

Agenda Item B-32



First Interim Financial Report 2018/19

**Board of Education
December 12, 2018**



Overview

Summary:

- *Budget to actual report based on year-to-date results*
- *Positive Certification of the district's financial condition*

Items to Review:

- Financial reporting timelines
- Fresno County Superintendent of Schools guidance for 2018/19
- Multi-year projection assumptions for 2019/20 and 2020/21



Financial Reporting Timelines

State Financial Reports

- ❑ Adopted Budget – June 30
- ❑ First Interim – December 15
- ❑ Second Interim – March 15
- ❑ Unaudited Actuals – September 15
- ❑ Independent Audit – December 15

Local Financial Reports

- ❑ First Budget Revision – typically by October 15
 - Recognize actual beginning balances and carryover
- ❑ Other Budget Revisions as necessary
 - Usually accompany Interim Reports

4 First Interim 2018/19 – Certification

Submitting a Positive Certification for First Interim 2018/19

The district is able to meet its financial obligations for this year and two subsequent years and will have a positive cash balance

- ❑ Local Control Funding Formula (LCFF)
 - Increase for Saturday Academy \$2.0 million (offset by costs)
 - Increase in projected ADA \$500,000
- ❑ Lottery funds of \$1.1 million
 - \$600,000 ongoing, \$500,000 one-time
 - State provided updated lottery rates on September 28, 2018
- ❑ Medi-Cal Administrative Activity (MAA) of \$600,000
 - State released 2015/16 reimbursements
- ❑ Local Income
 - Increase for interest income of \$500,000
 - STRS 2017/18 contribution refunds of \$600,000

6 First Interim 2018/19 – Current Year Expenses

- ❑ Captured savings where appropriate
 - Salaries and Benefits – \$2.7 million
 - Supplies, Services, Capital Outlay – \$1.1 million
- ❑ Additional Costs
 - Fitness/Weight Room Phase II – \$500,000
- ❑ Contributions to Special Education increase of \$2.5 million
 - One-time School Supports – \$1.0 million
 - Private placements – \$700,000
 - Individual Educational Plan (IEP) – \$400,000
 - Closed Charter School – \$400,000

7 Multi-Year Projections – Assumptions

- ❑ Increase contribution to STRS and PERS per statute
- ❑ Health Fund contribution increase in 2019/20 and 2020/21 per collective bargaining agreements
- ❑ Workers' Compensation rate at 78% for 2019/20 and 2020/21
- ❑ Minimum Wage increases for 2019/20 and 2020/21

8 Projected Employer Pension Increases

CalSTRS Employer Rates

- 2013/14 – 8.25%
- 2014/15 – 8.88%
- 2015/16 – 10.73%
- 2016/17 – 12.58%
- 2017/18 – 14.43%
- 2018/19 – 16.28%
- 2019/20 – 18.13%
- **2020/21 – 19.10%**
- **2021/22 – 18.60%**

CalPERS Employer Rates

- 2013/14 – 11.442%
- 2014/15 – 11.771%
- 2015/16 – 11.847%
- 2016/17 – 13.888%
- 2017/18 – 15.531%
- **2018/19 – 18.062%**
- **2019/20 – 20.700%***
- **2020/21 – 23.400%***
- **2021/22 – 24.500%***
- **2022/23 – 25.00%***
- **2023/24 – 25.700%***

Source: Assembly Bill 1469 (enrolled 6/15/2014)

*Estimated rates provided by CalPERS



Multi-Year Projections

| | <u>Projected</u> <u>2018/19</u> | <u>Projected</u> <u>2019/20</u> | <u>Projected</u> <u>2020/21</u> |
|--|------------------------------------|------------------------------------|------------------------------------|
| Ongoing Funds | | | |
| Revenues | \$782.26 | \$797.11 | \$813.81 |
| - Expenses, Sources/Uses | \$786.29 | \$813.26 | \$829.65 |
| - Supplemental/Concentration Expanded Programs | \$0.00 | \$0.00 | \$3.94 |
| Ongoing Net Change in Fund Balance | (\$4.03) | (\$16.15) | (\$19.78) |
| One-Time Funds | | | |
| Revenues | \$12.21 | \$0.00 | \$0.00 |
| - One-Time Expenses | \$25.03 | \$13.13 | \$13.92 |
| One-Time Net Change in Fund Balance | (\$12.82) | (\$13.13) | (\$13.92) |
| Total Unrestricted General Fund: | | | |
| Beginning Balance | \$132.30 | \$115.45 | \$86.17 |
| Ending Balance | \$115.45 | \$86.17 | \$52.47 |
| Cash, Inventory, Prepaid Assets | \$2.07 | \$2.07 | \$2.07 |
| Designated Funds | \$13.92 | \$13.92 | \$0.00 |
| Reserve for One-Time Expenses and Carryover | \$13.03 | \$0.00 | \$0.00 |
| Net Unrestricted General Fund Balance: | \$86.43 | \$70.18 | \$50.40 |
| <i>Change in Reserve</i> | <i>\$3.86</i> | <i>(\$16.25)</i> | <i>(\$19.78)</i> |
| Reserve level | 8.49% | 6.90% | 4.90% |

First Interim 2018/19 – Summary

- ❑ Captured savings from current year expenditures
- ❑ Recognition of increase to employer pension expense
- ❑ Recognition of the additional expenses for Saturday Academy and Fitness/Weight Rooms
- ❑ **Resulting “Positive Certification”**
- ❑ **Staff Recommends Approval of the 2018/19 First Interim Financial Report**