

## **Agenda Item B-17**



# **Second Interim Financial Report 2020/21**

**Board of Education  
March 10, 2021**



# 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
- Second Interim 2020/21 – Certification
- Second Interim 2020/21 – Current Year Revenues and Expenses
- Multi-Year Projections Assumptions for 2021/22 and 2022/23



# 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 2020/21 – Certification

## Submitting a Positive Certification for Second Interim 2020/21

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) – \$400,000
  - Unduplicated Pupil Percentage 88.45%
- ❑ Medi-Cal Administrative Activity (MAA) – \$1.5 million
  - Federal released reimbursements for two prior quarters
- ❑ Local Income
  - Increase
    - City of Fresno reimbursement of prior year community meals – \$1.6 million
    - Interest Income – \$400,000
  - Decrease
    - Extended Day Revenue – (\$400,000)
    - Sports Revenue – (\$200,000)

# 6 Second Interim 2020/21 – Current Year Expenses

## ❑ Captured savings where appropriate

- Salaries and Benefits – \$900,000
- Supplies, Services, Capital Outlay – \$3.8 million
  - Utilities
  - Security Contracts
  - School Site and Department Supplies and Services
  - Transportation Contracts and Fuel
- Indirect Costs – (\$500,000)

## ❑ Return to In-Person Instruction (one-time)

- Contribution to the Health Fund – \$8.0 million
- Additional day for workspace/classroom preparation – \$3.2 million



# Designated Funds

## ❑ Board Approved One-Time Expenditures Assigned Funds

- Design Science Facility – \$5.0 million
- Middle School Restroom Design – \$700,000
- Fresno High CTE Facility – \$500,000



# Multi-Year Projections

## ❑ Expenditures

- Increase contribution to STRS and PERS per statute
- Increase Health and Welfare contribution per CBA
- Workers' Compensation Fund balance at 71% through 2022/23
- Liability Rate at 1.15% through 2022/23

## ❑ Designated Funds

| Designated Fund Balance      | 2021/22        | 2022/23        |
|------------------------------|----------------|----------------|
| Future Textbook Adoption     | \$25.0 million | \$11.0 million |
| Pandemic & Learning Recovery | \$61.2 million | \$73.9 million |
| Utilization of Reserve       | \$62.5 million | \$31.0 million |



# Projected Employer Pension Increases

The logo for CALSTRS, featuring the text "CALSTRS" in a red, serif font with a registered trademark symbol.

- 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 – 16.15%**
- 2021/22 – 15.92%
- 2022/23 – 18.00%
- 2023/24 – 18.00%

The logo for CalPERS, featuring a stylized sunburst icon to the left of the text "CalPERS" in a dark blue, serif font.

- 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 – 19.721%
- **2020/21 – 20.700%**
- 2021/22 – 23.000%\*
- 2022/23 – 26.300%\*
- 2023/24 – 27.300%\*

*\*Estimated rates provided by CalPERS*

# Multi-Year Projections (in millions)

|   | <u>Projected<br/>2020/21</u> | <u>Projected<br/>2021/22</u> | <u>Projected<br/>2022/23</u> |
|---|------------------------------|------------------------------|------------------------------|
| <b>Ongoing Funds</b>                          |                              |                              |                              |
| Revenues                                      | \$804.06                     | \$829.68                     | \$832.94                     |
| Expenses, Sources/Uses                        | \$782.03                     | \$836.43                     | \$852.75                     |
| <i>Ongoing Net Change in Fund Balance</i>     | \$22.03                      | (\$6.75)                     | (\$19.81)                    |
| <b>One-Time Funds</b>                         |                              |                              |                              |
| One-Time Revenues                             | \$3.48                       | \$0.00                       | \$0.00                       |
| One-Time State and Federal Revenues           | \$ 78.20                     | \$135.80                     | \$87.25                      |
| One-Time Distance Learning Support            | \$42.50                      | \$73.89                      | \$73.89                      |
| One-Time Expenses                             | \$5.80                       | \$1.61                       | \$0.00                       |
| <i>One-Time Net Change in Fund Balance</i>    | \$33.38                      | \$59.58                      | (\$0.64)                     |
| <b>Total Unrestricted General Fund:</b>       |                              |                              |                              |
| Beginning Balance                             | \$147.87                     | \$203.28                     | \$256.11                     |
| Ending Balance                                | <b>\$203.28</b>              | <b>\$256.11</b>              | <b>\$235.66</b>              |
| Cash, Inventory, Prepaid Assets               | \$3.98                       | \$3.98                       | \$3.97                       |
| Designated Funds                              | \$87.50                      | \$148.69                     | \$115.89                     |
| Reserve for One-Time Expenses and Carryover   | \$6.21                       | \$0.00                       | \$0.00                       |
| <b>Net Unrestricted General Fund Balance:</b> | <b>\$105.59</b>              | <b>\$103.44</b>              | <b>\$115.80</b>              |
| <b>Change in Reserve</b>                      | <b>\$3.11</b>                | <b>(\$2.15)</b>              | <b>\$12.36</b>               |
| Reserve level                                 | 10.09%                       | 8.56%                        | 9.79%                        |

# 11 Second Interim 2020/21 – Summary

- ❑ Captured savings from current year expenditures
- ❑ Revised multi-year projections
- ❑ **Resulting “Positive Certification”**
- ❑ **Staff Recommends Approval of the 2020/21 Second Interim Financial Report**