenditures (Unrestricted) General Fund

(In \$ Millions)	Adopted Budget FY 19-20	1 st Interim FY 19-20	Difference Favorable/ (Unfavorable)
Certificated Salaries	\$40.3	\$42.2	\$(1.9)
Classified Salaries	\$13.5	\$14.2	\$(0.7)
Employee Benefits	\$20.9	\$22.5	\$(1.6)
Books and Supplies	\$5.1	\$6.0	\$(0.9)
Services/Other Operating Expenses	\$8.8	\$9.0	\$(0.2)
Capital Outlay	\$1.6	\$2.4	\$(0.8)
Other Outgo	\$(0.4)	\$(0.7)	\$0.3
TOTAL EXPENDITURES	\$89.7	\$95.6	\$(5.8)

Includes
Salary &
Benefit
Increases
and
Added
Employees
= \$4.2
Million

Facility
Projects
budgeted

Components of Ending Fund Balance

Ending Fund Balance is One-Time Money!

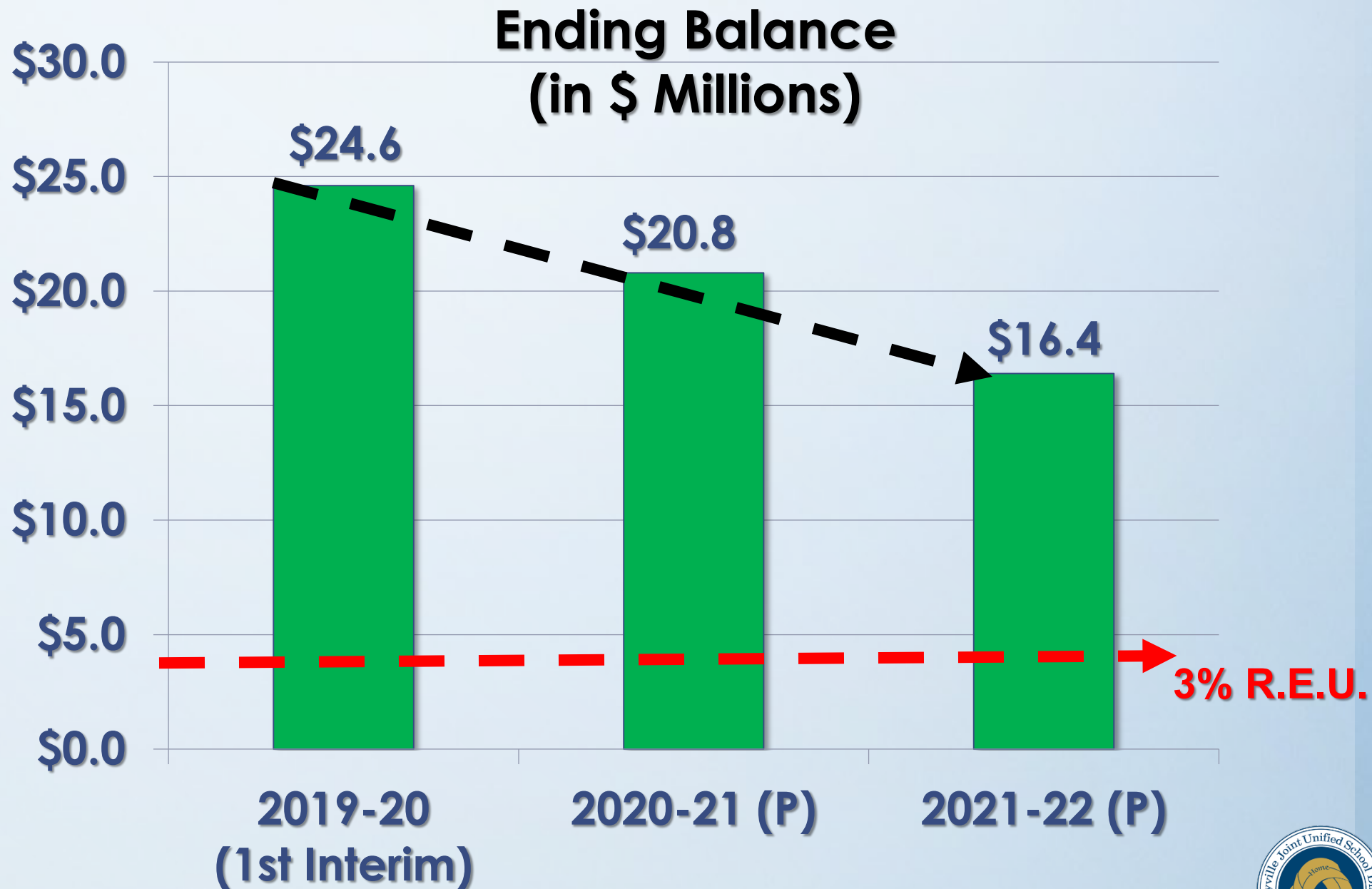
Description	Unrestricted	Restricted	Total
Revolving Cash & Estimated Ending Inventory	268,055		268,055
Restricted		3,788,295	3,788,295
Committed	1,785,549		1,785,549
Assignments	5,493,894		5,493,894
Economic Uncertainty	4,041,000		4,041,000
Unassigned/ Unappropriated	13,038,104		13,038,104
Total-Fund Balance	\$24,626,602	\$3,788,295	\$28,414,897

Multi-Year Projection (MYP)

Unrestricted General Fund

(In \$ Millions)	1 st Interim FY 19-20	Projection FY 20-21	Projection FY 21-22
Beginning Balance – July 1	\$30.2	\$24.6	\$20.8
Revenue	\$108	\$110.2	\$112.5
Expenditures	\$(95.6)	\$(95.8)	\$(98)
Transfers In/Out	\$(17.9)	\$(18.2)	\$(19)
Total Expenditures & Transfers	\$(113.5)	\$(114)	\$(117)
Surplus/(Deficit Spending)	\$(5.5)	\$(3.8)	\$(4.5)
Ending Balance	\$24.6	\$20.8	\$16.4

Multi-Year Projection (MYP) (Unrestricted) General Fund



Multi-Year Projection (MYP)

Unrestricted General Fund ASSUMPTIONS

	1 st Interim FY 19-20	Projection FY 20-21	Projection FY 21-22
Cost of Living Adjustment (COLA)	3.26%	3.00%	2.67%
STRS Employer Rates	17.10%	18.40%	18.10%
PERS Employer Rates	19.721%	22.70%	25.40%
Average Daily Attendance	9,227	9,227	9,227
Unduplicated Pupil Percentage	81.15%	81.11%	81.11%
Lottery – Unrestricted	\$153/ADA	\$153/ADA	\$153/ADA
Mandated Cost Block Grant	K-8 \$32 9-12 \$62	K-8 \$33 9-12 \$63	K-8 \$34 9-12 \$65



Why Is Fund Balance Decreasing? In Part Due To...

ADDITIONAL COSTS OVER PRIOR YEAR		
(In Millions)	2018-19	2019-20
Special Education Contribution	9.82	11.90
CalPERS Unrestricted Cost	2.85	3.61
CalSTRS Unrestricted Cost	9.57	11.46
Total Additional Costs	22.24	26.97
Cost Increase <i>from Prior Year</i>		\$4.73

In one year, from 2018-19 to 2019-20, pension and special education costs have increased approximately \$4.73 million.

Looking Forward...

- Budget Shows Current Year Deficit Spending of \$5.5 Million
 - Increased from Adopted Budget deficit spending of \$0.8 Million
 - Primarily due to increase in expenses:
 - \$4.2 Million in negotiated salary increases plus added employees
 - \$0.8 Million budgeted for facility projects
 - \$0.9 Million budgeted for books/supplies
 - Offset by \$1.4 Million increase in revenue
 - Deficit spending continues in Multi-Year Projection (MYP) due in part to the following:
 - High pension costs continue to increase
 - Negotiated settlements with bargaining units contain ongoing salary/benefit increases
 - Special Education program costs continue to increase
- MYP indicates an ongoing structural deficit in the budget
- Begin to plan for discussions regarding the need for increased revenue or decreased expenditures to balance the MJUSD budget

Next Steps...

- Continue ongoing LCAP and Budget meetings
 - Educational Services and Fiscal departments
- January 2020: Governor's Budget Proposal for 2020-21
- January 2020: Board agenda item to address the Budget's structural deficit using an inclusive process
- March 2020: 2nd Interim Budget report to Board

THANK YOU
Questions?