

Agenda Item B-22



Second Interim Financial Report 2017/18

Board of Education
March 7, 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 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 Second Interim 2017/18 – Certification

Submitting a Positive Certification for Second 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

Revenues

- ❑ Local Control Funding Formula (LCFF)
 - ❑ Revised LCFF funding gap – 43.19% to 44.97% - \$900,000
 - ❑ Unduplicated percentage increased from 88% to 89% - \$1.0 million
 - ❑ Decrease in projected ADA - (\$800,000)
- ❑ Local Revenue
 - ❑ Interest Income - \$800,000

Expenses/Contributions

- ❑ Captured savings where appropriate:
 - Salaries and Benefits of \$1.5 million
- ❑ Carryover One-Time Projections of \$13.6 million
- ❑ Contributions higher by \$1.0 million
 - Higher fill rate of the Speech language Pathologist contract obligations

7 Multi-Year Projection Assumptions

- ❑ Future Years estimated LCFF “gap” funding
 - ❑ 100% for 2018/19
- ❑ Collective Bargaining Agreements
 - ❑ Minimum 1.0% plus an additional 1.0% - 2.0% based on LCFF revenue increase
- ❑ PERS/STRS Employer Pension Increases
 - ❑ 2018/19 - \$8.8 million – Total contribution estimated \$74 million
 - ❑ 2019/20 - \$9.0 million – Total contribution estimated \$83 million
- ❑ Health Fund contribution increase per collective bargaining agreements
 - ❑ Estimated \$18,538 for 2018/19
 - ❑ Estimated \$18,953 for 2019/20
- ❑ Workers’ Compensation rate reduced for 2018/19 to lower reserve from the previous level of 78.4% to an estimated 75%

Multi-Year Projections

	<u>Projected</u> <u>2017/18</u>	<u>Projected</u> <u>2018/19</u>	<u>Projected</u> <u>2019/20</u>
Ongoing Funds:			
Revenues	\$724.60	\$768.52	\$782.82
- Expenses, Sources/Uses	\$726.45	\$772.94	\$808.64
- Supplemental/Concentration Expanded Programs	\$0.0	\$16.28	\$2.35
Ongoing Net Change in Fund Balance	(\$1.85)	(\$20.71)	(\$28.17)
One-Time Funds:			
Revenues	\$9.30	\$19.70	\$0.00
- One-Time Expenses	\$44.06	\$33.34	\$0.00
One-Time Net Change in Fund Balance	(\$34.76)	(\$13.64)	\$0.00
Total Unrestricted General Fund:			
Beginning Balance	\$147.89	\$111.28	\$76.93
Ending Balance	\$111.28	\$76.93	\$48.76
Cash, Inventory, Prepaid Assets	\$1.88	\$1.88	\$1.88
Designated Funds	\$35.70	\$0.00	\$0.00
Net Unrestricted General Fund Balance:	\$73.70	\$75.05	\$46.88
<i>Change in Reserve</i>	<i>(\$8.10)</i>	<i>\$1.35</i>	<i>(\$28.17)</i>
Reserve level	7.71%	7.41%	4.73%



9 Second Interim 2017/18 – Summary

- ❑ Recognition of LCFF gap funding revisions for 2017/18 and 2018/19
- ❑ Captured savings from current year expenditures
- ❑ Recognition of other multi-year expenditure assumptions
- ❑ **Resulting “Positive Certification”**
- ❑ **Staff Recommends Approval of the 2017/18 Second Interim Financial Report**