



Tehama County Department of Education

Richard DuVarney
Tehama County
Superintendent of
Schools

1135 Lincoln Street Red Bluff CA 96080 | 530.527.5811 | www.tehamaschools.org

April 5, 2019

Cliff Curry, District Superintendent
Board of Trustees
Red Bluff Union Elementary School District

RE: Approval of 2018/2019 2nd Interim Budget Report

We would like to thank you for your timely submission of the 2018/2019 2nd Interim report. Our office has completed its review in compliance with the provisions of Education Code 42131(a)(2). The Code requires the County Superintendent to approve or disapprove Interim Reports after:

Examining the report to determine whether it complies with the standards and criteria established pursuant to Section 33127.

Determining whether the adopted budget will allow the district to meet its financial obligations during the fiscal year and is consistent with a financial plan that will enable the district to satisfy its multi-year financial commitments.

Based on our review, the 2nd Interim Budget Report has been approved.

Additional changes, including attendance, new state programs, and the Governor's proposed 2019/2020 budget will be addressed as more solid information becomes available. A complete listing of any technical corrections and recommendations has been sent directly to the chief business official.

Multi-Year Projections

In his first budget proposal, the Governor shows a commitment to LCFF by increasing the statutory cost-of-living increases in the multi-year projection as well as directing some one-time funds to relieve some pressure from the rising contributions rates of our retirement systems. These proposals provide a little more revenue and a slight reduction in expense; however, we continue to remind you that each LEA faces its own particular set of financial risk factors based on current reserve levels, enrollment trends, bargaining agreements, degree of revenue volatility and various other local and statewide factors. LEAs should plan for emerging and fixed expenditure obligations such as increasing employer contributions to employee retirement systems, the minimum wage increase, the rising costs of health insurance, and the increasing risk of an economic downturn as the expansion cycle exceeds most previous cycles.

Cash Flow

The district is projecting adequate cash balances at June 30; however, it is important to closely monitor cash throughout the year to ensure that the actual cash balance at year end will be sufficient.

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Deficit Spending

The district's budget reflects deficit spending in all three years of the unrestricted multi-year projection as follows; (\$441,868), (\$582,282) and (\$696,896). Although, a portion of the deficit spending is intentional, it directly affects the District's unrestricted ending fund balance as it can only be spent once. If allowed to continue, this will jeopardize the fiscal health of the District.

Negotiations

The District has not settled all negotiations as of the date of this letter. If the agreement should change, Government Code 3547.5 requires the district to publicly disclose costs related to any bargaining agreement prior to Superintendent and Board of Trustees approval.

The attached trend analysis of the 2nd interim budget to prior year actuals is provided for your assistance and will provide you with important comparative data for budgetary consideration. The comparative data will highlight trends in revenue and expenditure growth or decline, deficit spending patterns, and a final accounting for the ending fund balance.

We would like to express our gratitude to you and your staff for your cooperation and assistance during our financial reviews. If our office can be of further assistance, please contact Debbie Towne at 530-528-7351.

Sincerely,



RICHARD DUVARNEY
Tehama County Superintendent of Schools

cc: Michelle Moore, Chief Business Official, Red Bluff Union Elementary School District

Enclosure: Trend Analysis

Trend Analysis
Red Bluff Union Elementary School District
General Fund Unrestricted/Restricted

	ACTUALS 10/11	ACTUALS 11/12	ACTUALS 12/13	ACTUALS 13/14	ACTUALS 14/15	ACTUALS 15/16	Actuals 16/17	Actuals 17/18	2nd Interim 18/19
Total Revenue	\$16,553,290	\$15,648,092	\$15,255,924	\$18,424,342	\$18,990,374	\$23,303,482	\$23,408,733	\$23,220,108	\$23,872,728
Total Expenditures	\$16,625,498	\$16,777,905	\$15,344,896	\$18,533,688	\$19,044,384	\$20,579,937	\$21,864,641	\$23,021,366	\$24,840,606
Excess (Deficiency) of Revenue & Expense	-\$72,208	-\$1,129,813	-\$88,972	-\$109,346	-\$54,010	\$2,723,545	\$1,544,092	\$198,743	-\$967,878
Total Other Financing Sources/Uses	-\$87,520	\$680,815	\$402,815	\$0	-\$200,000		\$0		\$0
Change in Fund Balance	-\$159,728	-\$448,998	\$313,843	-\$109,346	-\$254,010	\$2,723,545	\$1,544,092	\$198,743	-\$967,878
Beginning Balance	\$3,806,850	\$3,647,122	\$3,198,125	\$3,511,969	\$3,402,623	\$3,148,613	\$5,872,158	\$7,416,249	\$7,614,994
Audit Adjustment	\$0	\$0	\$0	\$0					
Ending Balance	\$3,647,122	\$3,198,124	\$3,511,968	\$3,402,623	\$3,148,613	\$5,872,158	\$7,416,250	\$7,614,992	\$6,647,116
Components of Ending Fund Balance									
Restricted/Reserved 9711.9740	\$1,234,745	\$631,693	\$716,476	\$733,126	\$553,347	\$1,186,972	\$1,170,783	\$1,020,420	\$491,076
Committed 9760	\$0	\$0	\$0	\$0	\$744,871	\$3,349,331	\$3,511,310	\$480,598	\$0
Assigned 9780	\$1,910,986	\$0	\$2,270,493	\$2,084,497	\$0	\$0	\$897,464	\$2,300,000	\$4,283,154
Reserve for Economic Uncertainty 9789	\$501,391	\$0	\$525,000	\$585,000	\$590,000	\$617,398	\$718,000	\$725,000	\$768,000
Unassigned/Unappropriated 9790	\$0	\$2,566,432	\$0	\$0	\$1,260,395	\$718,456	\$1,118,692	\$3,088,973	\$1,104,886
CBEDS - Oct Enrollment	2172	2139	2185	2113	2162	2180	2068	2035	2047
P-2 ADA	2060.96	2038.11	2053.68	2040.79	2076.12	2059.25	1954.37	1936.75	
	94.89%	95.28%	93.99%	96.58%	96.03%	94.46%	94.51%	95.17%	