



2018-19 1ST INTERIM FINANCIAL STATUS REPORT



**PRESENTED TO THE BOARD OF EDUCATION
DECEMBER 11, 2018**

*Presented by:
Shannon Hayes, Chief Financial Officer*

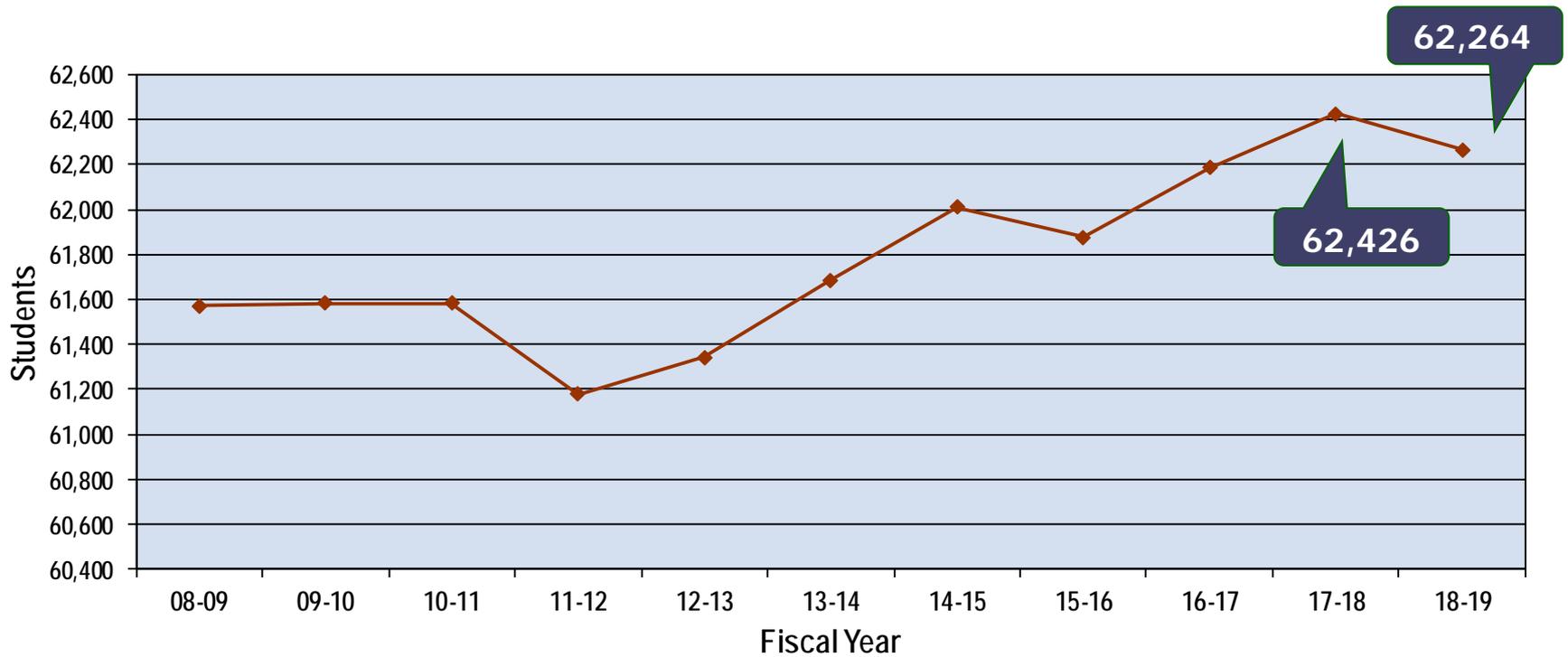
OVERVIEW

- ▶ Annual Budget Development Cycle
- ▶ 2018-19 Student Enrollment
- ▶ 1st Interim Unrestricted General Fund Budget Changes
- ▶ 2018-19 1st Interim Budget
- ▶ Components of Multi-Year Projections
- ▶ Multi-Year Projections
- ▶ Next Steps

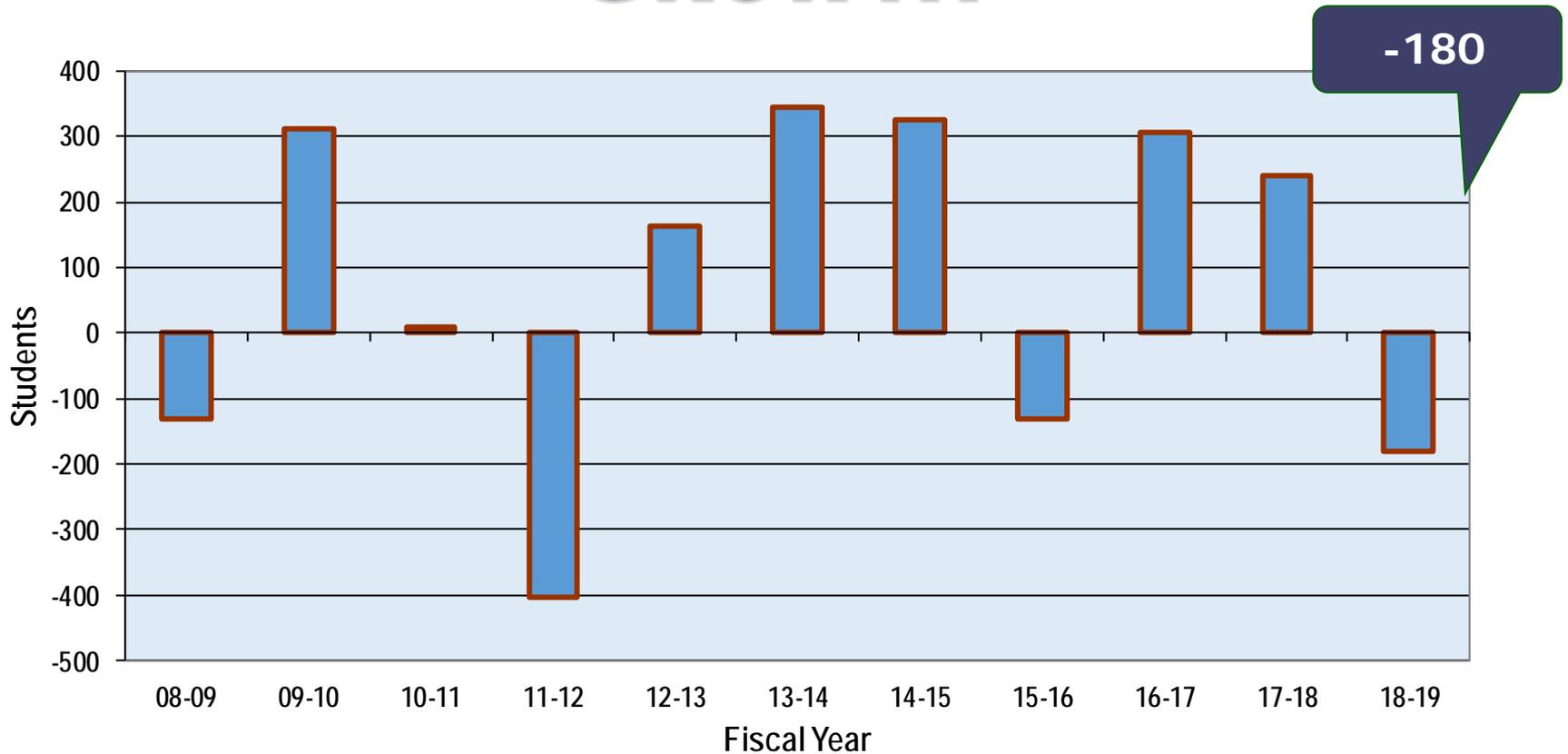
ANNUAL BUDGET DEVELOPMENT CYCLE

- ▶ June 30: District – Adopts 2018/19 budget
- ▶ June 30: State – Approves 2018/19 final budget
- ▶ August 15: District – Publishes 2018/19 45 day revision (based on final state budget)
- ▶ September 15: District – Prepares 2017/18 Unaudited Actuals (as of June 30th)
- ▶ December 15: District – Prepares 2018/19 1st Interim (as of October 31st)
- ▶ March 15: District – Prepares 2018/19 2nd Interim (as of January 31st)
- ▶ January 10: State – Governor’s 2019/20 budget proposal announced
- ▶ May 15: State – Governor’s 2019/20 revised budget proposal announced

2018-19 CBEDS ENROLLMENT



2018-19 CBEDS ENROLLMENT GROWTH



2018-19 UNRESTRICTED GENERAL FUND CHANGES FROM ADOPTED TO 1ST INTERIM

- ▶ Budget carryover balances as expenditures as described at Unaudited Actuals
- ▶ 2018-19 Board approved funding priorities (August 8, 2018 Workshop)
- ▶ Establish budget for additional special education classes due to growth enrollment PreK-6
- ▶ Changes to CBEDS generated site staffing
- ▶ Additional Transportation Attendant FTE for special education preschool routes
- ▶ Reconciliation of bargained one-time funds

2018-19 UNRESTRICTED GENERAL FUND CHANGES ADOPTED TO 1ST INTERIM

| <u>2018-19 Unrestricted General Fund Surplus/(Deficit)</u> | <u>Amount</u> \$(7.56)M |
|--|----------------------------|
| • Expenditures Changes | |
| • Transportation Van Pool Reserve | \$0.09 m |
| • Summer School/Expanded Learning/Intersession | 2.31 m |
| • 2017-18 Board Priorities | 1.82 m |
| • Instructional Materials Adoptions | 1.52 m |
| • Technology Utility | 3.69 m |
| • Purchase Order Carryover Expenditures | 0.87 m |
| • Bus Attendants for New Special Education Routes | 0.32 m |
| • New PALSS Special Education Classes (PreK-6) | 4.47 m |
| • Board Approved August 8, 2018 Priorities | 1.52 m |
| • Budget Adjustment Based on CBEDS | 0.74 m |
| • Reconciliation of Bargained One-Time Funds | (1.42)m |
| • Bargaining Unit Relcass. and Indirect | (0.64)m |
| • Total Expenditures Changes | <u>\$(15.29)m</u> |
| • Total 2018-19 Adjusted Unrestricted Fund Surplus/(Deficit) | <u>\$ (22.85)</u> |

2018-19 UNRESTRICTED GENERAL FUND 1ST INTERIM

| | PRELIMINARY ADOPTED | 45 DAY REVISE | 1ST INTERIM | 2ND INTERIM | PROJECTED YEAR END |
|------------------------------------|------------------------|-----------------------|------------------------|-------------|-----------------------|
| Revenue | \$ 597,928,533 | \$ 592,440,336 | \$ 592,681,803 | | |
| Contributions/Transfers | (97,028,369) | (97,028,369) | (100,050,423) | | |
| Salary and Benefits | (463,089,655) | (465,157,610) | (470,405,235) | | |
| Supplies and Operating | (46,812,395) | (46,812,395) | (55,121,140) | | |
| Indirect and Transfers | 8,997,320 | 8,997,320 | 10,041,335 | | |
| <i>SURPLUS/(DEFICIT)</i> | \$ (4,566) | \$ (7,560,718) | \$ (22,853,660) | | |
| Estimated Beginning Fund Balance | 84,286,528 | 90,207,961 | 90,207,961 | | |
| Ending Fund Balance | 84,281,962 | 82,647,243 | 67,354,301 | | |
| Contingency 2% Reserve | 14,851,509 | 14,951,509 | 15,472,116 | | |
| Instructional Materials/Adoptions | 6,467,703 | 6,467,703 | 6,467,703 | | |
| ROP/CTE Reserve | 528,021 | 528,021 | 528,021 | | |
| One-time Employee Compensation | 2,788,644 | - | - | | |
| Arbinger Training (8 hours) | 2,000,000 | 2,000,000 | 2,000,000 | | |
| Designated Carryover Reserves | | 11,612,574 | - | | |
| Reserve for Funding Priorities | 57,646,085 | 47,087,436 | 42,886,461 | | |
| <i>UNDESIGNATED BALANCE</i> | \$ - | | | | |

COMPONENTS OF MULTI YEAR PROJECTION

- ▶ Revenues Include:
 - LCFF projected Cost of Living Adjustment for 2019-20 and 2020-21 fiscal years estimated to be \$16.0 million and \$16.2 million respectively
 - Student enrollment based on 2017-18 CBEDS
- ▶ Expenditures Include:
 - Continues 2018-19 staffing levels
 - Special Education growth
 - District Health Care reflects rates recommended by the JHCC and approved by the Board
 - Estimated cost of health benefits under Affordable Care Act (ACA)
 - Increases in both Cal-STRS and Cal-PERS
 - Technology Utility reduced by \$1.5 million
 - Instructional Materials/Textbooks reduced by \$1.85 million

GENERAL FUND UNRESTRICTED MULTI-YEAR BUDGET PROJECTIONS

| ITEM | 2018-19 45 DAY REVISE with UNAUDITED ACTUALS | 2019-20 | 2020-21 |
|-----------------------------------|--|---------------------|---------------------|
| State Revenue | \$ 592,440,336 | \$ 581,406,560 | \$ 581,406,633 |
| Estimated 2019-20 OG | | 16,048,739 | 16,048,739 |
| Estimated 2020-21 OG | | | 16,225,384 |
| Contributions/Transfers | (97,028,369) | (100,084,527) | (103,709,354) |
| Salary and Benefits | (463,089,655) | (453,786,110) | (466,979,736) |
| Contingency (Board) | | (4,691,407) | (4,691,407) |
| Contingency (Employees) | (2,067,955) | (2,067,955) | (2,067,955) |
| Supplies and Operating | (46,812,395) | (41,244,895) | (41,775,652) |
| Indirect and Transfers | 8,997,320 | 8,052,232 | 8,237,167 |
| SURPLUS/(DEFICIT) | \$ (7,560,718) | \$ 3,632,637 | \$ 2,693,819 |
| Estimated Beginning Fund Balance | 90,207,961 | 82,647,243 | 86,279,880 |
| Ending Fund Balance | 82,647,243 | 86,279,880 | 88,973,699 |
| Contingency Mandated 2% Reserve | 14,951,509 | 14,951,509 | 15,151,509 |
| Instructional Materials/Adoptions | 6,467,703 | 6,467,703 | 6,467,703 |
| ROP/CTE Reserve | 528,021 | 528,021 | 528,021 |
| Arbinger (8 hours training) | 2,000,000 | 2,000,000 | 2,000,000 |
| Designated Carryover Reserves | 11,612,574 | 11,612,574 | 11,612,574 |
| One-time Employee Compensation | - | - | - |
| Reserve for Funding Priorities | 47,087,436 | 50,720,073 | 53,213,892 |
| UNDESIGNATED | \$ - | \$ - | \$ - |

12.42%

7.43%

GENERAL FUND UNRESTRICTED MULTI-YEAR BUDGET PROJECTIONS

| ITEM | 2018-19 1ST INTERIM | 2019-20 | 2020-21 |
|-----------------------------------|-------------------------------|--------------------------|----------------------------|
| State Revenue | \$ 592,681,803 | \$ 581,467,826 | \$ 581,467,899 |
| Estimated 2019-20 OG | | 16,048,739 | 16,048,739 |
| Estimated 2020-21 OG | | | 16,225,384 |
| Contributions/Transfers | (100,050,423) | (105,692,880) | (109,391,084) |
| Salary and Benefits | (470,405,235) | (463,969,386) | (474,827,065) |
| Supplies and Operating | (55,121,140) | (36,682,327) | (36,912,501) |
| Indirect and Transfers | 10,041,335 | 9,158,564 | 9,350,716 |
| <i>SURPLUS/(DEFICIT)</i> | <i>\$ (22,853,660)</i> | <i>\$ 330,536</i> | <i>\$ 1,962,088</i> |
| Estimated Beginning Fund Balance | 90,207,961 | 67,354,301 | 67,684,837 |
| Ending Fund Balance | 67,354,301 | 67,684,837 | 69,646,925 |
| Contingency Mandated 2% Reserve | 15,472,116 | 14,672,116 | 15,372,116 |
| Instructional Materials/Adoptions | 6,467,703 | 6,467,703 | 6,467,703 |
| ROP/CTE Reserve | 528,021 | 528,021 | 528,021 |
| Arbinger (8 hours training) | 2,000,000 | 2,000,000 | 2,000,000 |
| Reserve for Funding Priorities | 42,886,461 | 44,016,997 | 45,279,085 |
| <i>UNDESIGNATED</i> | <i>\$ -</i> | <i>\$ -</i> | <i>\$ -</i> |

9.48%

6.16%

NEXT STEPS

| | |
|---|--------------|
| 2019–20 Governor’s Budget Proposal | January 2019 |
| 2018–19 Second Interim Financial Report | March 2019 |
| 2019–20 Governor May Revision | May 2019 |
| 2019–20 District Adopted Budget | June 2019 |