

2018-19 2nd Interim Financial Status Report

Presented to the Board of Education
March 5, 2019



Presented by:
Shannon Hayes, Chief Financial Officer
Finance & School Support

Overview

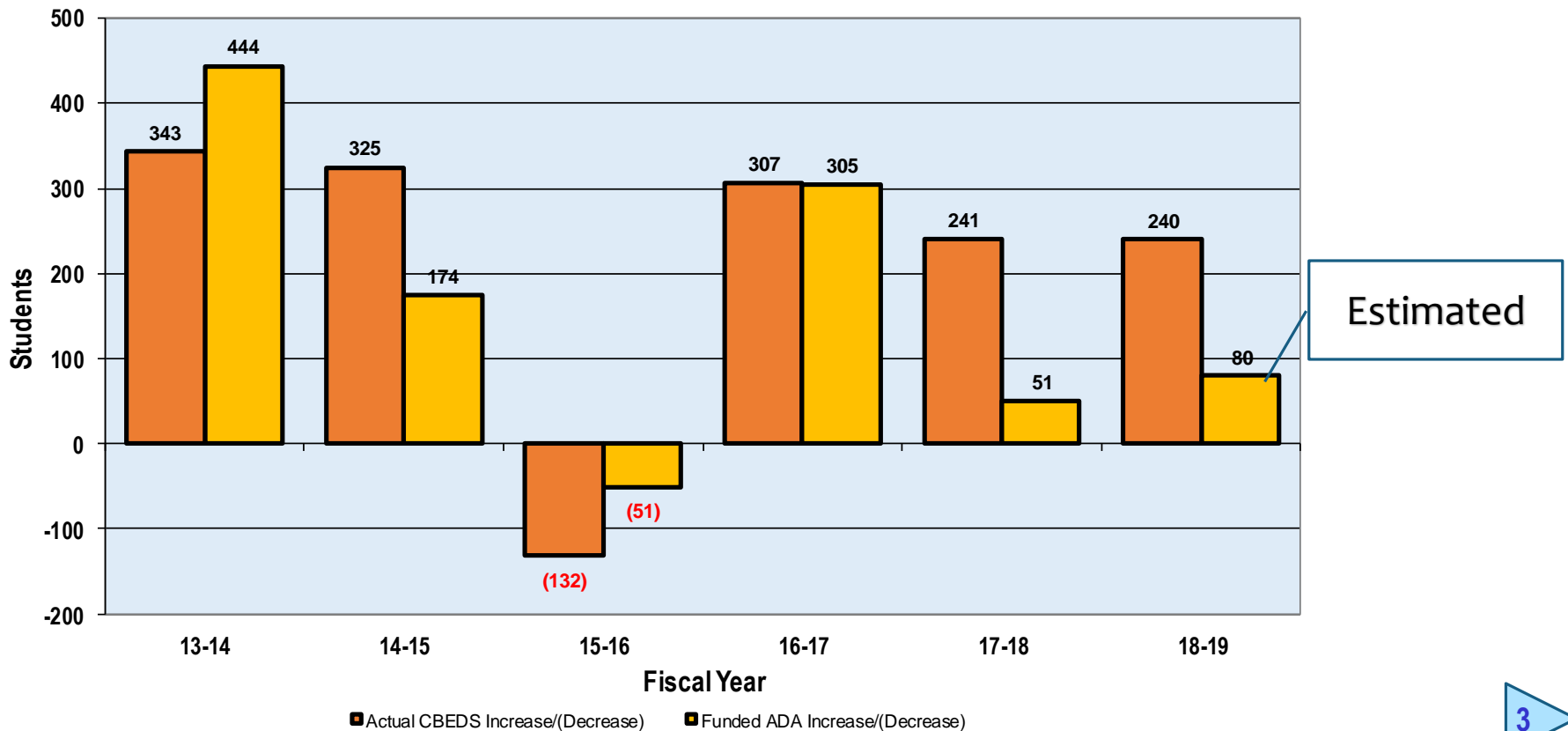
- * Proposition 98 Governor's Proposal
- * Enrollment & ADA Analysis
- * Changes from 1st Interim to 2nd Interim
- * Unrestricted General Fund Multi-Year Projections
- * Components of Unrestricted General Fund Multi-Year Projections
- * Considerations
- * Next Steps

Proposition 98 and the Major K-12 Proposals

- * The State Budget proposes
 - * \$2 billion towards LCFF to fund the 3.46% statutory COLA
 - * \$3 billion one-time non-Prop 98 funds towards CalSTRS
 - * \$576 million (\$186 million is one-time) to support Students with Disabilities
 - * \$2.4 billion in programs and services for Early Access to Care and Education

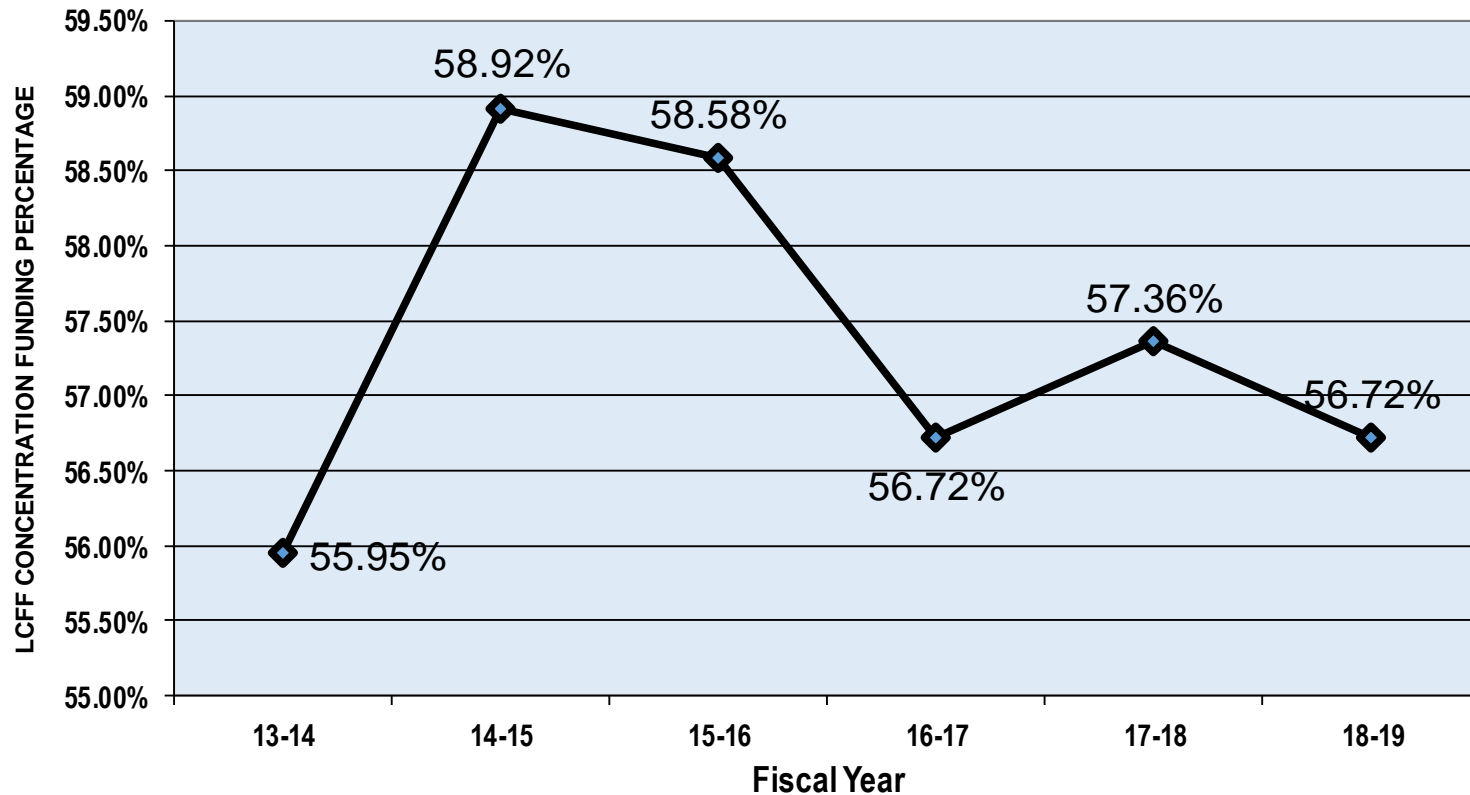
Enrollment Trends

Impact on Funded ADA



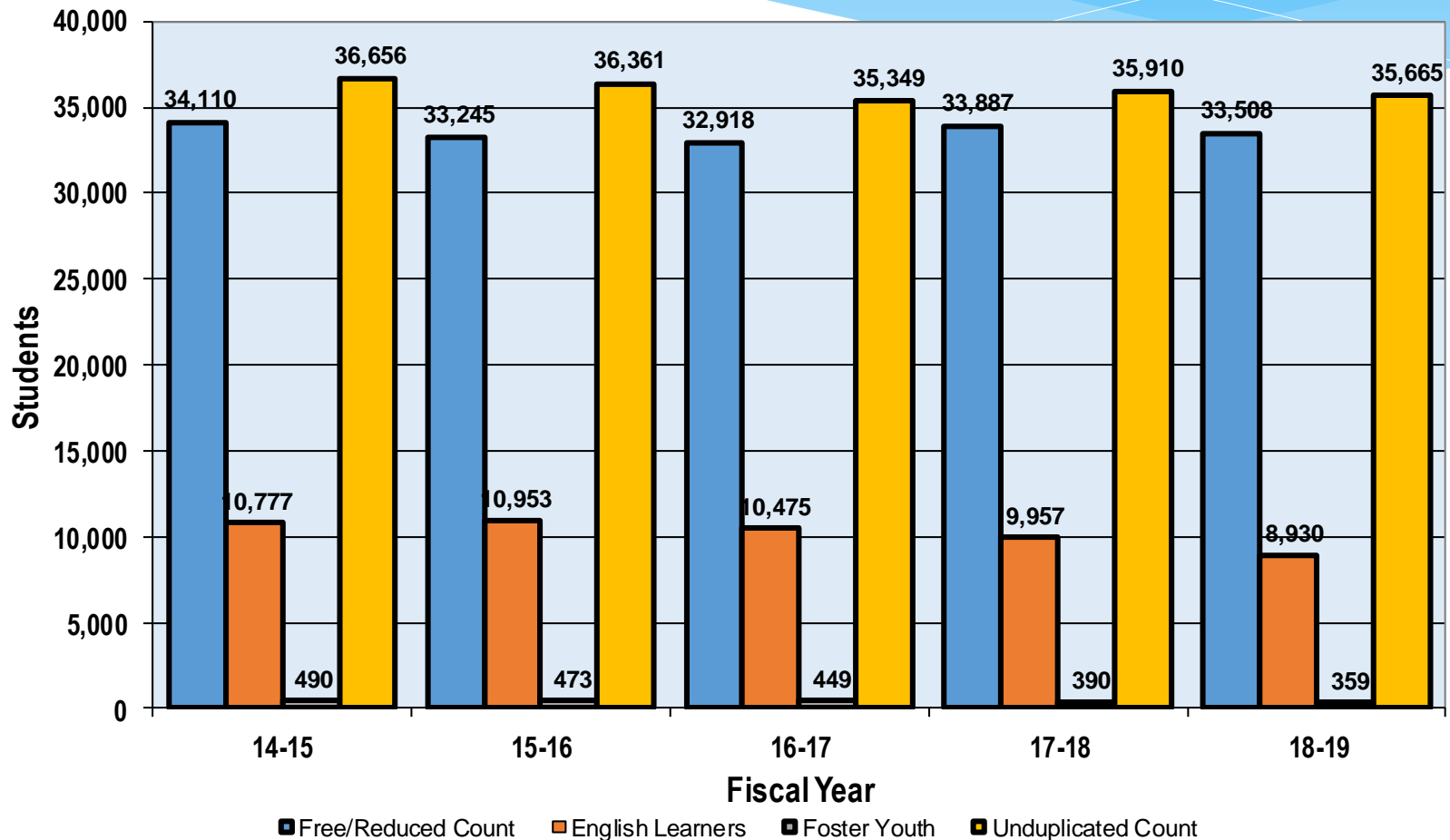
Enrollment Trends

Unduplicated Counts



Enrollment Trends

Unduplicated Counts



2018-19 Unrestricted General Fund Changes from 1st Interim to 2nd Interim

- * Decreased State revenues by \$736,000 to reflect decrease in District's supplemental/concentration grant percentage due to decrease in unduplicated pupil counts (56.94%)
- * Reconciliation of Salaries & Benefits from Adopted Budget
- * Adjustment to District Health Care Contribution effective with the new plan year 2019
- * Adjustment to Workers' Compensation rate
- * Adjustment to reserves for Arbinger Training
- * Adjustment for Additional Indirect Cost Credits

2018-19 Unrestricted General Fund Changes from 1st Interim

Amount

- * **Revenue Changes**

- * Decreased Local Control Funding Formula \$(0.74)m

- * **Expenditures Changes**

- * Salary & Benefits Savings from Adopted Budget \$0.51 m

- * Health Care Benefits & Workers' Comp. Savings 1.86 m

- * Increase of Indirect Credits 0.39 m

- * Arbinger Training & Teacher Credential Program (0.12)m

- * Total Expenditures Changes \$2.64 m

- * **Total Change to Unrestricted Fund Balance \$1.90 m**

2018-19 General Fund Unrestricted

2nd Interim

	ADOPTED	45 DAY REVISE	1ST INTERIM	2ND INTERIM	PROJECTED YEAR END
Revenue	\$ 597,928,533	\$ 592,440,336	\$ 592,681,803	\$ 591,949,594	
Contributions/Transfers	(97,028,369)	(97,028,369)	(100,050,423)	(104,706,669)	
Salary and Benefits	(463,089,655)	(465,157,610)	(470,405,235)	(463,744,116)	
Supplies and Operating	(46,812,395)	(46,812,395)	(55,121,140)	(54,903,006)	
Indirect and Transfers	8,997,320	8,997,320	10,041,335	10,453,964	
SURPLUS/(DEFICIT)	\$ (4,566)	\$ (7,560,718)	\$ (22,853,660)	\$ (20,950,233)	
Estimated Beginning Fund Balance	84,286,528	90,207,961	90,207,961	90,207,963	
Ending Fund Balance	84,281,962	82,647,243	67,354,301	69,257,730	
Contingency 2% Reserve	14,851,509	14,951,509	15,472,116	15,472,116	
Instructional Materials/Adoptions	6,467,703	6,467,703	6,467,703	6,467,703	
ROP/CTE Reserve	528,021	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	1,947,568	
Designated Carryover Reserves		11,612,574	-	-	
Reserve for Funding Priorities	57,646,085	47,087,436	42,886,461	44,842,322	
UNDESIGNATED BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -

Components of Multi-Year Projection 2019-20 and 2020-21

- * Revenues Include:

- * Full LCFF funding for 2019-20 and 2020-21 fiscal years estimated to be \$20.2 million and \$16.7 million respectively
- * Annually Projected Funded ADA of 80

- * Expenditures Include:

- * Staffing is based on projected CBEDS enrollment
- * Growth Staffing for Special Education
- * District Health Care Contribution increase of 0% for 2019-20 and 4% for 2020-21
- * Adjusted rate decrease of 1% in CalSTRS contributions
- * Reinstated Technology Utility Budget to \$3M
- * Reinstated Instructional Materials/Adoptions to \$3.7M

1st Interim 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
SURPLUS/(DEFICIT)	\$ (22,853,660)	\$ 330,536	\$ 1,962,088
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	15,072,116	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	43,616,997	45,279,085
UNDESIGNATED	\$ -	\$ -	\$ -

9.48%

6.16%

Proposed 2nd Interim General Fund Unrestricted Multi-Year Budget Projections

ITEM	2018-19 PROPOSED 2ND INTERIM	2019-20 JAN. GOV. BUDGET	2020-21
State Revenue	\$ 591,949,594	\$ 580,735,617	\$ 580,735,617
Estimated 2019-20 OG		20,221,271	20,221,271
Estimated 2020-21 OG			16,688,303
Contributions/Transfers	(104,706,669)	(108,904,257)	(111,717,648)
Salary and Benefits	(463,744,116)	(455,627,076)	(462,263,025)
Supplies and Operating	(54,903,006)	(39,739,203)	(39,969,387)
Indirect and Transfers	10,453,964	9,458,952	9,610,914
<i>SURPLUS/(DEFICIT)</i>	\$ (20,950,233)	\$ 6,145,304	\$ 13,306,045
Estimated Beginning Fund Balance	90,207,963	69,257,730	75,403,034
Ending Fund Balance	69,257,730	75,403,034	88,709,079
Contingency Mandated 2% Reserve	15,472,116	15,372,116	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)	1,947,568	1,947,568	1,947,568
Reserve for Funding Priorities	44,842,322	51,087,626	64,393,671
<i>UNDESIGNATED</i>	\$ -	\$ -	\$ -

12.15%

8.82%

Other Considerations

- * As the Governor's Budget progresses through adoption we continue to be cautious of the following:
 - * Governor's Budget Proposal
 - * December and January statewide revenue is down from projection
 - * LAO recommends a reduced Cost of Living Adjustment (COLA) and to reject components in the Governor's budget proposal
 - * COLA will most likely will fluctuate with State income changes
 - * CalSTRS rate decrease projected to be 1%
 - * Continued growth of special education students
 - * Fluctuation of our unduplicated pupil percentage
 - * Currently approved \$9M in one-time funding priorities

Next Steps

2018-19 Second Interim Financial Report	March 19, 2019
2019-20 Governor's May Revise	May 2019
2019-20 EGUSD Adopted budget	June 2019