

Red Bluff Joint Union High School District's Second Interim Report 2017-18



Based on most current budget data and actual
expenditures through January 31, 2018

Financial Reporting

- ▶ Education Code requires the Board to certify whether or not the District will be able to meet its financial obligations
- ▶ The purpose of the report is to ensure the Board is informed of budget conditions and alerted to any financial issues
- ▶ There are 4 reporting periods throughout a fiscal school year
- ▶ Second Interim is the second updated financial report for 2017-18 since budget adoption in June 2017

Enrollment

- CBEDS enrollment number as of October 5, 2017 was 1,648 students district wide – with Average Daily Attendance(ADA) being projected at 1,515 or 91.93%
- Enrollment projections for October 2018 are projected to be 1,680 with ADA at 1,544
- Enrollment projections for October 2019 are projected to be 1,748 with ADA at 1,607

Local Control Funding Formula

- LCFF is in the fifth year of an eight year phase in process
- Has reached 97% implementation
- Projected 100% fully funded in 2018-19
- COLA only years after full implementation

| Reporting Periods | 2017-18 | 2018-19 | 2019-20 |
|---------------------------------------|---------|---------|-----------|
| Budget (June 2017) | 43.97% | 71.53% | 73.51% |
| 1 st Interim (Oct 2017) | 43.19% | 66.12% | 64.92% |
| 2 nd Interim (Jan 2018) | 44.97% | 100% | COLA only |

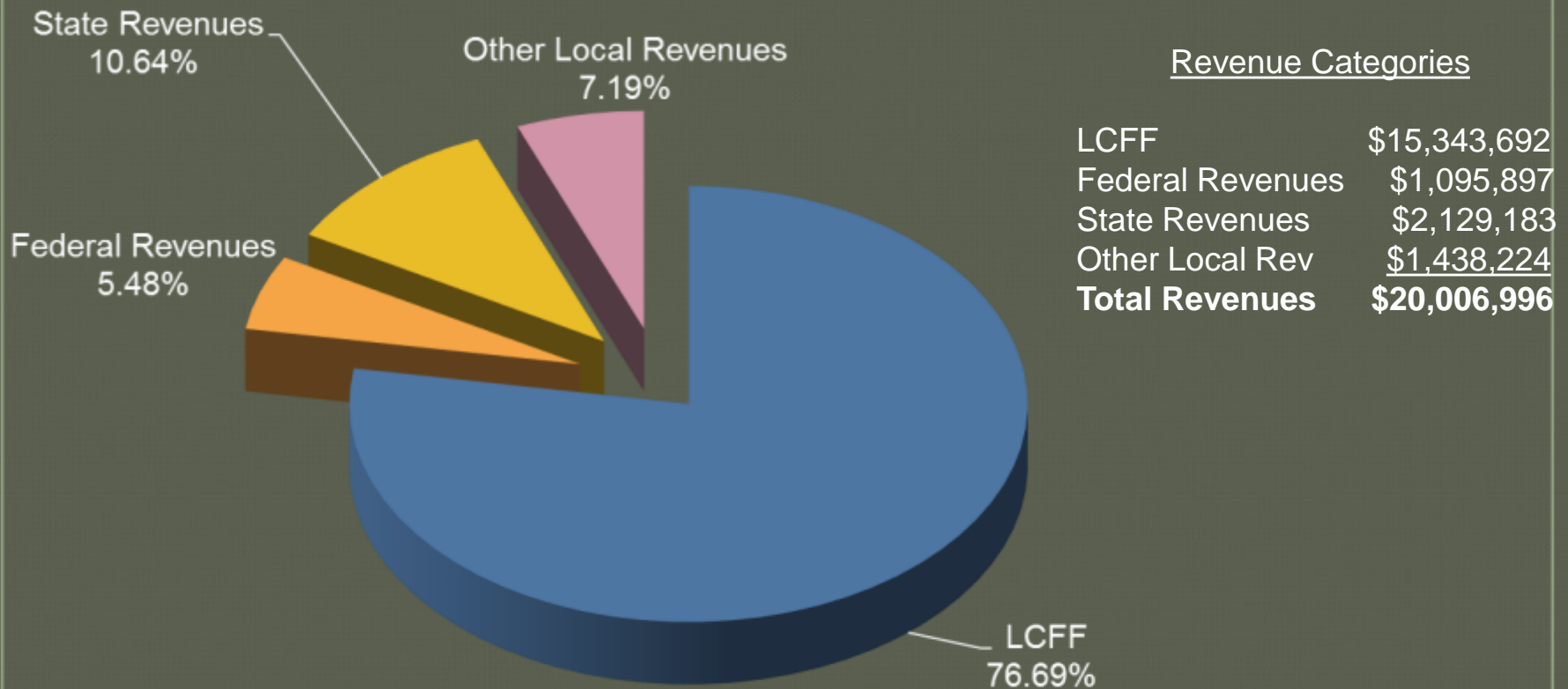
Governor's 2018-19 Budget Projections

- ⦿ LCFF projected to be 100% funded in 2018-19
 - COLA only in years thereafter
 - Even a 2-3% COLA does not cover the annual STRS & PERS or Step and Column increases
- ⦿ Projected to receive One-Time Discretionary funds at \$295 per ADA or \$446k
 - Pays down state mandate claims owed to district
 - Proposal to deduct District's outstanding MAA obligation from the one-time funds - \$250k
- ⦿ Governor projects to fill up the State's Rainy Day Fund to \$13.5 billion

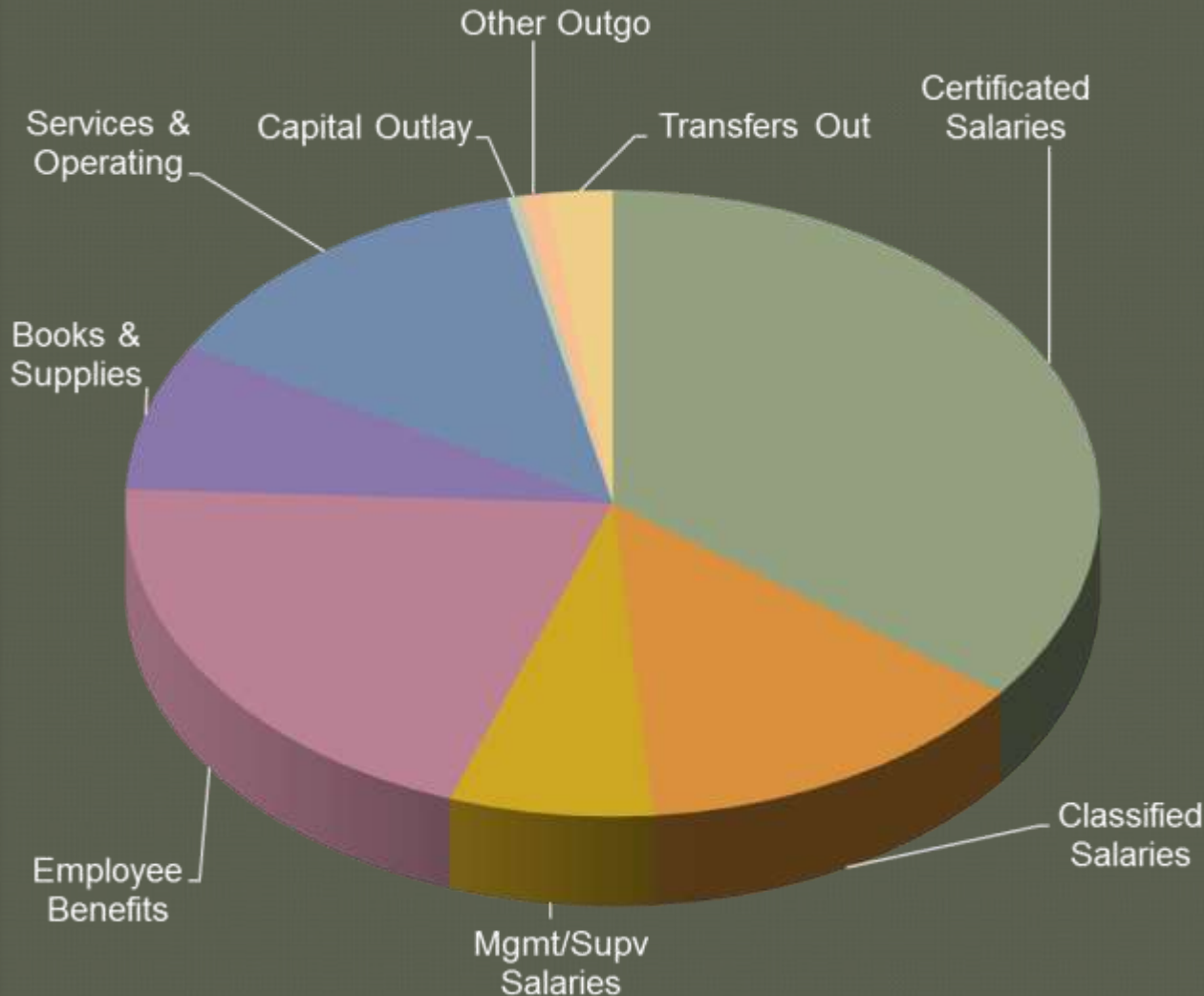
Governor's 2018-19 Budget Projections

- ◉ NO funding to offset increases in STRS/PERS
- ◉ NO additional transportation funding
- ◉ NO increase in Special Ed funding base rates
- ◉ NO proposal to continue CTEIG funding

Total Revenue Summary



Total Expenditure Summary



Expense Categories

| | |
|-----------------------|---------------------|
| Certificated Salaries | \$7,504,583 |
| Classified Salaries | \$2,818,393 |
| Mgmt/Supv Salaries | \$1,430,390 |
| Employee Benefits | \$4,303,179 |
| Books/Supplies | \$1,614,357 |
| Services/Operating | \$2,799,421 |
| Capital Outlay | \$ 95,600 |
| Other Outgo | \$ 181,687 |
| Transfers Out | \$ 461,518 |
| Total Expenses | \$21,209,128 |

Multi-Year Projection

- ◉ Summarizes Revenues and Expenditures
 - Current budget
 - Projects next two years of budgets
- ◉ Requirement per AB 1200 & AB 2756
- ◉ Gives the District a look at what the future holds if all variables remained status quo

Multi-Year Projections (cont'd)

- LCFF Revenues have increased in the current year by \$51k since First Interim due to the State increasing the GAP funding percentage by 1.78%
- LCFF Revenues increase in 2018-19 due to the projected 100% GAP funding percentage and then also increase in 2019-20 due to projected enrollment increases
- Federal revenues remain fairly constant since First Interim

Multi-Year Projections (cont'd)

- Other State Revenues remain constant in the current year but increase in 2018-19 due to the one-time discretionary funds at \$295 per ADA
- Local revenues increased since First Interim due to Sp Ed pass thru funds and the addition of the SUMS grant (Scale-Up Multiple Tiered System of Support)
- The Local Revenues then decrease in the out years due to the loss of the Shasta College CTE funding, Sp Ed pass thru funds, and the SUMS grant

Multi-Year Projections (cont'd)

- Contract negotiations have been settled for 2017-18 and 2018-19 for all units
 - 1.5% Salary Schedule increase for 2017-18
 - 1% One-Time Payment for 2017-18
 - \$500 Health & Welfare Cap increase
 - 2.5% Salary Schedule increase for 2018-19
 - With these salary increases minimum wage requirements are not a concern until Jan 2021 when the requirement reaches \$14 per hour
- Materials/Supplies and Services/Operating budgets remain fairly constant in current year but decrease drastically in the out years due to loss of funding sources and projected reduction in legal fees

Multi-Year Projections (cont'd)

- Capital Outlay budgets increased due to purchase of new bus lift for the transportation department
- 3 NEW buses have arrived!
 - 88% funded by Tehama County Air Resources Board
 - 2 owned by RB Elementary District
 - 1 owned by RBHS District
 - \$165,000 bus only cost RBHSD \$23,242

Multi-Year Projection

| | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> |
|--|----------------|----------------|----------------|
| Beginning Fund Balance | 3,294,568 | 2,092,436 | 1,910,449 |
| Revenues | 20,006,996 | 20,430,045 | 21,064,040 |
| Expenses | 21,209,128 | 20,612,032 | 21,064,040 |
| | | | |
| Net Increase/(Decrease) | (1,202,132) | (181,987) | 0 |
| | | | |
| Projected Ending Fund Balance | 2,092,436 | 1,910,449 | 1,910,449 |
| | | | |
| Less – Restricted or Assigned | (1,191,103) | (1,030,602) | (1,053,202) |
| (i.e. – CTEIG, Lottery IMF, add'l 5% DEU) | | | |
| Designated for Economic Uncertainties (3%) | (636,274) | (618,361) | (631,921) |
| Undesignated | 265,059 | 261,486 | 225,326 |

Multi-Year Projections (cont'd)

- The Multi-Year Projection shows the District can issue a “Positive” certification for the 2017-18 Second Interim report
- This means the District predicts it will be able to meet its financial obligations for the current and next two fiscal years
- MYP includes projected enrollment growth but also deficit spending due to increased costs but a BALANCED budget in 2019-20
- Budget aligns with the Program Sustainability and Future Reserve Plan

Upcoming Budget Events

- ▶ P-2 Attendance will be reported as of April 15th
- ▶ Governor's May Revise Workshop is on May 21st
- ▶ Governor plans to address federal tax bill effects
- ▶ Meeting with stakeholders will be planned to gather input for preparation of the 2018-19 LCAP and Budget
- ▶ 2018-19 LCAP and Budget will be presented at two different meetings in June, one for review and the other for adoption

Preparing for the Future

- ◉ There is no such thing as a good budget without an adequate reserve
- ◉ Equally important, there is no such thing as a good plan without an adequate backup plan if things don't go as planned
- ◉ Preparing for the future includes:
 - Maintaining an adequate reserve
 - Building positive relationships
 - Implementing the LCAP with fidelity
 - Building community confidence in the district and its programs
 - And most of all, ensuring that every student is given a full measure of opportunity for success

Questions?