

2017-18 Second Interim Financial Report

March 6, 2018

Information Report No. 6

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Chief Business and Financial Officer

Budget Report No. 5





Second Interim Report and Certification

- AB 1200 and AB 1708 require county offices to monitor and review district budget and financial reports
- Districts are required to submit two interim budget reports determining if they can meet their financial obligations in the current and the two subsequent years
- The County certifies each report as “positive”, “qualified”, or “negative” based on the ability of the district to meet its financial obligations
- The second interim report represents the actual and projected financial position of the General Fund as of January 31, 2018



2017-18 Budget Calendar

Budgeting for schools is a continuous, year-round process

- Adopted Budget by June 30, 2017
- First Interim by December 15, 2017
 - *Using data through October 31, 2017*
- Second Interim by March 15, 2018
 - *Using data through January 31, 2018*
- Public Hearing for the Local Control Accountability Plan (LCAP) & 2018-19 Budget by June 5, 2018
- Adopt LCAP & 2018-19 Budget on June 19, 2018
 - *Public Hearing and actual Adoption must be performed in two separate Board meetings*



Certification Definition

- ✓ **POSITIVE** = The district, based on current projections, **will be able** to meet its financial obligations for the current and subsequent two fiscal years
- **QUALIFIED** = The district, based on current projections, **may not be able** to meet its financial obligations for the current and subsequent two fiscal years
- **NEGATIVE** = The district, based on current projections, **will be unable** to meet its financial obligations for the current and subsequent two fiscal years

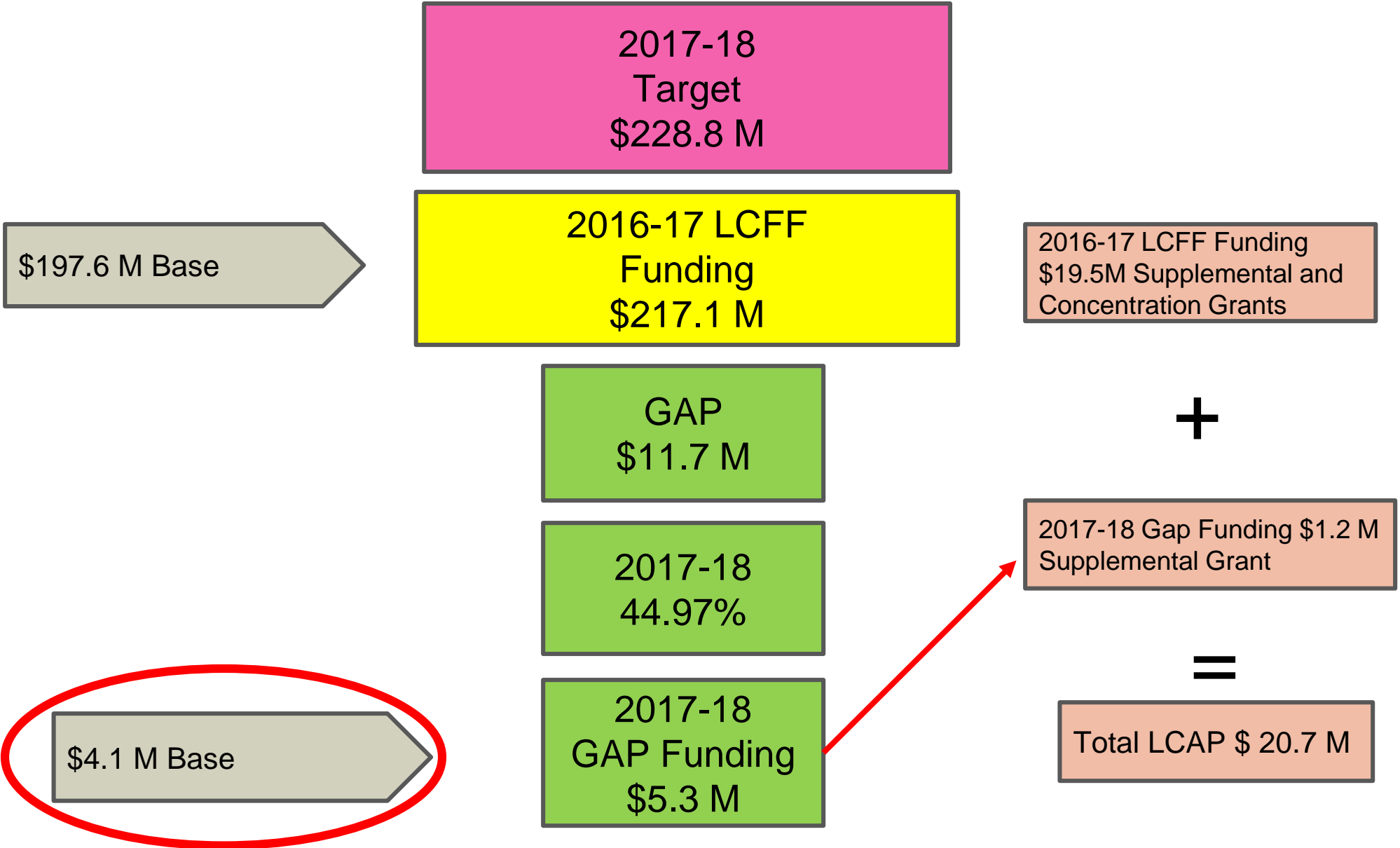
Current Projections based on Second Interim and Multi-Year Projection (MYP)



Major Changes Since First Interim Report

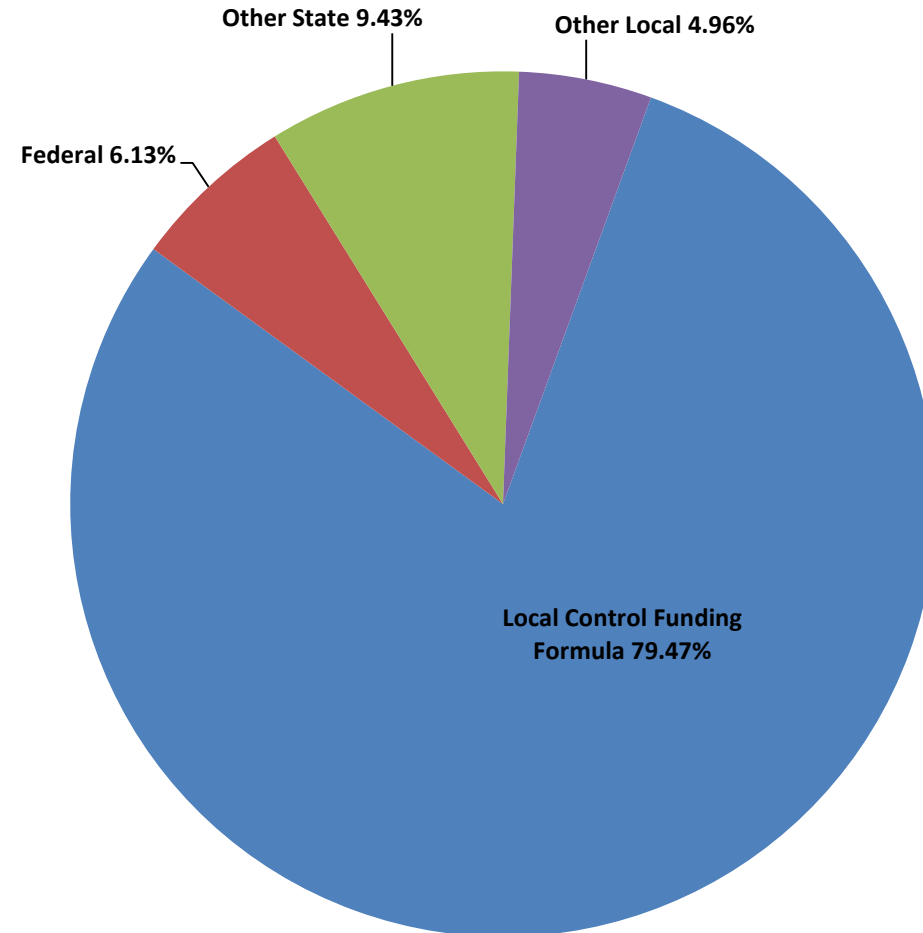
	2017-18	2018-19	2019-20	2020-21
<u>Revenue</u>				
LCFF Revenue	\$ 0.2 M ↑	\$4.7 M ↑	\$0.4 M ↓	\$2.6 M ↓
GAP %	1.78% ↑	33.88% ↑	35.08% ↑	0%

Gap Funding and Proportionality Calculation





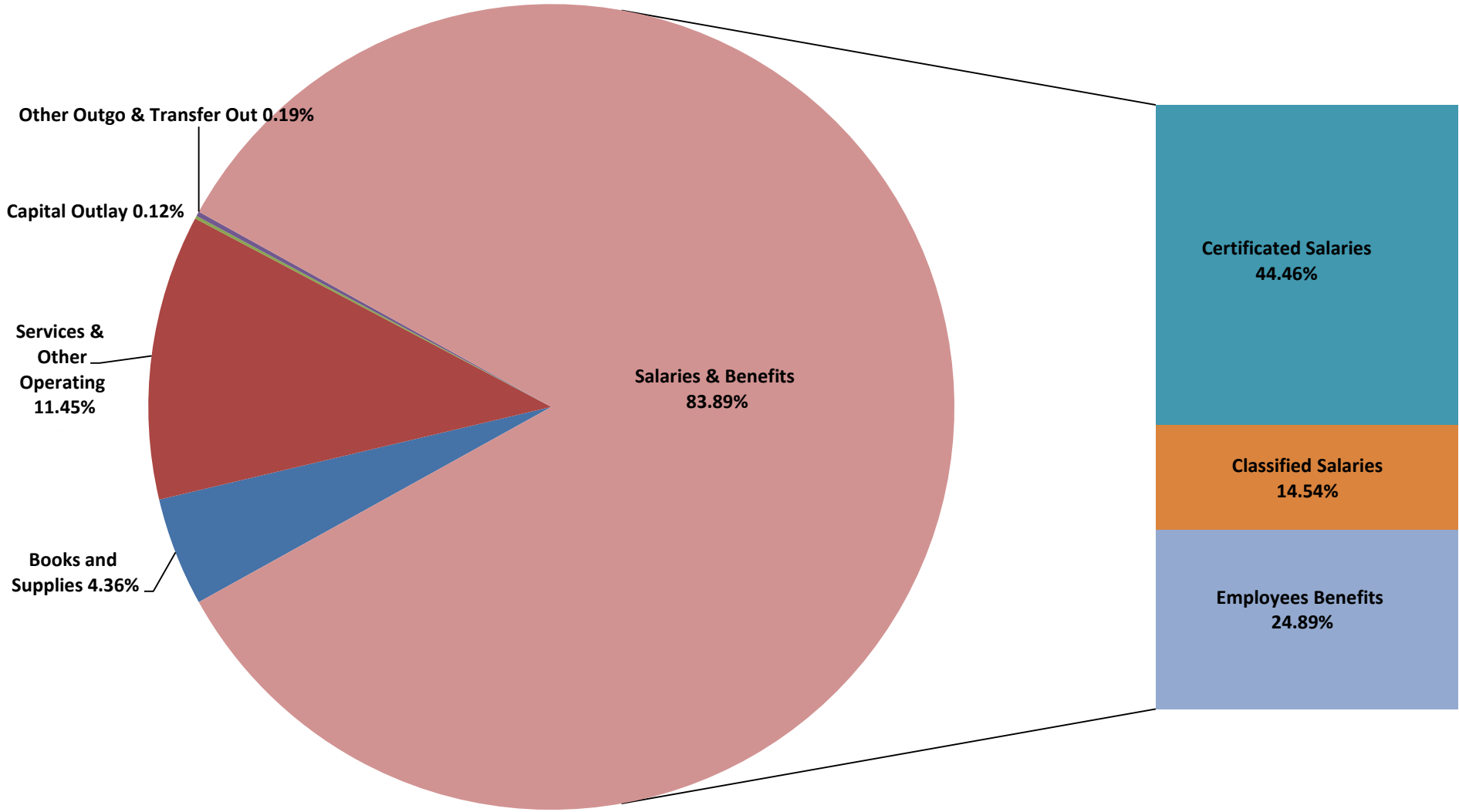
2017-18 Second Interim TOTAL REVENUE – GENERAL FUND



Total Revenues = \$279,784,299



2017-18 Second Interim TOTAL EXPENDITURES – GENERAL FUND



Total Expenditures = \$ 284,897,424



2017-18 Second Interim Unrestricted General Fund Ending Balance

	In Millions				
	2016-17	2017-18	2018-19	2019-20	2020-21
Ending Balance	\$ 47.2	\$ 40.3	\$ 44.4	\$ 39.0	\$ 34.2
3% Mandated Reserve	(8.4)	(8.6)	(8.6)	(8.8)	(9.0)
Reserve Future LCFF Less STRS/PERS/SPED Incr.	-	-	(8.0)	(17.8)	(31.6)
Other Reserves	(7.5)	(6.3)	(11.9)	(10.7)	(10.7)
Balance in Excess of 3%	31.3	25.4	15.9	1.7	(17.1)
Without All Prior Solvency Transfers	\$ 26.1	\$ 20.2	\$ 10.7	\$ (3.5)	\$ (22.3)

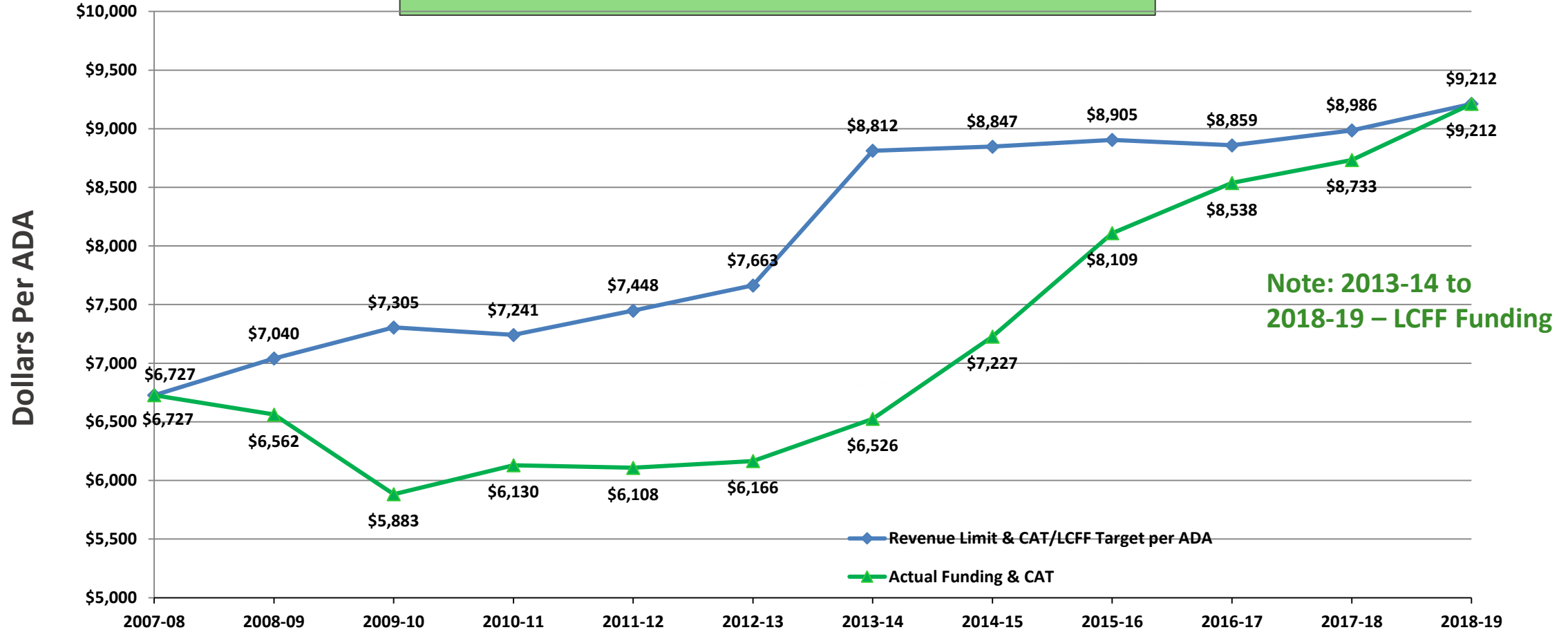


Unrestricted General Fund MULTI YEAR PROJECTION

	2017-18	2018-19	2019-20	2020-21
Total Revenues	\$ 196,598,862	\$ 212,507,641	\$ 211,721,735	\$ 219,513,594
Total Expenditure	203,473,301	208,451,750	217,083,906	224,306,275
Net Increase/(Decrease)	(6,874,439)	4,055,891	(5,362,171)	(4,792,681)
Beginning Balance	47,212,609	40,338,170	44,394,061	39,031,890
Audit Adjustments	-	-	-	-
Ending Balance	40,338,170	44,394,061	39,031,890	34,239,209
Components of Ending Fund Balance:				
Revolving Cash	70,000	70,000	70,000	70,000
Stores	77,474	77,474	77,474	77,474
Prepaid Expenditures	453,078	-	-	-
3% Reserve for Economic Uncertainties	8,603,136	8,559,060	8,818,014	9,034,682
Reserve LCFF Net Income Growth less STRS/PERS Increases & SPED Increases	-	8,003,959	17,832,249	31,636,170
Reserve for Carry Over, MAA, Board Election, LACOE Charges	5,742,703	11,769,807	10,546,911	10,546,911
Adjusted Balance in Excess of Assigned and 3% Reserve	\$ 25,391,779	\$ 15,913,761	\$ 1,687,242	\$ (17,126,028)
Salaries and Benefits % of Exp.	88.25%	89.70%	90.18%	90.92%
Salaries and Benefits % of Rev.	91.34%	88.00%	92.47%	92.90%



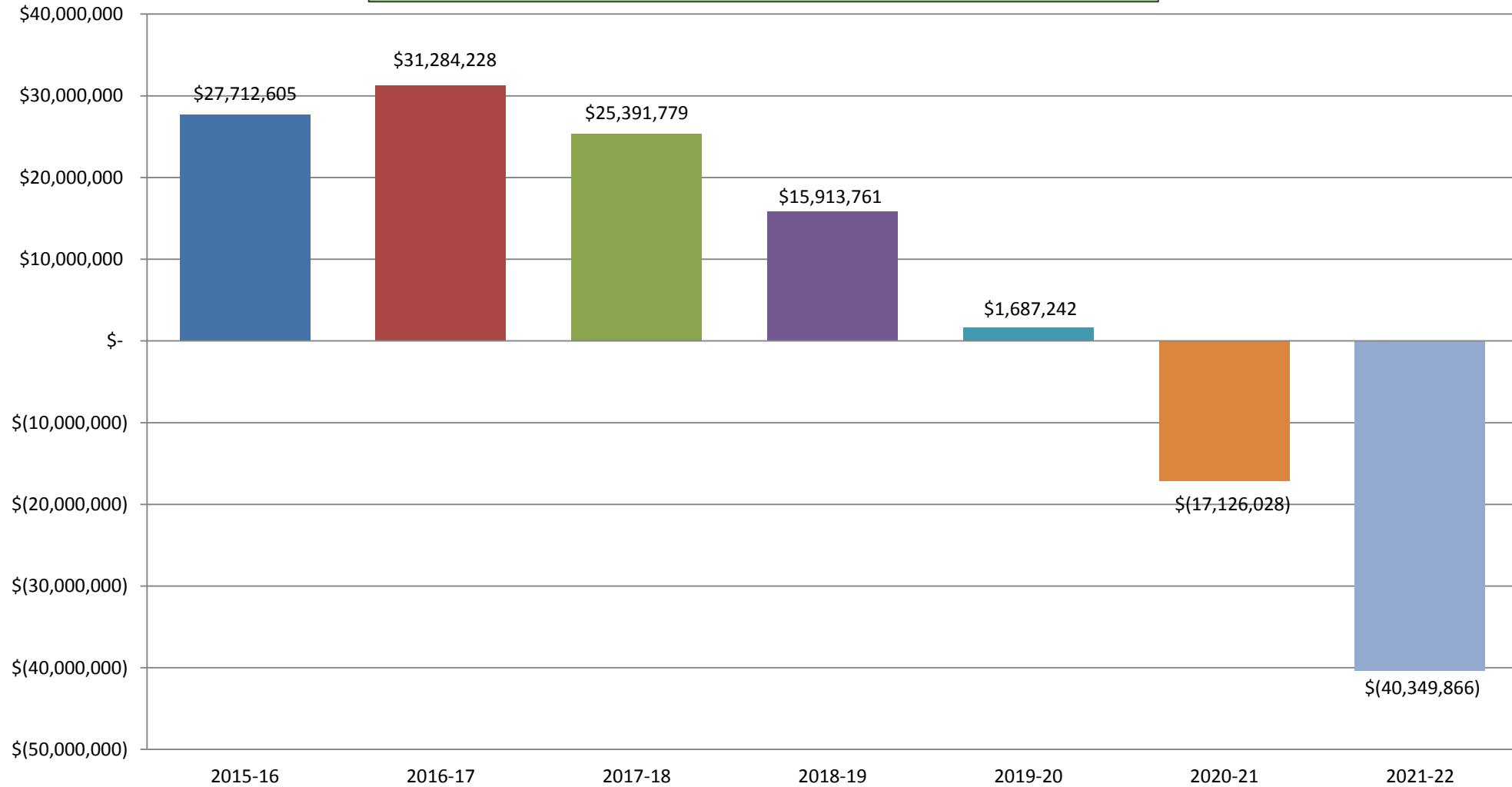
Local Control Funding Formula Historical Funding - Per ADA



(In Million \$)	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Annual Loss	12.4	36.6	28.3	34.0	38.0	57.7	40.8	20.1	8.1	6.4	0.0
Cumulative Loss	12.4	49.0	77.4	111.4	149.4	207.1	247.9	268.0	276.0	282.5	282.5

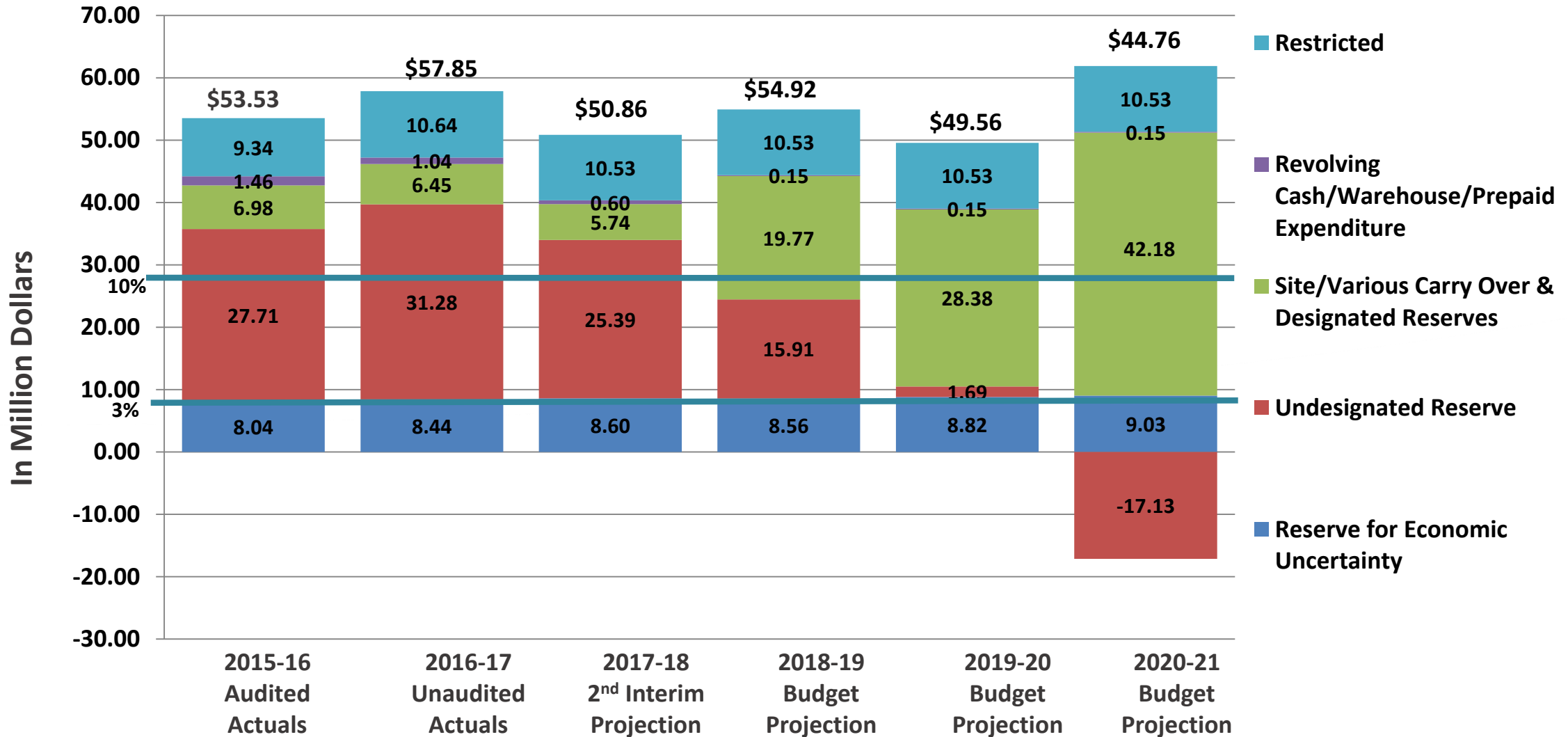


Unrestricted General Fund Change in Unassigned Balance





Summary of General Fund Ending Fund Balances

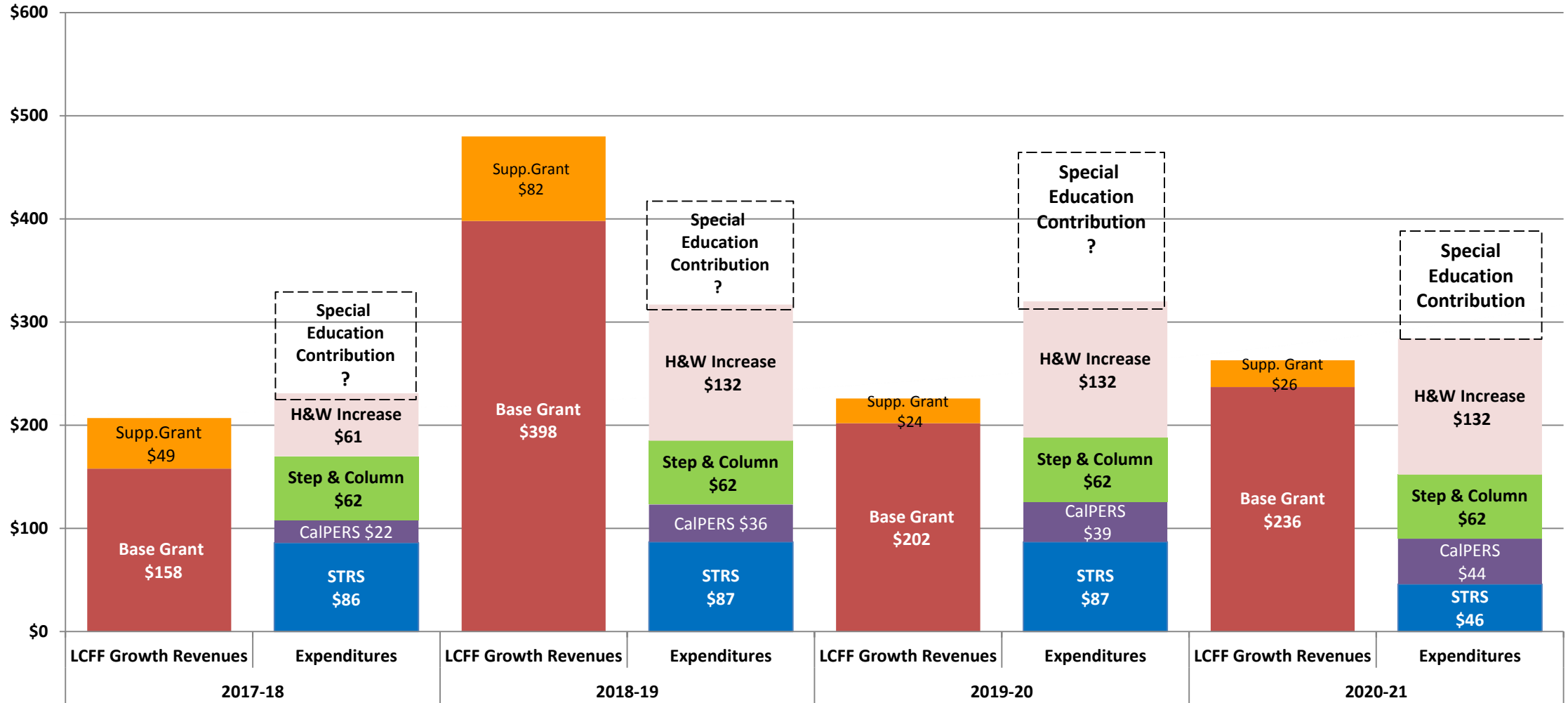




**REVISED
3/5/2018**


GUSD LCFF Increased Revenues Have Automatic Increased Obligations Unrestricted General Fund

Dollars Per Projected Funded ADA



Note: The expenditures include the SPED CalSTRS/CalPERS and Step & Column Increases and Subject to Increase with changes in Salaries

Cautions and Challenges

- **Future Funding - Unstable GAP% and UPP** 
- **Structural Deficit - Must Be Addressed**
- **Special Education - Program Needs Increasing**
- **Projected Negative Unrestricted General Fund Adjusted Balances in 2020-21**
- **No Additional Funding to Cover CalPERS and CalSTRS Increases**
- **Solvency Plan for 2017-18 of \$7.2 million, for 2018-19 up to \$4.6 million**
- **Impact of 2016-17 and 2017-18 Negotiations**
- **Sagebrush Transfer**

Potential Positives

- **State Revenue Up – Keep Close Eye on Governor’s Budget – May**
- **Fiscal Position for GUSD: Guarded Optimism**



GUSD Key Indicators

GUSD is a great school district for many reasons:

- Outstanding teachers
- Outstanding parent involvement
- Outstanding students
- Excellent class offerings, programs, curriculum, technology and support staff
- Reasonable average class sizes
- Very good and competitive wages
- Excellent health insurance benefits
- Stable fiscal reserves



Second Interim Summary

- **The Superintendent is recommending a Positive Certification for Second Interim.**

QUESTIONS?

