

**FRESNO UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION**

AGENDA ITEM A-13

AGENDA SECTION <i>(Check Box Below)</i>			
A CONSENT	B DISCUSSION	C RECEIVE	RECOGNIZE/ PRESENT
X			

BOARD MEETING DATE: January 30, 2019
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ACTION REQUESTED: <i>(Adopt, Approve, Ratify, Discuss, Receive, etc.)</i>	Approve
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TITLE AND SUBJECT: Approve Budget Revision No. 3 for Fiscal Year 2018/19

DESCRIPTION/DISCUSSION: Included in the Board binders is Budget Revision No. 3 for fiscal year 2018/19. Periodic updates to the district's budget are presented to the Board of Education for approval. Budget Revision No. 3 includes adjustment for updated information and necessary adjustments to support the acceptance of various grant awards.

The following items are included in Budget Revision No. 3 for fiscal year 2018/19:

- Expense changes to reflect items reported in the First Interim Financial Report approved by the Board on December 12, 2018
- Grant Revisions
- Other Funds

FINANCIAL SUMMARY: As a result, the Unrestricted General Fund Reserve for Economic Uncertainties is estimated at approximately \$87.4 million or 8.47% at June 30, 2019.

PREPARED BY: <i>Kim Kelstrom</i> Kim Kelstrom, Executive Officer, Fiscal Services	DIVISION: Administrative Services PHONE: (559) 457-6226
DATA REVIEWED BY:	PHONE: (559)
CABINET LEVEL APPROVAL: Ruth F. Quinto, Deputy Superintendent/CFO <i>(Signature Required)</i> <i>Ruth F. Quinto</i>	SUPERINTENDENT APPROVAL: <i>Robert J. ...</i>

Unrestricted General Fund Adjustments and Revisions

As presented in the 2018/19 First Interim Financial Report approved by the Board on December 12, 2018, the following adjustments are being made:

- Increase of \$2.5 million Local Control Funding Formula (LCFF) revenue to recognize Saturday Academy expansion (offset by costs of \$1.8 million) and increased enrollment
- Increase of \$600,000 for Medi-Cal Administrative Activity (MAA) reimbursement for 2015/16 recognized as one-time revenue
- Increase of \$500,000 in unrestricted Lottery funding
- Increase of \$500,000 for interest income due to current interest rates
- Increase of \$600,000 for annual CalSTRS Contribution refund
- Decrease of \$2.7 million in salaries and benefits based on current vacancies
- Decrease of \$1.1 million in supplies, services and capital outlay due to solar installation at four sites and instructional supplies and travel expenditure savings
- Increase of \$500,000 for Phase II of high school Fitness/Weight rooms expansion
- Increase of \$2.5 million in contribution to Special Education due to one-time school supports of \$1.0 million approved by the Board on November 14, 2018 along with increased contractual obligations for Special Education private placements and individualized educational plans of \$1.1 million; and, a reduction in charter school revenue due to the closure of Kepler of \$400,000
- Assigned \$13.0 million in one-time expenses anticipated to be expensed in 2019/20 which include: high school pools \$2.0 million; textbook adoption \$7.0 million; Fresno High CTE Facility \$1.0 million; and, Design Science Facility \$3.0 million

Revisions to the 2018/19 Budget Recommended for Approval

The following item is included for the Board's consideration and approval.

- As approved at the December 12, 2018, Board of Education meeting, an increase in rates for California State Preschool Program offset the unrestricted Child Development support. As a result, \$500,000 in additional revenues are recognized in 2018/19 based on current enrollment trends
- As a result of the revision to grants and entitlements, Budget Revision No. 3 recognizes \$500,000 in additional indirect costs

Grant Revisions

The chart below shows new grants, revisions to existing grants, and entitlements as follows:

Name	2018/19 Current Budget Allocation	2018/19 Adjusted Award Amount	Revised Budget Allocation
California Partnership Academies	\$680,276	\$2,378	\$682,654
Classified Employee Grant	0	498,852	498,852
Dual Language Learners Grant	0	1,019,629	1,019,629
Fansler Foundation Grant	17,876	65,000	82,876
Fresno Pacific Teacher Quality Partnership Program	0	744,878	744,878
Low Performing Students Block Grant	0	1,470,162	1,470,162
Fresno State New Generation of Educators Initiative (NGEI) Partnership Grant	134,236	(80,000)	54,236
Special Education – IDEA Mental Health Services	785,025	1,109	786,134
Special Education – Preschool Staff Development	2,374	305	2,679
Title II – Improving Teacher Quality	5,421,055	(14,853)	5,406,202
Title IV – Student Support and Academic Enrichment (Competitive)	0	1,075,087	1,075,087
Title IV – Student Support and Academic Enrichment	0	3,169,863	3,169,863
Special Education	112,424,063	2,142,200	114,566,263
Total	\$119,464,905	\$10,094,610	\$129,559,515

Other Funds

Children’s Center Fund – Budget Revision No. 3 reflects an increase of \$1.8 million to recognize increases in new awards and increased reimbursement rates for entitlements as follows:

Name	2018/19 Current Budget Allocation	2018/19 Adjusted Award Amount	Revised Budget Allocation
CSPP Quality Rating & Improvement System Block Grant	\$0	\$268,900	\$268,900
Federal Quality Improvement	0	995,900	995,900
Federal General (CCTR) and State Preschool (CSPP)	421,849	(25,700)	396,149
Child Development: California State Preschool Program (CSPP)	14,665,356	544,503	15,209,859
Total	\$15,087,205	\$1,783,603	\$16,870,808

Health Fund – Budget Revision No. 3 reflects an increase in the fund balance of \$2.8 million to recognize the Joint Health Management Board’s (JHMB) revised adopted budget approved by the JHMB on October 18, 2018. The revision recognizes the increased health employer contributions of \$1.7 million due to the increase in base LCFF funding with the final adopted State budget for 2018/19. In addition, this revision updates the Incurred But Not Reported (IBNR) reserves based on the latest AB 1200 report dated June 5, 2018, which decreased the 2018/19 liability by \$1.0 million.

**FRESNO UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGET REVISION #3**

DESCRIPTION	2018/19 ADOPTED BUDGET	2018/19 CURRENT BUDGET	1/30/2018 2018/19 BUDGET REVISION #3	DIFFERENCE BETWEEN CURRENT AND BR#3	DIFFERENCE BETWEEN ADOPTED AND BR#3
Revenues					
LCFF Sources	\$ 749,053,857	\$ 754,066,700	\$ 756,599,443	\$ 2,532,743	\$ 7,545,586
Federal Revenues	86,132,620	96,558,714	102,554,732	5,996,018	16,422,112
Other State Revenues	127,076,116	118,081,033	121,031,056	2,950,023	(6,045,060)
Other Local Revenues	14,378,687	15,541,111	16,402,238	861,127	2,023,551
Total Revenues	\$ 976,641,280	\$ 984,247,558	\$ 996,587,469	\$ 12,339,911	\$ 19,946,189
Expenditures					
Certificated Salaries	\$ 412,363,104	\$ 420,815,155	\$ 424,150,664	\$ 3,335,509	\$ 11,787,560
Classified Salaries	128,809,416	131,227,105	131,513,636	286,531	2,704,220
Employee Benefits	273,708,226	274,722,194	274,574,341	(147,853)	866,115
Book and Supplies	60,975,130	67,837,730	61,464,054	(6,373,676)	488,924
Services & Operating	110,714,864	103,622,857	106,980,707	3,357,850	(3,734,157)
Capital Outlay	21,306,864	33,752,147	28,205,154	(5,546,993)	6,898,290
Other Outgo	3,787,318	3,787,318	3,569,118	(218,200)	(218,200)
Direct/Indirect Costs	(3,239,353)	(3,229,019)	(3,301,238)	(72,219)	(61,885)
Total Expenditures	\$ 1,008,425,569	\$ 1,032,535,487	\$ 1,027,156,436	\$ (5,379,051)	\$ 18,730,867
Other Sources/(Uses)					
Transfers In	\$ 3,385,329	\$ 3,385,329	\$ 3,385,329	-	-
Transfers Out	(5,527,465.00)	(5,527,465.00)	(5,527,465.00)	-	-
Other Sources	-	-	-	-	-
Other Uses	-	-	-	-	-
Restricted Contribution	-	-	-	-	-
Total Sources/(Uses)	\$ (2,142,136)	\$ (2,142,136)	\$ (2,142,136)	\$ -	\$ -
Net Increase/Decrease in Fund Balance	\$ (33,926,425)	\$ (50,430,065)	\$ (32,711,103)	\$ 17,718,962	\$ 1,215,322
Beginning Fund Balance - Unaudited Audit Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning Balance	\$ 133,910,726	\$ 149,172,092	\$ 149,172,092	\$ -	\$ 15,261,366
Ending Fund Balance	\$ 99,984,301	\$ 98,742,027	\$ 116,460,989	\$ 17,718,962	\$ 16,476,689
Components of Ending Balance					
Revolving Cash	\$ 88,929	\$ 84,215	\$ 84,215	-	(4,714)
Stores	1,418,428	1,613,205	1,613,205	-	194,777
Prepaid Expense	368,475	374,792	374,792	-	6,317
Assigned: Other Assignments	9,228,000	14,874,955	26,952,167	12,077,212	17,724,167
Restricted	1	-	-	-	(1)
Reserve for Economic Uncertainties	88,880,467	81,794,860	87,436,610	5,641,750	(1,443,857)
Reserve Level %	8.77%	7.88%	8.47%		
Total Ending Fund Balance	\$ 99,984,301	\$ 98,742,027	\$ 116,460,989	\$ 17,718,962	\$ 16,476,689

Per Education Code section 42127(a)(2)(B) the minimum recommended reserve for economic uncertainties is 2% or \$20,653,678

As shown above the reserve for economic uncertainties is \$87,436,610 with an assigned ending balance of \$26,952,167 set aside for facilities and textbooks.

As outlined in Board Policy 3100, the Board recognizes the importance of maintaining reserve levels during stable and volatile economic times.

**UNRESTRICTED GENERAL FUND
ADJUSTMENT SUMMARY**

DESCRIPTION	2018/19 ADOPTED BUDGET UNRESTRICTED	2018/19 CURRENT BUDGET UNRESTRICTED	2018/19 BUDGET REVISION #3 UNRESTRICTED	DIFFERENCE BETWEEN CURRENT AND BR#3	DIFFERENCE BETWEEN ADOPTED AND BR#3
Revenues					
LCFF Sources	\$ 749,053,857	\$ 754,066,700	\$ 756,599,443	\$ 2,532,743	\$ 7,545,586
Federal Revenues	-	-	-	-	-
Other State Revenues	36,695,203	26,300,182	27,454,940	1,154,758	(9,240,263)
Other Local Revenues	9,246,657	9,360,700	10,460,700	1,100,000	1,214,043
Total Revenues	\$ 794,995,717	\$ 789,727,582	\$ 794,515,083	\$ 4,787,501	\$ (480,634)
Expenditures					
Certificated Salaries	\$ 325,166,961	\$ 325,798,297	\$ 325,888,950	\$ 90,653	\$ 721,989
Classified Salaries	86,561,495	86,896,594	87,113,456	216,862	551,961
Employee Benefits	179,618,779	180,366,171	179,709,025	(657,146)	90,246
Book and Supplies	43,139,747	44,182,461	36,577,795	(7,604,666)	(6,561,952)
Services & Operating	74,154,504	74,993,794	74,633,593	(360,201)	479,089
Capital Outlay	14,129,414	19,506,419	13,474,714	(6,031,705)	(654,700)
Other Outgo	2,237,318	2,237,318	1,619,118	(618,200)	(618,200)
Direct/Indirect Costs	(13,040,601)	(13,595,558)	(14,104,816)	(509,258)	(1,064,215)
Total Expenditures	\$ 711,967,617	\$ 720,385,496	\$ 704,911,835	\$ (15,473,661)	\$ (7,055,782)
Other Sources/(Uses)					
Transfers In	\$ 28,920	\$ 28,920	\$ 28,920	-	-
Transfers Out	(2,171,056)	(2,171,056)	(2,171,056)	-	-
Other Sources					
Other Uses					
Restricted Contribution	\$ (99,127,829)	\$ (100,754,396)	\$ (103,296,596)	\$ (2,542,200)	\$ (4,168,767)
Total Sources/(Uses)	\$ (101,269,965)	\$ (102,896,532)	\$ (105,438,732)	\$ (2,542,200)	\$ (4,168,767)
Net Increase/Decrease in Fund Balance	\$ (18,241,865)	\$ (33,554,446)	\$ (15,835,484)	\$ 17,718,962	\$ 2,406,381
Beginning Fund					
Balance - Adopted	\$ 118,226,165	\$ 132,296,473	\$ 132,296,473	-	\$ 14,070,308
Audit Adjustment	-	-	-	-	-
Beginning Balance	\$ 118,226,165	\$ 132,296,473	\$ 132,296,473	\$ -	\$ 14,070,308
Ending Fund Balance	\$ 99,984,300	\$ 98,742,027	\$ 116,460,989	\$ 17,718,962	\$ 16,476,690

**FRESNO UNIFIED SCHOOL DISTRICT
RESTRICTED GENERAL FUND
ADJUSTMENT SUMMARY**

DESCRIPTION	2018/19 ADOPTED BUDGET RESTRICTED	2018/19 CURRENT BUDGET RESTRICTED	2018/19 BUDGET REVISION #3 RESTRICTED	DIFFERENCE BETWEEN CURRENT AND BR#3	DIFFERENCE BETWEEN ADOPTED AND BR#3
Revenues					
LCFF Sources	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Revenues	86,132,620	96,558,714	102,554,732	5,996,018	16,422,112
Other State Revenues	90,380,913	91,780,851	93,576,116	1,795,265	3,195,203
Other Local Revenues	5,132,030	6,180,411	5,941,538	(238,873)	809,508
Total Revenues	\$ 181,645,563	\$ 194,519,976	\$ 202,072,386	\$ 7,552,410	\$ 20,426,823
Expenditures					
Certificated Salaries	\$ 87,196,143	\$ 95,016,858	\$ 98,261,714	\$ 3,244,856	\$ 11,065,571
Classified Salaries	42,247,921	44,330,511	44,400,180	69,669	2,152,259
Employee Benefits	94,089,447	94,356,023	94,865,316	509,293	775,869
Book and Supplies	17,835,383	23,655,269	24,886,259	1,230,990	7,050,876
Services & Operating	36,560,360	28,629,063	32,347,114	3,718,051	(4,213,246)
Capital Outlay	7,177,450	14,245,728	14,730,440	484,712	7,552,990
Other Outgo	1,550,000	1,550,000	1,950,000	400,000	400,000
Direct/Indirect Costs	9,801,248	10,366,539	10,803,578	437,039	1,002,330
Total Expenditures	\$ 296,457,952	\$ 312,149,991	\$ 322,244,601	\$ 10,094,610	\$ 25,786,649
Other Sources/(Uses)					
Transfers In	3,356,409	3,356,409	3,356,409	-	-
Transfers Out	(3,356,409)	(3,356,409)	(3,356,409)	-	-
Other Sources	-	-	-	-	-
Other Uses	-	-	-	-	-
Restricted Contribution	99,127,829	100,754,396	103,296,596	2,542,200	4,168,767
Total Sources/(Uses)	\$ 99,127,829	\$ 100,754,396	\$ 103,296,596	\$ 2,542,200	\$ 4,168,767
Net Increase/Decrease in Fund Balance	\$ (15,684,560)	\$ (16,875,619)	\$ (16,875,619)	\$ -	\$ (1,191,058)
Beginning Fund Balance - Adopted	\$ 15,684,561	\$ 16,875,619	\$ 16,875,619	\$ -	\$ 1,191,058
Beginning Balance	\$ 15,684,561	\$ 16,875,619	\$ 16,875,619	\$ -	\$ 1,191,058
Ending Fund Balance	\$ 1	\$ -	\$ -	\$ -	\$ (1)

FRESNO UNIFIED BUDGET AUGMENTATION

BOARD PRESENTATION DATE:

January 30, 2019

FUND: Children Center Fund

OBJECT	ACCOUNT TITLE	Adopted BUDGET	Current BUDGET	Revised BUDGET	Net Change BUDGET
APPROPRIATIONS:					
1000	Certificated Salaries	5,622,773	5,622,773	5,622,773	0
2000	Classified Salaries	3,621,399	3,621,399	3,677,568	56,169
3000	Employee Benefits	5,506,288	5,506,288	5,509,597	3,309
4000	Books and Supplies	34,869	34,869	712,407	677,538
5000	Services and Other Operating	139,819	139,819	1,114,187	974,368
6000	Capital Outlay	0	0	0	0
7000	Other Outgo	0	0	0	0
	TOTAL BEFORE INDIRECT	14,925,148	14,925,148	16,636,532	1,711,384
7300	INDIRECT COSTS	612,519	612,519	684,738	72,219
	TOTAL APPROPRIATIONS	15,537,667	15,537,667	17,321,270	1,783,603
REVENUES:					
	REVENUE LIMIT SOURCES	0	0	0	0
	FEDERAL REVENUES	421,849	421,849	1,417,749	995,900
	STATE REVENUES	15,097,818	15,097,818	15,616,621	518,803
	LOCAL REVENUES	18,000	18,000	286,900	268,900
	OTHER SOURCES	0	0	0	0
	TOTAL REVENUES	15,537,667	15,537,667	17,321,270	1,783,603
	Beginning Fund Balance	0	0	0	0
	Change to Fund Balance	0	0	0	0
	Ending Fund Balance	0	0	0	0

FRESNO UNIFIED BUDGET AUGMENTATION

BOARD PRESENTATION DATE: January 30,2019

FUND: Health Fund

OBJECT	ACCOUNT TITLE	Adopted BUDGET	Current BUDGET	Revised BUDGET	Net Change BUDGET
APPROPRIATIONS:					
1000	Certificated Salaries	0	0	0	0
2000	Classified Salaries	443,975	443,975	443,975	0
3000	Employee Benefits	250,126	250,126	250,126	0
4000	Books and Supplies	23,191	23,191	23,191	0
5000	Services and Other Operating	151,910,625	151,910,625	150,889,634	(1,020,991)
6000	Capital Outlay	0	0	0	0
7000	Other Outgo	2,000,000	2,000,000	2,000,000	0
	TOTAL BEFORE INDIRECT	154,627,917	154,627,917	153,606,926	(1,020,991)
7300	INDIRECT COSTS	0	0	0	0
	TOTAL APPROPRIATIONS	154,627,917	154,627,917	153,606,926	(1,020,991)
REVENUES:					
	REVENUE LIMIT SOURCES	0	0	0	0
	FEDERAL REVENUES	0	0	0	0
	STATE REVENUES	0	0	0	0
	LOCAL REVENUES	164,549,820	164,549,820	166,280,110	1,730,290
	OTHER SOURCES	671,056	671,056	671,056	0
	TOTAL REVENUES	165,220,876	165,220,876	166,951,166	1,730,290
	Beginning Fund Balance	25,930,058	24,853,629	24,853,629	0
	Change to Fund Balance	10,592,959	10,592,959	13,344,240	2,751,281
	Ending Fund Balance	36,523,017	35,446,588	38,197,869	2,751,281