

PRESENTATION OF THE 2017-2018
ADOPTED BUDGET TO BOARD OF TRUSTEES
SEPTEMBER 5, 2017

SANTA MONICA
COLLEGE

OVERVIEW

- 2016-2017 Recap
- General assumptions
- Changes in projected revenues
- Changes in projected expenditure
- Changes in projected fund balance

2016 - 2017 Recap

2016 - 2017 IN REVIEW

- **<\$8,446,816>** structural deficit w/o one-time
 - 2015 - 2016 structural deficit w/o one-time items was **<\$769,147>**
- **\$5,892,999** Net one-time items - Borrowed FTES & MCBG
- **<\$2,553,817>** operating deficit including one-time items
- Ending Fund Balance of \$21,371,774 or 12.38%
- Year over year revenue decrease ~ **<\$5,925,989>**
 - PYA (**\$2.4M**), Base adj (**\$1.5M**), CY for Borrowing (**\$1.5M**), Non-resident Tuition (**\$400k**), Decline in Mandated Cost BG(**<\$10M>**)
- Year over year expenditure increase ~ **\$6,771,842**
 - Salaries (**\$4.4M**), Pensions (**\$2.2M**), Health and Welfare (**\$1.7M**), Utilities, Supplies and Services (**\$421k**), Move All Capital to Other Funds (**<\$900k>**), Suspension of OPEB Contributions (**<\$1.5M>**)
- Adopted to Final w/o Borrowing: Revenue **0.24%** ; Exp. **<0.21%>**

2016-2017 IN REVIEW

2016-2017 IN REVIEW

COMPARISON WITH ONE-TIME ITEMS

	2015-2016	2016-2017	CHANGE	%
REVENUE	\$176,032,586	\$170,106,597	-\$5,925,989	-3.4%
EXPENDITURE	\$165,888,572	\$172,660,414	\$6,771,842	4.1%
SURPLUS/ <DEFICIT>	\$10,144,014	-\$2,553,817		

2016-2017 IN REVIEW

COMPARISON WITHOUT ONE-TIME ITEMS (STRUCTURAL)

	2015-2016	2016-2017	CHANGE	%
REVENUE	\$163,028,356	\$161,778,915	-\$1,249,441	-0.77%
EXPENDITURE	\$163,797,503	\$170,225,731	\$6,428,228	3.92%
SURPLUS/ <DEFICIT>	-\$769,147	-\$8,446,816		

2017-2018

Proposed Adopted Budget
General Assumptions

MAJOR REVENUE ASSUMPTIONS

- Increase in General Apportionment of \$5,131,118
 - Growth/Access: 0.00%
 - 0.50% or 106 FTES or ~\$555k available
 - Projected <500> credit FTES decline - District in Stabilization
 - Credit FTES Growth/Decline:
 - 13-14 = 197 CrFTES; 14-15 = 181 CrFTES; 15-16 = 47 CrFTES; 16-17 = <443> CrFTES
 - Inflationary Adjustment: 1.56% or \$1,860,805
 - Base Adjustments Net \$3,270,313

MAJOR REVENUE ASSUMPTIONS

- One-time Mandated Cost Reimbursement: \$0.00; 15-16 = \$12,027,332; 16-17 = \$2,002,249
- Non-resident tuition
 - No increase/decrease in FTES
 - Fee increase of 7.55% = \$2,485,655
 - FTES Growth: 14-15 = 348 FTES; 15-16 = 117 FTES; 16-17 = 55 FTES
- All revenues driven by FTES adjusted
- Deficit factor of 1.5% or **<\$1,831,906>** not budgeted.

EXPENDITURE ASSUMPTIONS

- Salaries: Step, column, longevity and all Board approved changes to the salary schedules
- Inclusion of vacancy list reduced at 66%
- Pension Benefits:
 - STRS: 12.58% to 14.43%
 - PERS: 13.89% to 15.53%
 - GASB 68 - On-behalf pension contribution to STRS
- Health and Welfare: 3 Year Average
 - Current Employees: 6%; Retirees 10%
- OPEB: Continue suspension of funding

EXPENDITURE ASSUMPTIONS

- Supplies and Services budgeted based on approved departmental requests and reflect requested reallocations and contractual increases
- Equipment expenditures temporarily moved to Fund 40.0.
 - TCO for restroom refurbishments (\$76k);
Technology replacement plan (\$185k)
- \$866,606 is One-time

Changes in Revenue

PROJECTED CHANGES IN REVENUE 16-17 TO PROPOSED ADOPTED

2016-2017 Unaudited Actual Revenue:	170,106,597
Apportionment - Base Change	3,270,313
Non-Resident Tuition	2,485,655
Inflationary Adjustment	1,860,805
Other State & Local	540,948
Strs On-Behalf	404,240
Interest	-81,742
Lottery	-328,813
Non-Repeat Mandated Cost Block Grant	-2,002,249
Non-Repeat Of Prior Year Apportionment	-2,441,434
Other	67,932
2017-2018 Proposed Adopted Revenue Projection:	173,882,252

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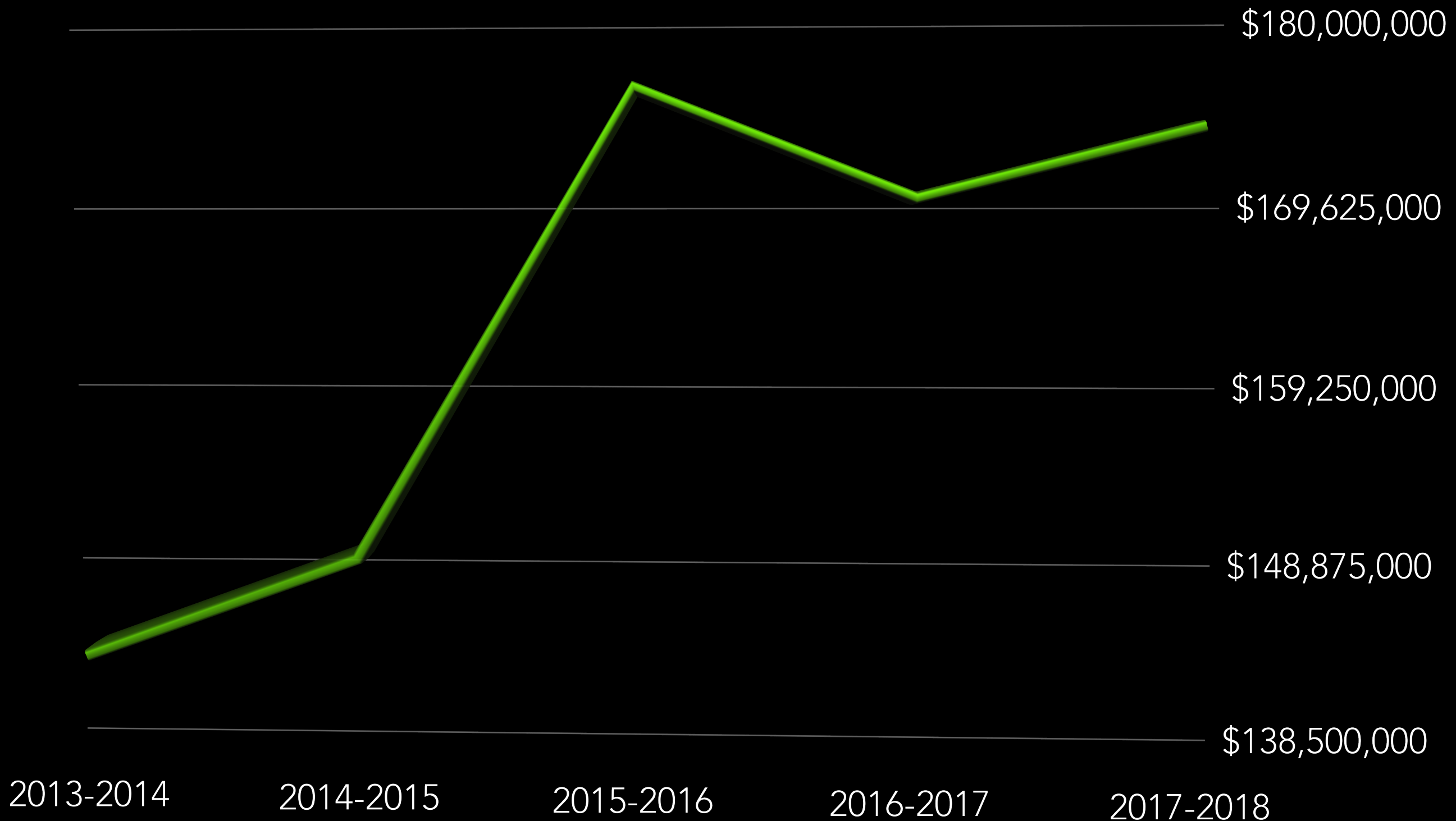
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**\$6,604,270
IS FROM
BORROWING
FTEs**

FIVE YEAR REVENUE TREND

— Revenue



Changes in Expenditures

PROJECTED CHANGES IN EXPENDITURES 2016-2017 TO PROPOSED ADOPTED

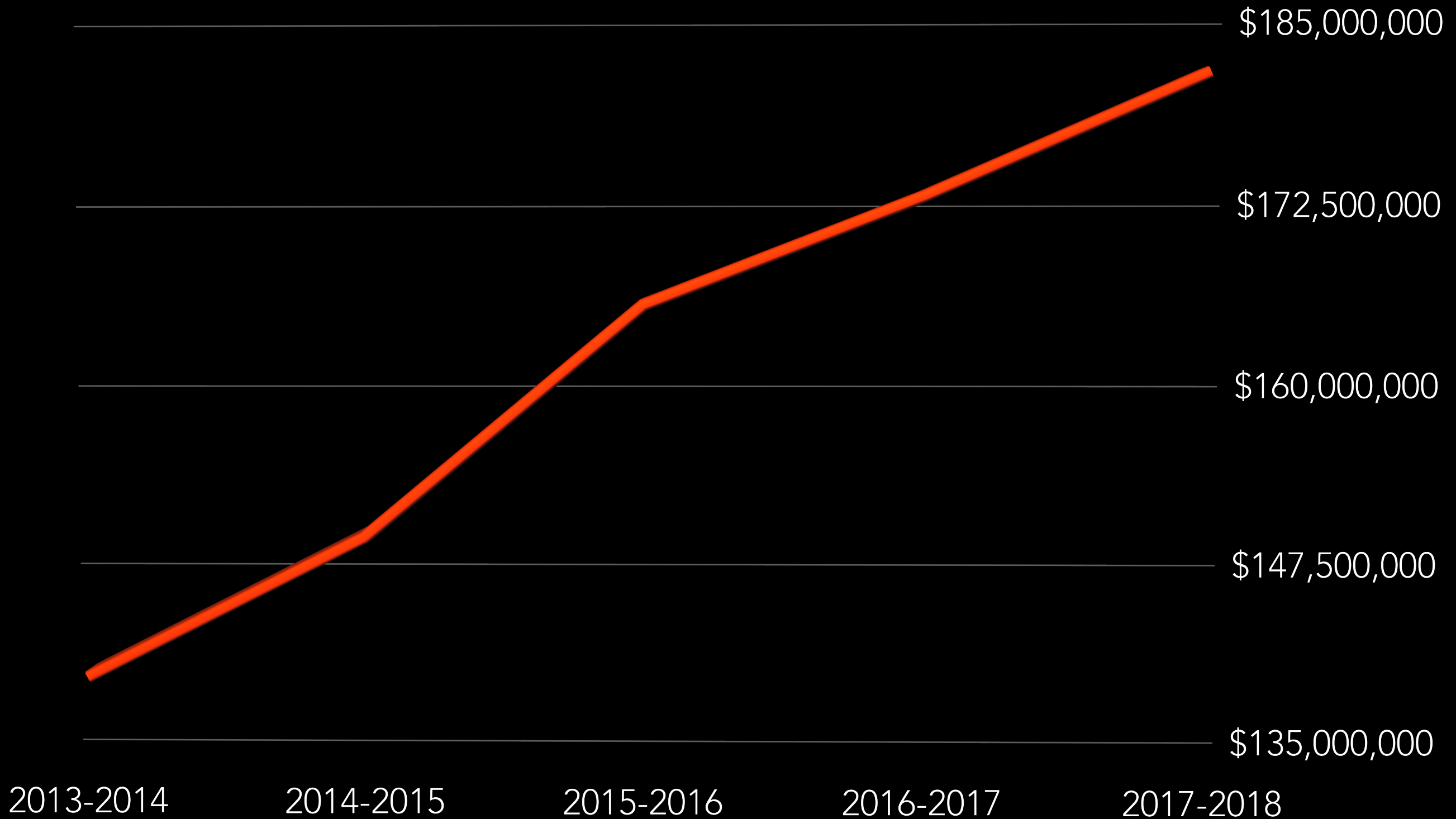
2016-2017 Unaudited Actual Expenditures:	172,660,414
Board Approved Salary And Benefit Increase	3,025,287
Non-Health And Welfare Benefits/Pension	1,468,160
Step, Column And Longevity	1,402,034
Health And Welfare Including Retirees	1,316,571
Net Effect Of Hiring, Separation And Adjustments	1,090,193
Supplies And Other Contract Services	870,098
Vacancy List	502,623
Insurance And Utilities	431,563
State On-Behalf Strs Payment	404,240
Hourly Instruction And Non-Instruction (Academic And Classified)	-2,672,042
Others	10,138
2017-2018 Proposed Adopted Expenditure Projection:	180,509,279

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\$7,848,865 or 4.5%	
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FIVE YEAR EXPENDITURE TREND

— Expenditures



Changes in Fund Balance

THE "BOTTOM LINE"

	2016-2017 Unaudited	2017-2018 Proposed Ab
Beg. Fund Balance	\$23,925,591	\$21,371,774
Structural Surplus/Deficit	-\$8,446,816	-\$12,364,691
One-Time Items	\$5,892,999	\$5,737,664
Ending Fund Balance	\$21,371,774	\$14,744,747
Fund Balance To Ttl Expenditures And Transfers	12.38%	8.17%

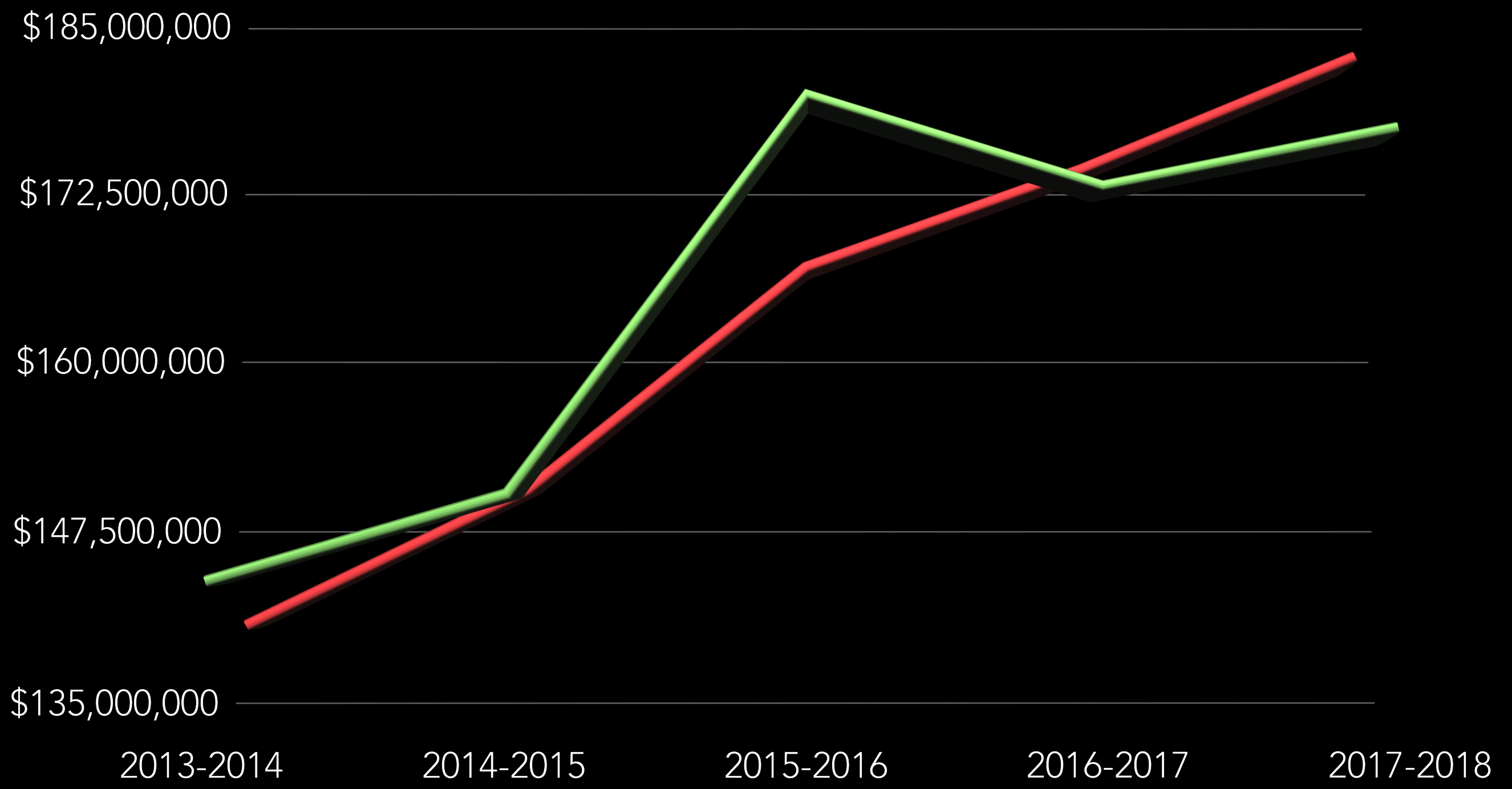
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FIVE YEAR TREND

Revenue

Expenditures



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- Stabilization - FTES in decline = Stalled Revenues
- Held harmless 2017-2018; will rebase in 2018-2019
 - Loss of Revenue in 2018-2019 will be <\$6,604,270>

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- PERS and STRS increases

	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
STRS	8.25%	8.88%	10.73%	12.58%	14.43%	16.28%	18.13%	19.1%
PERS	11.442%	11.771%	11.85%	13.89%	15.53%	18.1%	20.8%	23.8%

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PERS	11.442%	11.771%	11.85%	13.89%	15.53%	18.1%	20.8%	23.8%

- Structural deficit is **<\$12,364,691>** and will grow with the loss of apportionment due to Rebase in 2018-2019.

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- Projected expenditure increase of **\$7,848,865** or **4.5%** from 2016-2017
- Projected fund balance decrease of **<\$6,627,027>** or **<31.0%>** and is projected to be 8.17% (16-17 12.38%) of TTL expenditures and transfers

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- Projected revenue increase of **\$3,775,655** or **2.2%** from 2016-2017
- Projected expenditure increase of **\$7,848,865** or **4.5%** from 2016-2017
- Projected fund balance decrease of **<\$6,627,027>** or **<31.0%>** and is projected to be 8.17% (16-17 12.38%) of TTL expenditures and transfers
- Structural deficit is **<\$12,364,691>** and careful and immediate planning is needed to ensure fiscal stability

Thank You!!!

The Accounting Team with Special
Thanks To Veronica Diaz and Jo Lau

Charlie Yen, Greg Brown, Emil Zordilla
and the Facilities Team

Budget Committee