

## **Agenda Item B-33**



# **First Interim Financial Report 2017/18**

**Board of Education  
December 13, 2017**



# 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 2017/18
- Multi-year projection assumptions for 2018/19 and 2019/20



# 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 2017/18 – Certification

## Submitting a Positive Certification for First Interim 2017/18

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 School \$890,000
  - Decrease in projected ADA (\$940,000)
- ❑ Future Years estimated LCFF “gap” funding
  - 39.03% for 2018/19 and 41.51% for 2019/20
- ❑ Lottery increase of \$880,000
  - State provided updated lottery rates on October 2, 2017
- ❑ Medical Administrative Activity (MAA) of \$700,000
  - State released 2014/15 reimbursements
- ❑ Interest income increase of \$600,000
- ❑ Budget Revision No. 1 Changes:
  - One-time mandate revenue of \$9.8 million
  - Decrease in LCFF funding gap percentage (\$380,000)

# 6 First Interim 2017/18 – Current Year Expenses

- ❑ Captured savings where appropriate:
  - Salaries and Benefits of \$2.2 million
  - Supplies, Services, Capital Outlay of \$775,000
- ❑ Additional Costs
  - Education Center cooling system \$425,000
  - Work Stoppage for curriculum and advertising for substitutes \$1.25 million
- ❑ Contributions higher by \$900,000
  - Special Education private placements

# 7 Current Year Projections – Assumptions

District Proposal includes total compensation package:	Certificated	Classified
Ongoing Salary Increase	3.5%	3.5%
District Contribution to CalSTRS	1.85%	-0-
District Contribution to CalPERS	-0-	1.64%
District Contribution to the Health Fund	1.52%	1.52%
Annual step and column movement	0.59%	0.52%
Total Compensation Proposal	7.46%	7.18%

# 8 Multi-Year Projections – Assumptions

- ❑ Increase contribution to STRS and PERS per statute
- ❑ Health Fund contribution increase in 2018/19 and 2019/20 per collective bargaining agreements
- ❑ Workers' Compensation rate at 78.4% for 2017/18 and 2018/19





# Multi-Year Projections

	<u>Projected</u> <u>2017/18</u>	<u>Projected</u> <u>2018/19</u>	<u>Projected</u> <u>2019/20</u>
<b>Ongoing Funds</b>			
Revenues	\$721.54	\$736.83	\$753.96
- Expenses, Sources/Uses	\$715.50	\$739.79	\$758.91
- Supplemental/Concentration Expanded Programs	\$0.00	\$7.92	\$14.64
Ongoing Net Change in Fund Balance	\$6.04	(\$10.88)	(\$19.59)
<b>One-Time Funds</b>			
Revenues	\$10.50	\$0.00	\$0.00
- One-Time Expenses	\$60.00	\$30.00	\$0.00
One Time Net Change in Fund Balance	(\$49.50)	(\$30.00)	\$0.00
<b>Total Unrestricted General Fund:</b>			
Beginning Balance	\$147.89	\$104.43	\$63.55
Ending Balance	<b>\$104.43</b>	<b>\$63.55</b>	<b>\$43.96</b>
Cash, Inventory, Prepaid Assets	\$1.90	\$1.90	\$1.90
Designated Funds	\$26.20	\$0.00	\$0.00
Reserve for One-Time Expenses and Carryover	\$0.00	\$0.00	\$0.00
<b>Net Unrestricted General Fund Balance:</b>	<b>\$76.33</b>	<b>\$61.65</b>	<b>\$42.06</b>
<i>Change in Reserve</i>	(\$5.47)	(\$14.68)	(\$19.59)
Reserve level	8.01%	6.43%	4.45%

# First Interim 2017/18 – Summary

- ❑ Captured savings from current year expenditures
- ❑ Recognition of increase to employer pension expense
- ❑ Recognition of the additional expenses in future years for collective bargaining agreements
- ❑ **Resulting “Positive Certification”**
- ❑ **Staff Recommends Approval of the 2017/18 First Interim Financial Report**