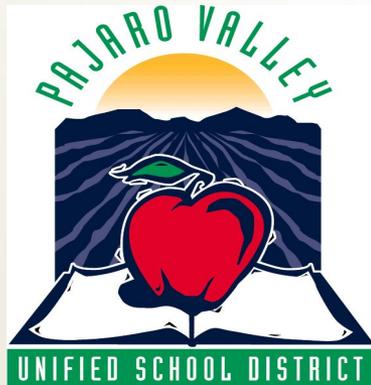


2017-18 First Interim Report

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Presentation to the Board of Trustees
Ron Fortson, Interim Chief Business Officer
Helen Bellonzi, Director of Finance
December 6, 2017



Agenda

- Overview of the First Interim Report
 - Assumptions
 - Updated multi-year outlook
 - Variance report
 - Next steps
- 



The First Interim Report

- All districts are required to develop and submit periodic fiscal reports
 - COEs act as fiscal oversight agencies on behalf of the state and provide certification as:
 - Positive – the district can meet its minimum obligations over the 3-year forecast
 - Qualified – the district may not be able to meet its obligations over the 3-year forecast
 - Negative – the district will not be able to meet its obligations over the 3-year forecast
- The First Interim reflects major fiscal activity and multi-year projections (MYPs) from July 1 to October 31
 - Updated off of the Revised budget presented at Prior Year Unaudited Actuals

School District Reporting Schedules

Budget action:

Board adoption date:

Adopted budget

No later than July 1

Unaudited actuals (fiscal activity through year end)

By September 15

Annual independent audit of prior-year budget

Board review in Jan/Feb

1st Interim Report (activity through Oct 31)

By December 15

2nd Interim Report (activity through January 31)

By March 15

3rd Interim Report (activity through June 30)

If required by COE

First Interim Assumptions

Major assumptions include:

Revenue

- Projected LCFF funding based on governor's July budget proposal using the FCMAT/ BASC Calculator
- Average Daily Attendance at 17,454.16 for current year and multiple year projections
- Student Enrollment and number of days of instruction

Expense

- Employee step and column movement
- STRS/PERS rates and rate increases
- Health and Welfare Contributions and increases

* See board item for complete list

STRS/PERS Increases

		17/18	18/19	19/20
STRS *		14.43%	16.28%	18.13%
	Annual Expense	13,460,828	15,214,694	17,059,945
	Increase over prior year	**	1,753,866	1,845,251
PERS		15.31%	18.10%	20.80%
	Annual Expense	6,596,557	7,734,711	8,947,351
	Increase over prior year	**	1,138,154	1,212,640

* STRS does not include STRS on Behalf Payment

** Increase over 16/17 doesn't account for changes in personnel

Multi-year fiscal projection

General Fund Unrestricted

(2017-18 First Interim)

	2017-18	2018-19	2019-20
Beginning Balance	49.41	39.54	32.92
Revenues	182.29	184.25	188.72
Expenditures	159.80	158.48	162.93
Contributions	(32.36)	(32.39)	(33.55)
Increase/Decrease	(9.87)	(6.62)	(7.76)
Ending Balance	39.54	32.92	25.16
Non Spendables *	0.36	0.36	0.36
3% Reserve	7.39	7.12	7.27
Assigned Fund Balance **	4.10	4.10	4.10
Committed Fund Balance ***	27.69	21.34	13.43
Restricted Fund Balance	-	-	-
Unappropriated Fund Balance	-	-	(0.00)

Total Fund Balance

* Revolving Cash, Cash with Fiscal Agent, Stores and Prepays

** Includes set aside for PVHS Facilities

*** Includes Board Approved Committed Funds

Multi-year fiscal projection

General Fund Restricted

(2017-18 First Interim)

Total Fund Balance

	2017-18	2018-19	2019-20
Beginning Balance	8.17	5.00	3.59
Revenues	50.96	45.00	45.30
Expenditures	86.49	78.80	79.37
Contributions	32.36	32.39	33.55
Increase/Decrease	(3.17)	(1.41)	(0.52)
Ending Balance	5.00	3.59	3.07
Non Spendables	-	-	-
3% Reserve	-	-	-
Assigned Fund Balance	-	-	-
Committed Fund Balance	-	-	-
Restricted Fund Balance	5.00	3.59	3.07
Unappropriated Fund Balance	-	0.00	-

Multi-year fiscal projection

General Fund (Unrestricted/Restricted)

(2017-18 First Interim)

	2017-18	2018-19	2019-20
Beginning Balance	57.58	44.54	36.51
Revenues	233.26	229.26	234.02
Expenditures	246.30	237.29	242.30
Contributions	-	-	-
Increase/Decrease	(13.04)	(8.03)	(8.28)
Ending Balance	44.54	36.51	28.23
Non Spendables *	0.36	0.36	0.36
3% Reserve	7.39	7.12	7.27
Assigned Fund Balance **	4.10	4.10	4.10
Committed Fund Balance ***	27.69	21.34	13.43
Restricted Fund Balance	5.00	3.59	3.07
Unappropriated Fund Balance	-	-	-

Total Fund Balance

* Revolving Cash, Cash with Fiscal Agent, Stores and Prepaids

** Includes set aside for PVHS Facilities

*** Includes Board Approved Committed Funds

Required Contributions from Unrestricted to Restricted Programs

	17/18	18/19	19/20
Unrestricted Contributions	(32,356,982)	(32,387,657)	(33,545,085)
Special Education	25,917,611	26,038,783	26,995,440
Routine Restricted Maintenance	5,970,026	5,877,051	6,046,561
Other Miscellaneous	469,345	471,823	503,084
Net	-	-	-

Increase in Deficit Spending

Description	
Reduced for Text book Adoptions	(2,000.00)
Furniture (one time funds)	700.00
UCSC EAOP contract	720.00
Increased Utilities	600.00
Facilities (one time funds)	1,350.80
Increased contributions to restricted programs for CSEA one time payment	369.30
Other miscellaneous adjust	(13.73)
Special Education Mental Health-reduction of restricted fund balance	78.95
CA Clean Energy Jobs Act-reduction of restricted fund balance	903.96
College Readiness Block Grant-reduction of restricted fund balance	177.24
Increase in Deficit Spending	2,886.52

Amounts in thousands

Variance Report

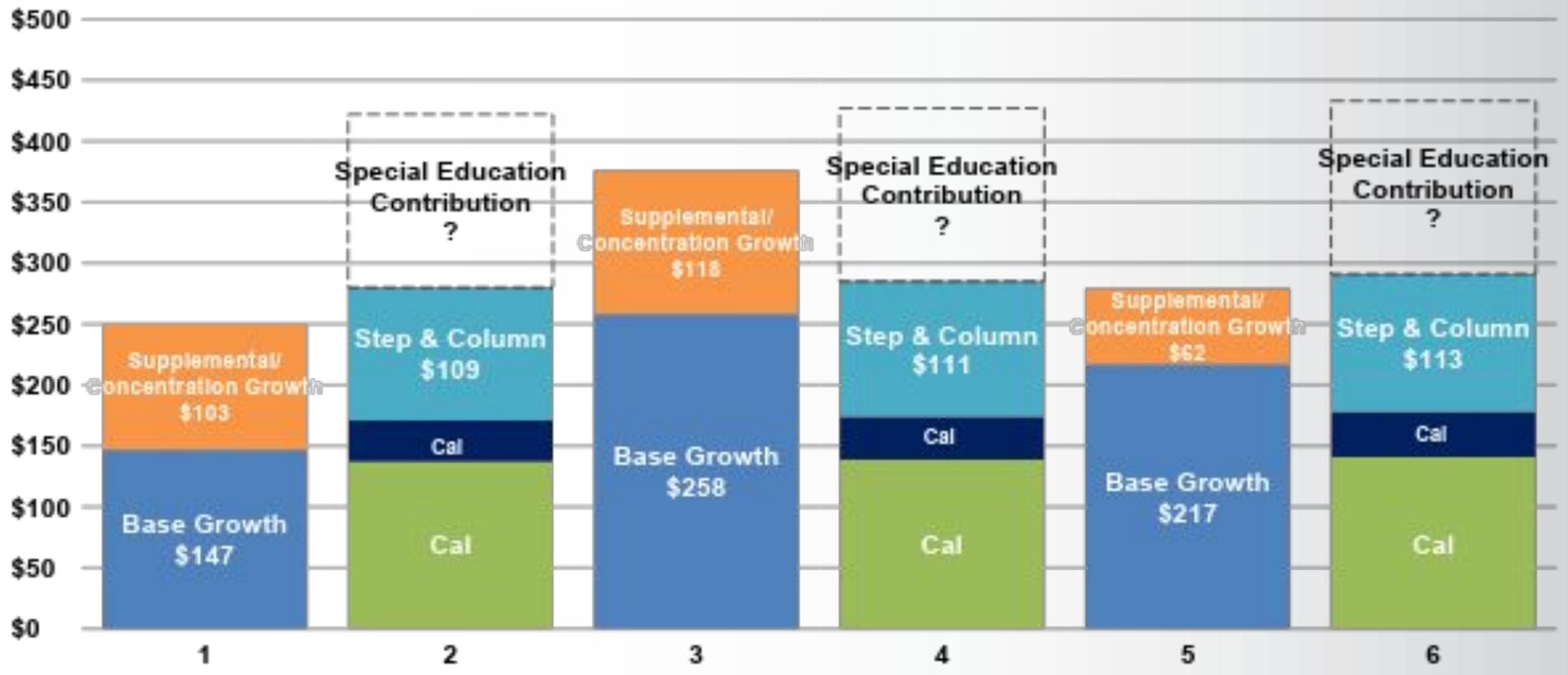
Revised Budget at Unaudited Actuals vs 1st Interim

- Revenues
 - Federal Grants adjusted for carryover and grant award change notifications
 - State Grants/Entitlements minor changes
- Expenditures
 - Salaries and benefits adjusted for employees hired
 - Classified salary and benefits adjusted for one-time payment
 - Federal and State Grant/Entitlements adjusted for carry over and grant award change notifications
 - Reduced budget by \$2.0 mil for textbook adoption not anticipated in 17/18
 - Capital outlay increased for Transportation Yard Settlement (funds previously listed as Assigned in Fund Balance)

* See board item for complete list



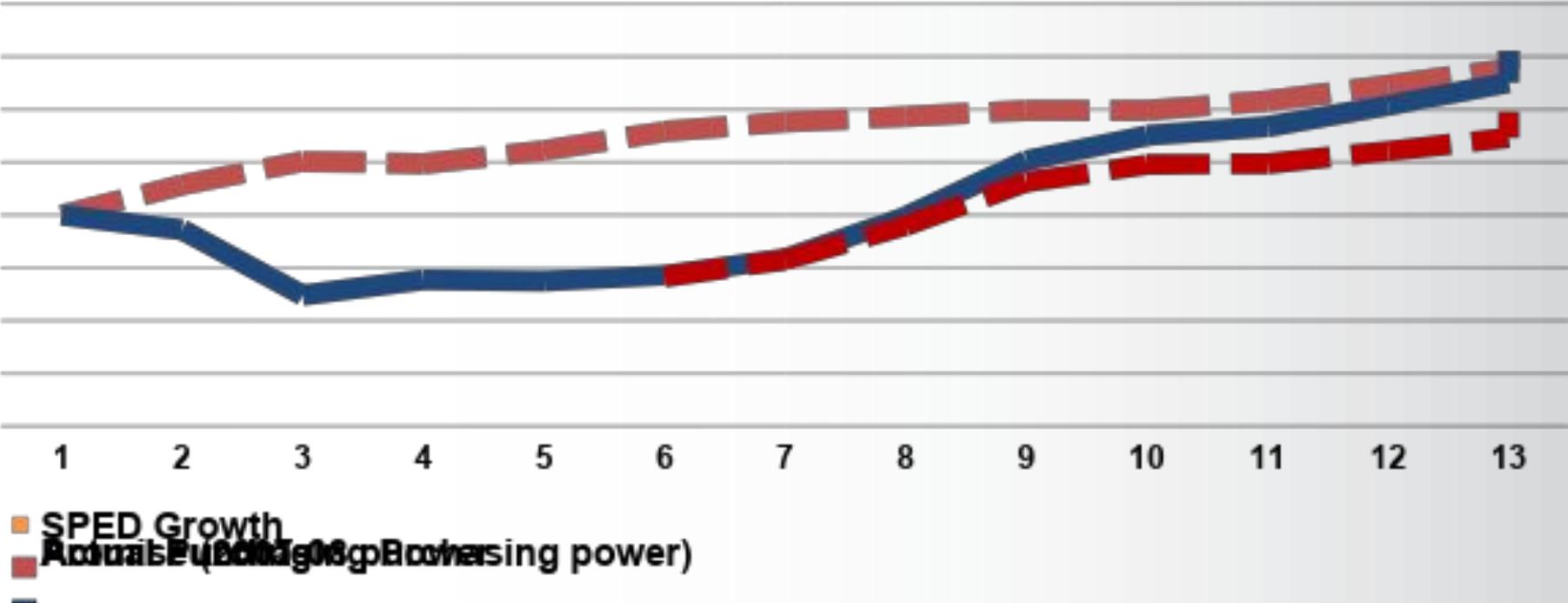
Per-ADA Revenues vs. Expenses





Collective Bargaining: Does the LCFF Restore Purchasing Power Lost?

Purchasing Power Under the LCFF



■ SPED Growth
■ Annual Purchasing Power
— Purchasing power

Next Steps

- COE will review and present the board with their certification
- Continue to review the 2017-18 budget to identify vacancies and other expenditures that might be over stated or no longer needed
 - Work with Human Resources on position control
 - Meeting with school sites and department heads
 - to review their 2017-18 budget
 - to develop a plan to spend funds in the year allocated
- Audit report presented to board in Jan/Feb
- The Second Interim Report will be presented in March 2018

Staff recommendation:

Approve Positive Certification of 2017-18 First Interim Report as submitted

Thank you to the Board of Trustees for giving us this opportunity to present the 2017-18 First Interim Report