

## **Agenda Item B-10**



# **Second Interim Financial Report 2018/19**

**Board of Education  
March 6, 2019**



# 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 Second Interim 2018/19 – Certification

## Submitting a Positive Certification for Second Interim 2018/19

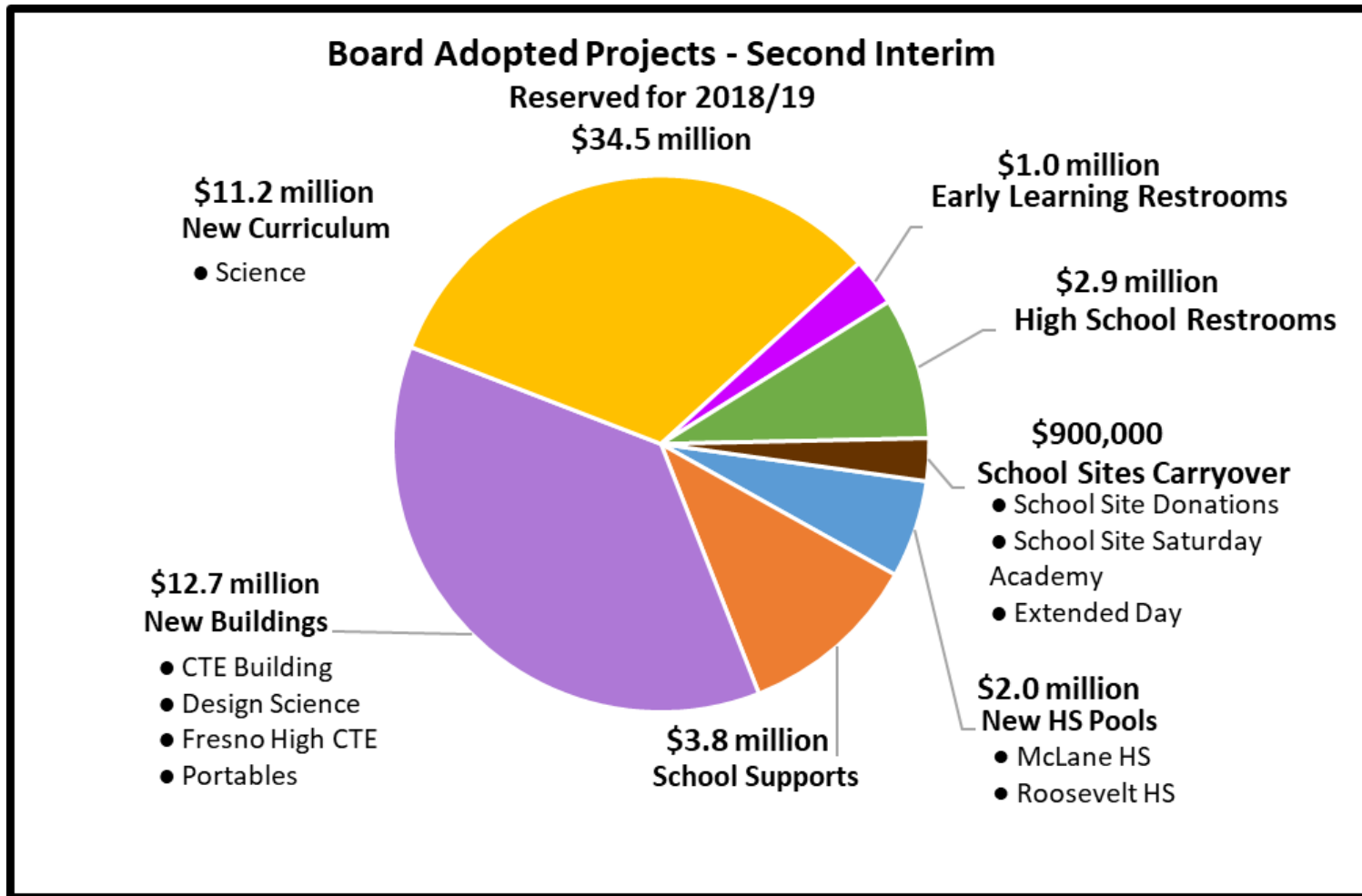
The district is able to meet its financial obligations for this year and two subsequent years and will have a positive cash balance

## ❑ Local Control Funding Formula (LCFF)

- Increase for 2018/19 actual Unduplicated Pupil Percentage (UPP) - \$1.2 million

# 6 Second Interim 2018/19 – Current Year Expenses

- ❑ Captured savings where appropriate
  - Salaries and Benefits – \$800,000
  - Supplies, Services, Capital Outlay – \$2.0 million
- ❑ Transfers
  - Title II Professional Development Grant – one professional learning day – \$1.6 million
  - Career Technical Education Incentive Grant ending June 30, 2019 – \$1.0 million
- ❑ Additional Opportunity
  - Fitness/Weight Room Phase III – (\$500,000)
- ❑ Contributions to Special Education increase – (\$1.7) million
  - Vacancy rate
  - Speech language services contracts



# 8 Multi-Year Projections – Assumptions

- ❑ Increase contribution to STRS and PERS per statute
- ❑ Health Fund contribution increases in 2019/20 and 2020/21 per collective bargaining agreements
- ❑ Workers' Compensation rate at 75% for 2019/20 and 2020/21
- ❑ Minimum Wage increases for 2019/20 and 2020/21



# Projected Employer Pension Increases

- ❑ STRS Pension Relief of \$2.9 million in 2019/20 from prior projection

## 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 – 17.10%**
- ❑ **2020/21 – 18.10%**
- ❑ **2021/22 – 18.10%**
- ❑ **2022/23 – 17.60%**

Source: Governor's Proposed January Budget

## 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 – 20.7%\***
- ❑ **2020/21 – 23.4%\***
- ❑ **2021/22 – 24.5%\***
- ❑ **2022/23 – 25.0%\***
- ❑ **2023/24 – 25.5%\***
- ❑ **2024/25 – 25.7%\***

\*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>
<b>Ongoing Funds</b>			
Revenues	\$783.50	\$805.06	\$823.46
- Expenses, Sources/Uses	\$784.25	\$808.36	\$825.74
- Supplemental/Concentration Expanded Programs	\$0.00	\$0.55	\$7.02
Ongoing Net Change in Fund Balance	( <b>\$0.75</b> )	( <b>\$3.85</b> )	( <b>\$9.30</b> )
<b>One-Time Funds</b>			
Revenues	\$12.21	\$0.00	\$0.00
- One-Time Expenses	\$18.00	\$19.56	\$14.92
One-Time Net Change in Fund Balance	( <b>\$5.79</b> )	( <b>\$19.56</b> )	( <b>\$14.92</b> )
<b>Total Unrestricted General Fund:</b>			
Beginning Balance	\$132.30	\$125.76	\$102.35
Ending Balance	<b>\$125.76</b>	<b>\$102.35</b>	<b>\$78.13</b>
Cash, Inventory, Prepaid Assets	\$2.07	\$2.07	\$2.07
Designated Funds	\$14.92	\$14.92	\$0.00
Reserve for One-Time Expenses and Carryover	\$19.56	\$0.00	\$0.00
<b>Net Unrestricted General Fund Balance:</b>	<b>\$89.21</b>	<b>\$85.36</b>	<b>\$76.06</b>
<i>Change in Reserve</i>	<b>\$6.64</b>	( <b>\$3.85</b> )	( <b>\$9.30</b> )
Reserve level	8.88%	8.29%	7.33%

- ❑ Captured savings from current year expenditures
- ❑ Recognition of increase to employer pension expense
- ❑ Recognition of transfer of professional learning day to Professional Development Grant
- ❑ Recognition of additional expenses for Fitness/Weight Rooms – Phase III
- ❑ **Resulting “Positive Certification”**
- ❑ **Staff Recommends Approval of the 2018/19 Second Interim Financial Report**