

# Red Bluff Joint Union High School District's First Interim Report 2018-19

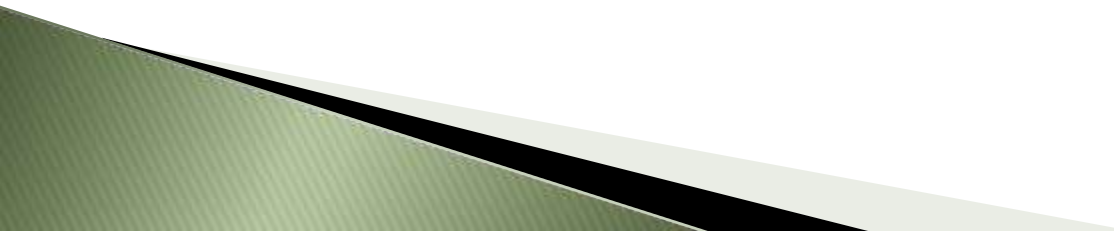


Based on most current budget data  
and actual expenditures through  
October 31, 2018

# Introduction

- ▶ District Funds
  - ▶ Financial Reporting
  - ▶ Enrollment
  - ▶ Average Daily Attendance
  - ▶ LCFF
  - ▶ Expenditures
  - ▶ Multi-Year Projections
  - ▶ STRS/PERS
  - ▶ Minimum Wage
  - ▶ Upcoming Events
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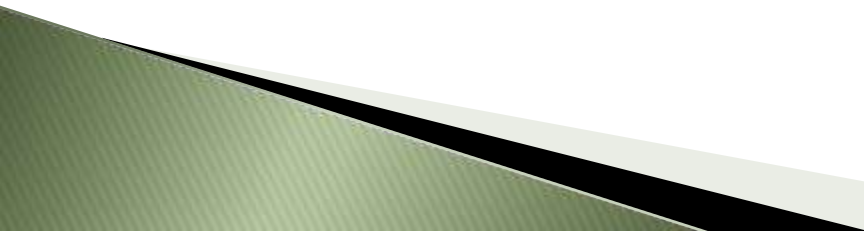
# District Funds

- ▶ Fund 01 – General Operating
  - ▶ Fund 13 – Cafeteria
  - ▶ Fund 14 – Deferred Maintenance
  - ▶ Fund 15 – Transportation
  - ▶ Fund 21 – Bond
  - ▶ Fund 25 – Developer Fee
  - ▶ Fund 35 – School Facility
  - ▶ Fund 40 – Capital Outlay
  - ▶ Fund 51 – Bond Redemption
  - ▶ Fund 71 – Retiree Benefits
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# 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 these reports is to ensure the Board is informed of budget conditions and alerted to any financial issues

# Financial Reporting Periods

- ▶ Adopted Budget – by June 30<sup>th</sup> of each year
  - ▶ First Interim – data as of October 31<sup>st</sup>
  - ▶ Second Interim – data as of January 31<sup>st</sup>
  - ▶ Unaudited Actuals – Closing the books as of June 30<sup>th</sup> of each year
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# Financial Reporting Period

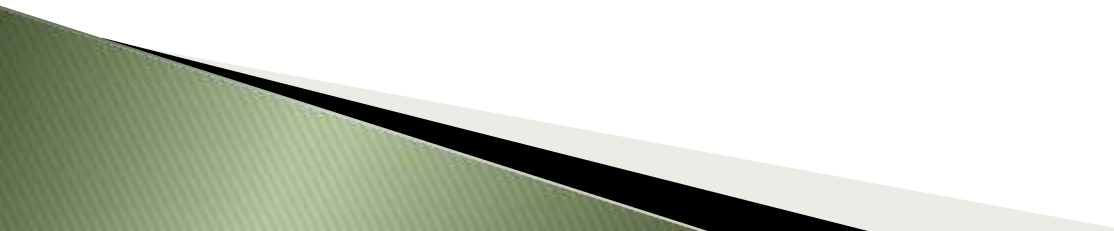
## ▶ First Interim Report

- Data as of October 31<sup>st</sup>
- The first updated financial report for 2018–19 since budget adoption in June
- Since June the financials have been closed for 2017–18
- Carryovers have been finalized
- Ending Fund Balances have been finalized
- All new data updated in 2018–19 financials

# California Basic Education Data System (CBEDS)

- ▶ The count of students enrolled
  - Counted every year on first Wed in Oct
  - Same date for all districts
- ▶ Used to calculate revenue
  - Some restricted programs
  - Estimates Average Daily Attendance

# Enrollment

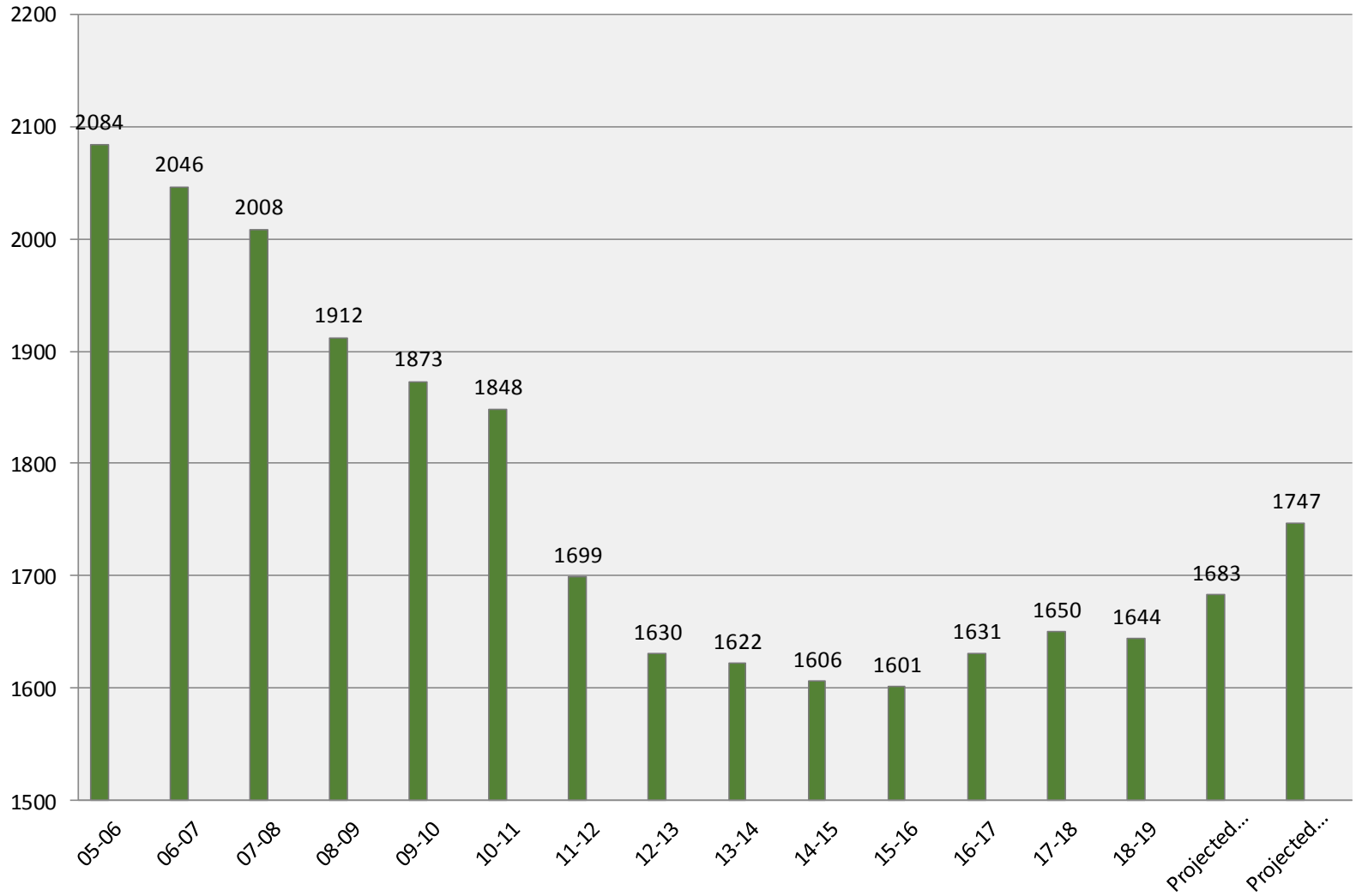
- ▶ CBEDS enrollment number as of October 4, 2018 was 1,644 students district wide
  - ▶ This is a decrease of 6 students over the prior year but 36 fewer than what was projected
  - ▶ Subsequently enrollment projections for the multi-year projection have decreased due to weighted average calculation method used to determine future enrollment
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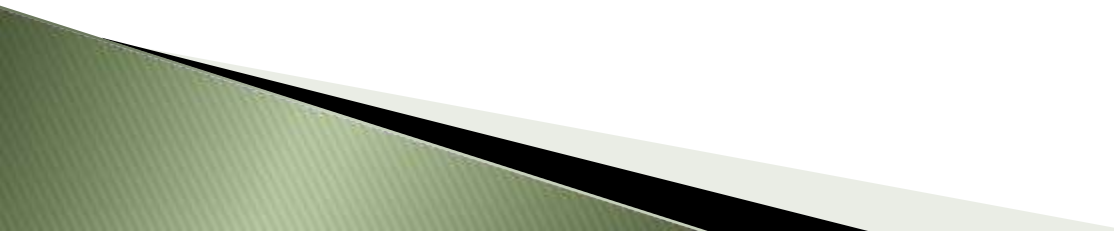
# Enrollment

- ▶ Enrollment projections for October 2019 have decreased from 1,748 to 1,683
- ▶ Enrollment projections for October 2020 have decreased from 1,805 to 1,747
- ▶ Enrollment projections are still showing increasing from year to year due to large class sizes in feeder schools

# Enrollment



# Average Daily Attendance

- ▶ Our funding is not based on enrollment, but rather on the number of days that students come to school (average daily attendance – ADA). We can always be funded on current or prior year ADA, whichever is greater
  - ▶ First Interim Report is based on 1,515 ADA, which is the P2 ADA for 2017–18
  - ▶ ADA is calculated at approximately 92% of enrollment
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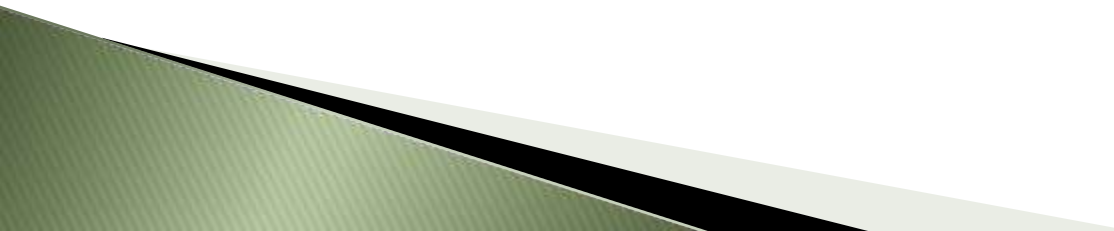
# Average Daily Attendance

- ▶ Calculated three times a year for State Reporting
  - P1 – attendance as of December 31st
  - P2 – attendance as of April 15<sup>th</sup>  
(majority of funding based on)
  - Annual – attendance through June 30th

# Where the Money Comes From

- ▶ Revenues (District Income)
  - Local Control Funding Formula (LCFF)
  - Federal Revenues
  - Other State Revenues
  - Other Local Revenues

# Local Control Funding Formula

- ▶ Originally an eight year phase in process started in 2013–14 projected to be completed in 2020–21
  - ▶ Has reached full implementation in 2018–19
  - ▶ Restoration of K–12 funding that was being received in 2007–08 prior to the Great Recession
  - ▶ Three components of the LCFF formula
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# Local Control Funding Formula

- ▶ Three components of the formula
  1. Base Grant
  2. Supplemental Grant
  3. Concentration Grant
- ▶ **Base Grant –**
  - Varies per grade level
  - Absorbed numerous categorical funding programs
  - Based on ADA

# Local Control Funding Formula

## Supplemental Grant –

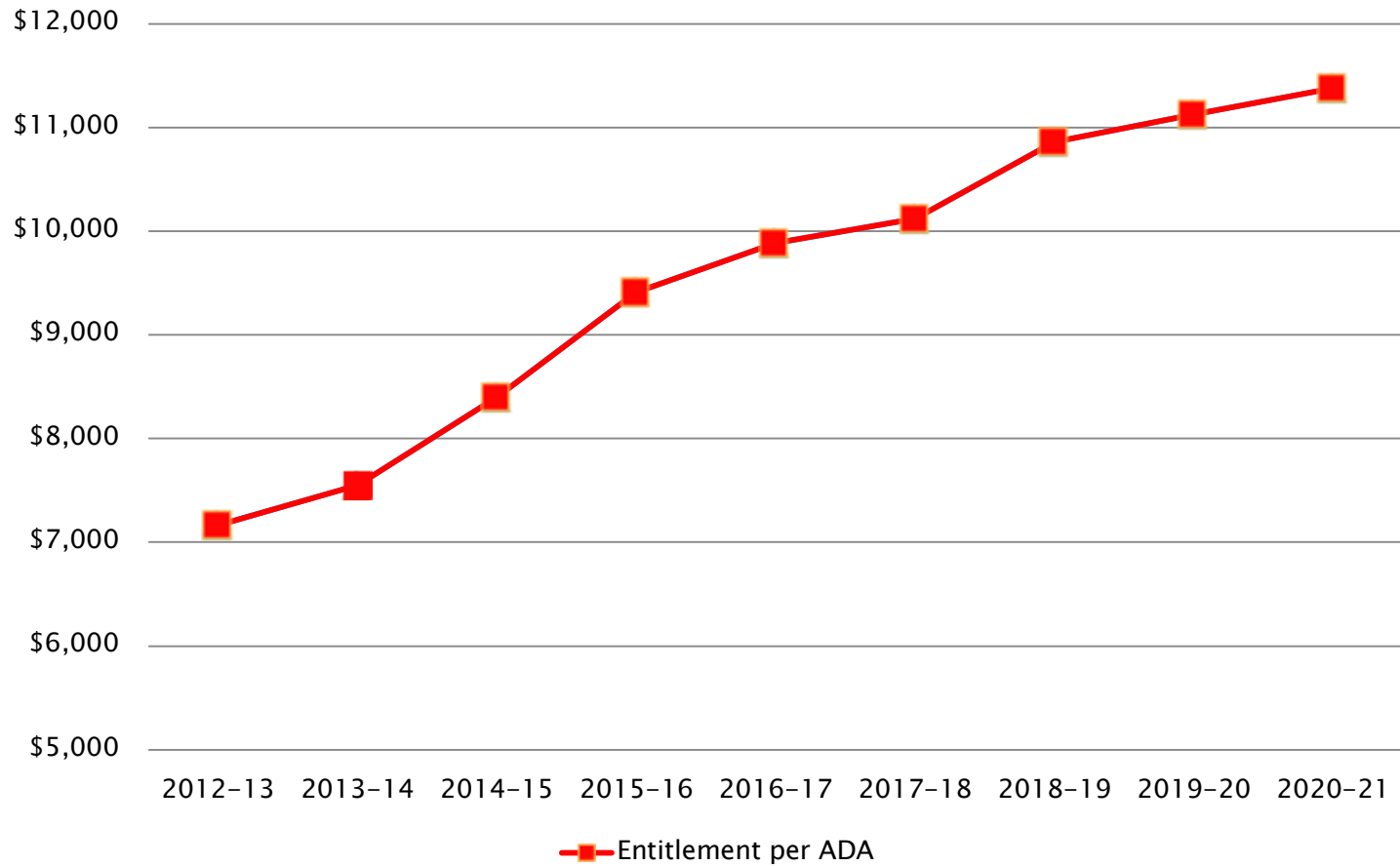
- Equal to 20% of the base grant for English Language Learners, Free & Reduced priced meal participants, and Foster Youth
- To provide supplemental services, not supplant services already being provided

## Concentration Grant –

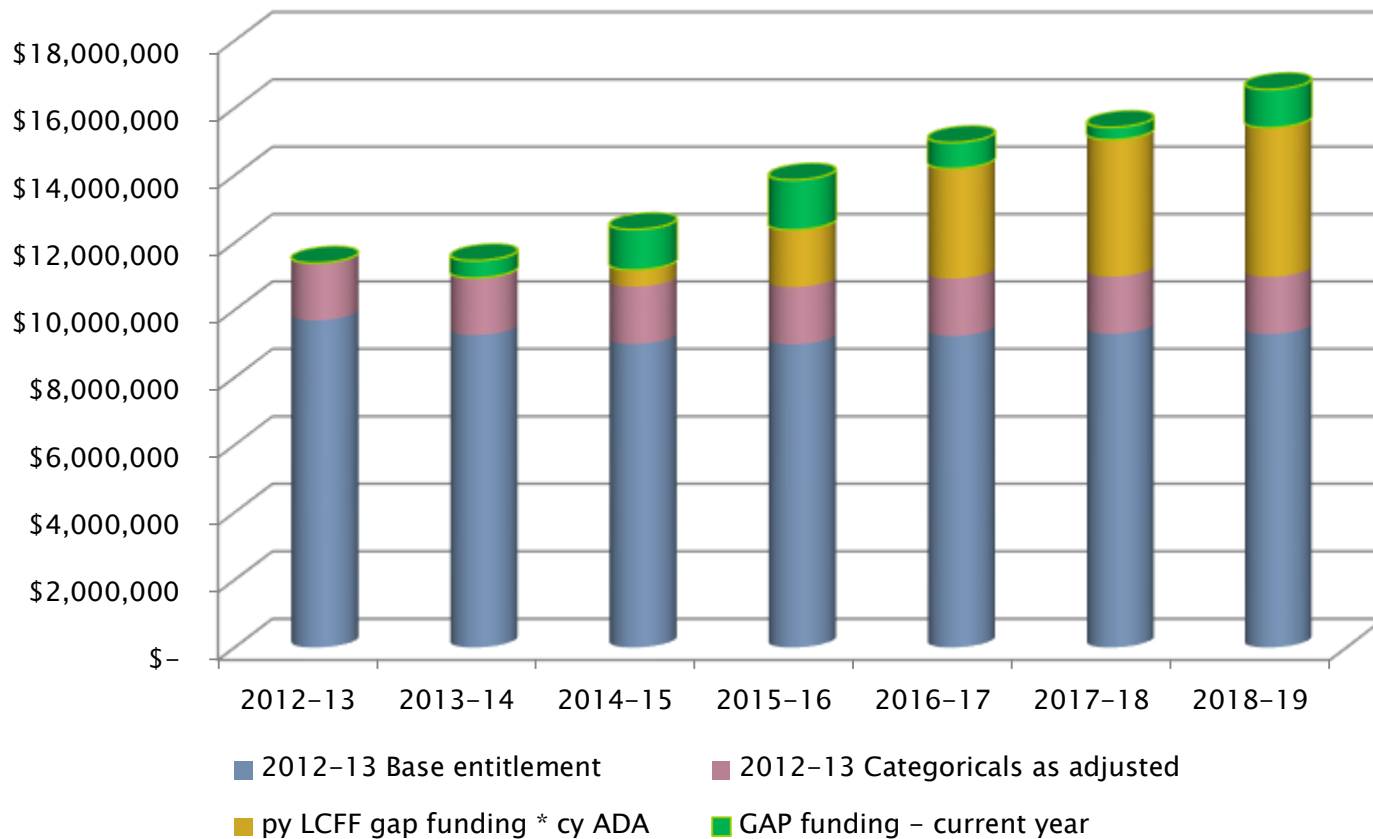
- Equal to 50% of the base grant for those districts where more than 55% of their students are English Language Learners, Free & Reduced priced meal participants, and Foster Youth



# LCFF Entitlement per ADA

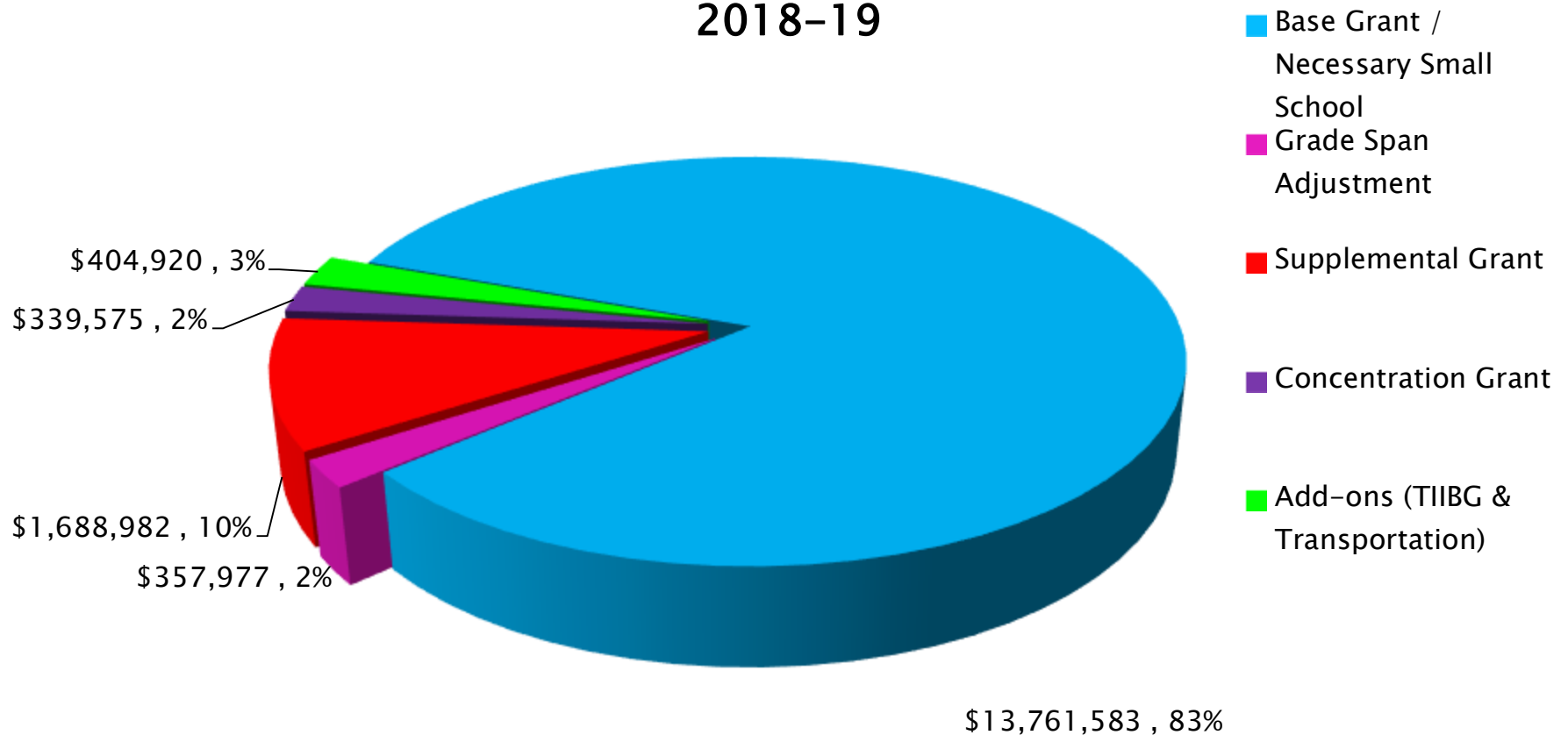


# Local Control Funding Formula

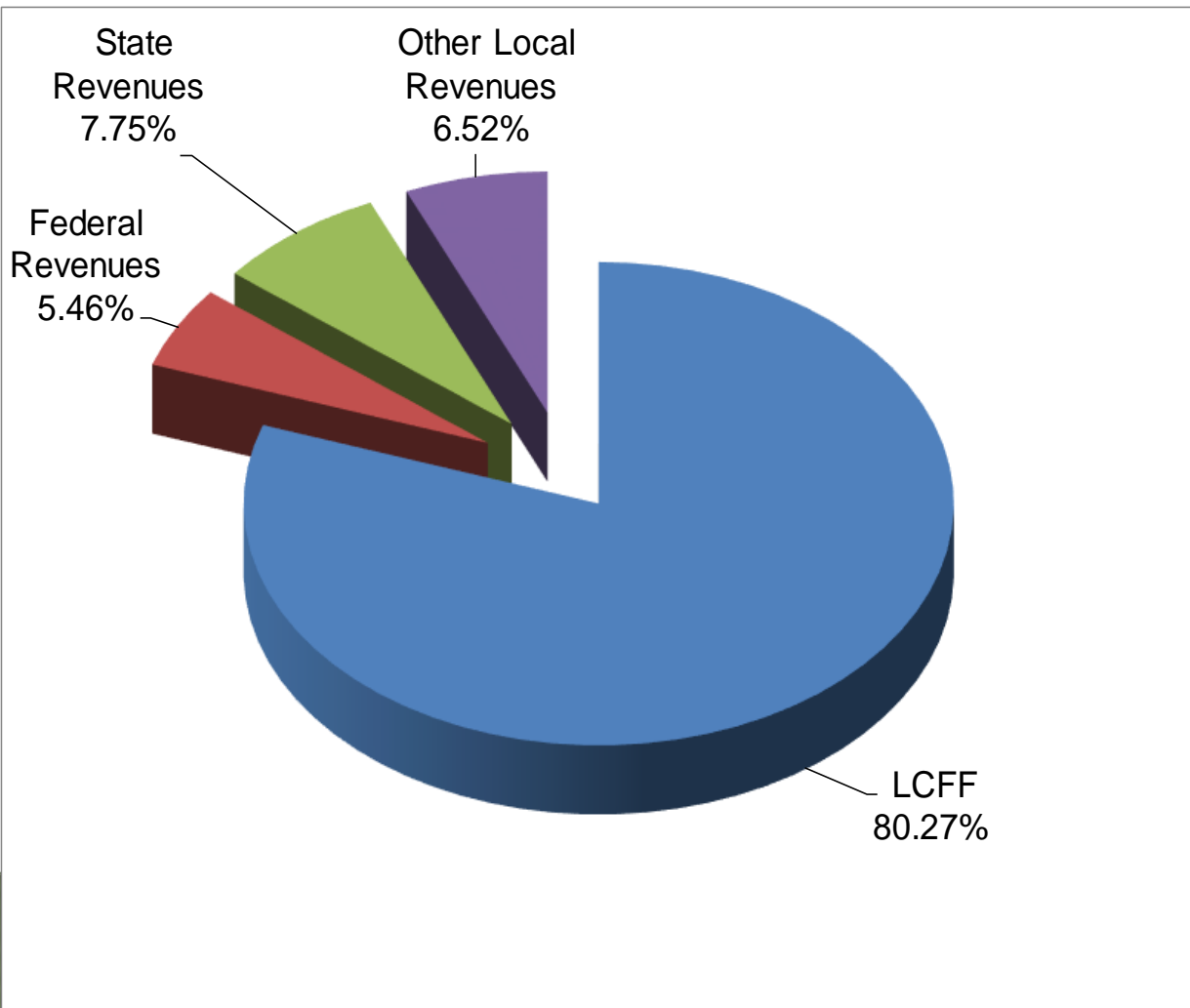


# Local Control Funding Formula

2018-19



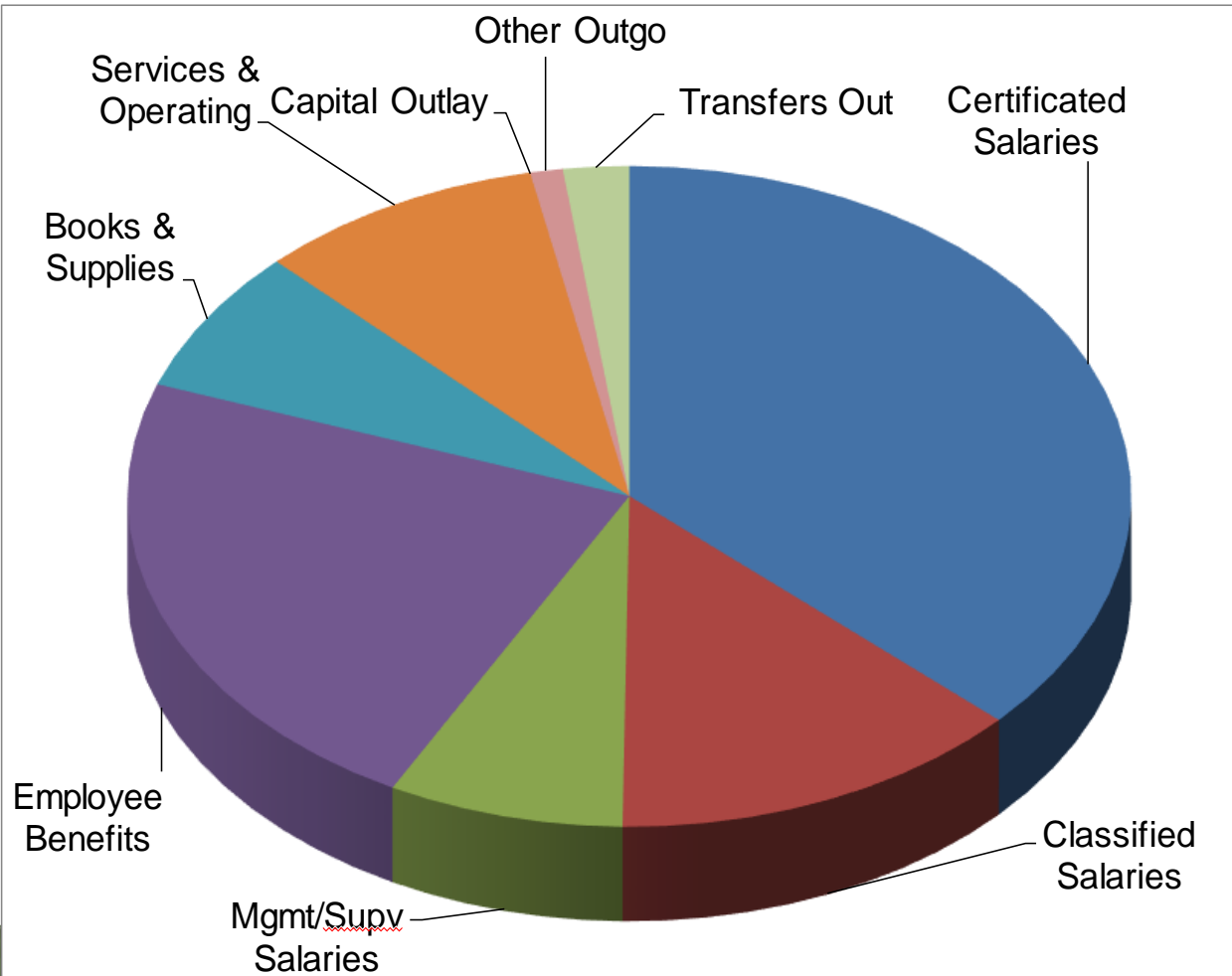
# Total Revenue Summary



## Revenue Categories

LCFF	\$16,453,037
Federal Revenues	\$1,118,493
State Revenues	\$1,589,443
Other Local Rev	<u>\$1,335,988</u>
<b>Total Revenues</b>	<b>\$20,496,961</b>

# Total Expenditure Summary



## Expense Categories

Certificated Salaries	\$7,792,872
Classified Salaries	\$2,828,112
Mgmt/Supv Salaries	\$1,607,118
Employee Benefits	\$4,798,157
Books/Supplies	\$1,495,834
Services/Operating	\$1,955,763
Capital Outlay	\$ 0
Other Outgo	\$ 221,850
Transfers Out	\$ 450,000
<b>Total Expenses</b>	<b>\$21,149,706</b>

# How We Split Up the DOLLAR



# Multi-Year Projection

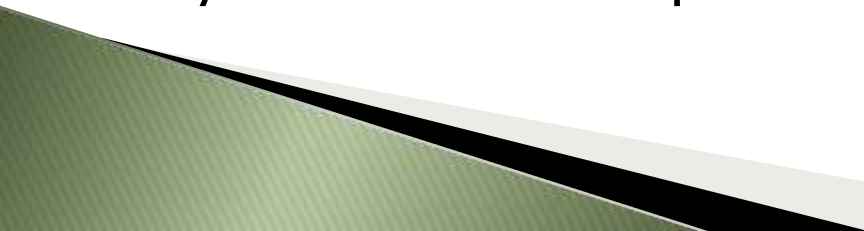
- ▶ Summarizes Revenues and Expenditures
  - Current budget
  - Projects next two years of budgets
- ▶ Requirement per AB 1200 & AB 2756
- ▶ Gives the District a look at what the future holds if all variables remained status quo
- ▶ MYPs are projections, not forecasts
  - Projections are the mathematical result of today's decisions based on a given set of assumptions
  - Forecasts are predictions for the future
  - Projections are expected to change as various factors change – they are not predictions

# Multi-Year Projections (cont'd)

- ▶ LCFF Revenues have decreased \$193k in the current year since budget adoption due to CBEDS enrollment being less than projected
- ▶ LCFF Revenues also decrease in the out years due to projected enrollment adjustments
- ▶ Only Cost of Living Adjustments (COLA) going forward
  - Projected at 2.57% for 2019–20
  - Projected at 2.67% for 2020–21
- ▶ Federal Revenues decrease slightly in the budget year due to a reduction in Title I funding but also increase due to the receipt of Title IV funding and carryover funds from 2017–18
- ▶ Federal Revenues decrease in the out years due to the loss of Title IV funding



# Multi-Year Projections (cont'd)

- ▶ State Revenues decrease in the budget year due to the loss of the one-time discretionary funding
  - ▶ Funds of \$221k being recouped by the State to offset the MAA bill-back from funds received in 2009-10 and 2010-11
  - ▶ State Revenues then decrease in the out years due to the loss of CTE and GRIT funds
  - ▶ Other Local Revenues increased slightly in the budget year due to receipt of E-rate funds
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# Multi-Year Projections (cont'd)

- ▶ Step and Column costs are included in all budget years
- ▶ STRS and PERS rate increases have been included amounting to approximately 4% per year
- ▶ Books/Supplies and Services/Operating budgets due to the loss of funding sources mentioned earlier
- ▶ Other Outgo budgets have been reduced in 2019–20 due to the decrease in LCFF and other funding sources but are replaced in 2020–21
  - These budgets are part of the Program Sustainability and Future Reserve Plan

# CalSTRS Employer Rates

Fiscal Year	Employer Rate	Cost for Year
2014-15	8.88%	\$1,052,349
2015-16	10.73%	\$1,363,374
2016-17	12.58%	\$1,606,365
2017-18	14.43%	\$1,765,984
2018-19	16.28%	\$1,993,311*
2019-20	18.13%	\$2,174,647*
2020-21	19.10%	\$2,282,883*
		* Projected

# CalPERS Employer Rates

Fiscal Year	Employer Rate	Cost for Year
2014-15	11.771%	\$427,606
2015-16	11.847%	\$454,784
2016-17	13.888%	\$535,827
2017-18	15.531%	\$589,565
2018-19	18.062%	\$697,943*
2019-20	20.80%	\$810,018*
2020-21	23.50%	\$923,604*
2021-22	24.60%	
2022-23	25.30%	
2023-24	25.80%	
		*Projected

# Multi-Year Projection

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
Beginning Fund Balance	2,465,176	1,812,431	1,678,598
Revenues	20,496,961	20,845,821	21,840,559
Expenses	21,149,706	20,979,654	21,766,537
Net Increase/(Decrease)	(652,745)	(133,833)	74,022
Projected Ending Fund Balance	1,812,431	1,678,598	1,752,620
Less – Restricted or Assigned	(1,113,992)	(1,048,983)	(1,088,327)
(i.e. – Medi-Cal Billing, GRIT, add'l 5% DEU)			
Designated for Economic Uncertainties (3%)	(634,491)	(629,390)	(652,996)
Undesignated	63,948	225	11,297

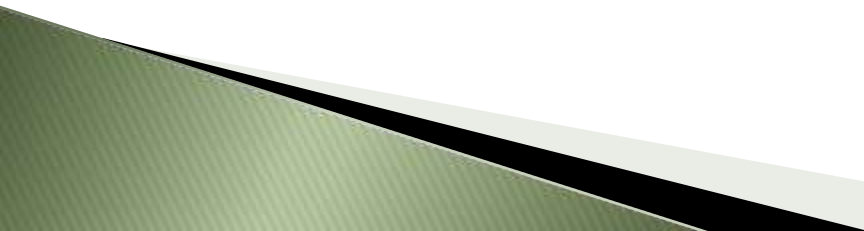
# Multi-Year Projections (cont'd)

- ▶ The Multi-Year Projection shows the District can issue a “Positive” certification for the 2018-19 First Interim report
- ▶ This means the District predicts it will be able to meet its financial obligations for the current and next two fiscal years based on the current assumptions

# Minimum Wage Increases

- ▶ On January 1, 2019 minimum wage will increase from \$11.00 per hour to \$12.00 per hour
- ▶ Each January thereafter it will increase by \$1.00 each year until January 1, 2022 when it will reach \$15 per hour
- ▶ District currently has no employees making less than the required minimum wage
- ▶ Lowest classified job classification range is range 10
- ▶ First step of range 10 starts at \$13.70 per hour
- ▶ District is currently in compliance until January 2021

# Revenues vs Cost

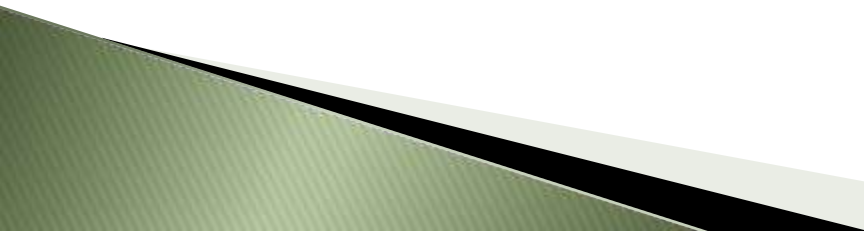
- ▶ Costs continue to rise for Step/Column and STRS/PERS contributions
  - ▶ Minimum wage increases
  - ▶ Ongoing revenues rise by only COLAs – around 2.5%
  - ▶ New revenues will not cover new costs
  - ▶ Bottom line, most districts will have difficulty sustaining commitments made in prior years in the face of lower state revenue projections
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# 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

# Upcoming Budget Events

- ▶ On January 15<sup>th</sup>, School Services of CA will be presenting the Governor's 2019–2020 Budget Proposal to provide insight as to the remainder of this school year and what the future year holds
  - ▶ With Governor Newsom taking office it will be interesting to see his agenda for the coming year
  - ▶ Second Interim report will be based on the District's financial status as of January 31, 2019 and any updates from the workshop
  - ▶ The report will be brought to the Board at the March 2019 meeting
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Questions?