



# Alvord Unified School District

Our Promise: All students will realize their unlimited potential.

## Second Interim Financial Report Fiscal Year 2017-2018

Board of Education Presentation  
March 15, 2018

Presented by Susana Lopez  
Assistant Superintendent, Business Services



# Agenda

- Legal and Timeline Review
- Governor's 2018-19 State Budget Proposal
- Current Year Budget Changes
- Multi-Year Assumptions and Projections
- Certification
- Next Steps



# Second Interim Report

## Interim Report Purpose:

- The Second Interim Report represents the District's second official revision to the Final Adopted Budget and includes actual financial data through January 31, 2018, with revised projections for the remainder of the fiscal year.
- The release of the Governor's State Budget Proposal in January provides the basis for the initial budget development for the upcoming year and is used to update the Multiyear projections.
- Each school district is required to certify its financial condition twice during the fiscal year. This certification addresses the District's ability to meet its financial obligations for the current year and two subsequent years.

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# Financial Reporting Cycle

- ✓ State Budget Adoption . . . . . July
- ✓ 2016-17 Unaudited Actuals . . . . . September
- ✓ 2017-18 First Interim Report . . . . . December
- ✓ Governor's 2018-19 Budget Proposal. . . . . January
- ✓ 2017-18 Second Interim Report . . . . . March
- Alvord USD 2018-19 Budget Adoption. . . . . June

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# Governor's 2018-19 State Budget Proposal Highlights

- Statewide allocation of \$78.3 billion to fully fund the Local Control Funding Formula (LCFF) gap
  - Increase of \$3.8 billion from 2016-17
  - Implementation reached 2 years ahead of schedule
- \$1.8 billion for discretionary one-time uses
  - Approximately \$295 per ADA
  - Alvord – approximately \$5.3 million
- Without negotiations to increase the base grant amounts, future funding increases will be tied to statutory COLA



# Current Year Budget Changes

First Interim	Second Interim
LCFF Funded ADA = 18,442 (Based on prior year)	LCFF Funded ADA = 18,448 (Based on prior year)
COLA = 1.56%	COLA = 1.56%
LCFF Gap % = 43.19%	LCFF Gap % = 44.97%
Unduplicated Pupil % = 81.88%	Unduplicated Pupil % = 81.89%
*Actual Funding is based on a 3 year rolling average = 80.91%	*Actual Funding is based on a 3 year rolling average = 80.91%

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# Current Year Budget Changes Unrestricted General Fund

Description	2017-18 1 <sup>st</sup> Interim	2017-18 2 <sup>nd</sup> Interim - Projected	Variance
Total Revenues	\$192,748,563	\$193,389,366	\$640,803
Total Expenditures	(\$166,266,216)	(\$166,297,629)	(\$31,413)
Excess (Deficiency)	\$26,482,347	\$27,091,737	\$609,390
Other Sources/(Uses)	(\$29,476,842)	(\$30,231,842)	(\$755,000)
Net Increase/(Decrease)	(\$2,994,495)	(\$3,140,105)	(\$145,610)
Beginning Balance, July 1	\$13,771,937	\$13,771,937	\$0
Ending Balance, June 30	\$10,777,442	\$10,631,832	(\$145,610)

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# 2017-18 Second Interim Revenue Assumptions

	2017-18 Projected	2018-19 Projected	2019-20 Projected
Enrollment	18,941	18,847	18,712
Funded ADA	18,448	18,241	18,124
LCFF Funding Gap	44.97%	100.00%	-----
COLA	1.56%	2.51%	2.41%
One-Time Mandate Funds	\$147 per prior yr ADA	\$295 per prior yr ADA	Unknown
Mandated Block Grant (MBG)	\$30.34 per K-8 ADA \$58.25 per 9-12 ADA	\$31.10 per K-8 ADA \$59.71 per 9-12 ADA	\$31.10 per K-8 ADA \$59.71 per 9-12 ADA
Lottery (Unrestricted)	\$146 per prior yr ADA	\$146 per prior yr ADA	\$146 per prior yr ADA

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# 2017-18 Second Interim Expenditure Assumptions

	2017-18 Projected	2018-19 Projected	2019-20 Projected
Certificated Step & Column	1.49%	1.49%	1.49%
Classified Step & Column	3.23%	3.23%	3.23%
STRS	14.43%	16.28%	18.13%
PERS	15.531%	17.70%	20.00%
Utility Increases	5%	2%	2%
Contributions	Special Educ - \$22.54 m Routine Maint - \$6.69 m	Special Educ - \$24.40 m Routine Maint - \$7.03 m	Special Educ - \$24.84 m Routine Maint - \$7.38 m
District Reserve Level	3%	3%	3%

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# Board Approved Budget Reductions

Reduction of Management Positions	\$500K
Reduce contribution to Expanded Learning Programs	\$500K
Reduction of vacation payouts	\$300K
Reduction to Department Budgets of 10%	\$300K
<u>Reduction to School Site Budgets of 5%</u>	<u>\$150K</u>
<b>TOTAL</b>	<b>\$1.75 million</b>



# 2017-18 Budget & Multiyear Projections

## Unrestricted General Fund

Unrestricted	2017-18 Projected	2018-19 Projected	2019-20 Projected
Total Revenues	\$193,389,366	\$206,838,241	\$205,502,738
Total Expenditures	(\$166,297,629)	(\$171,593,933)	(\$176,448,128)
Excess (Deficiency)	\$27,091,737	\$35,244,308	\$29,054,610
Other Sources/(Uses)	(\$30,231,842)	(\$32,433,849)	(\$33,207,082)
Net Increase/(Decrease)	(\$3,140,105)	\$2,810,459	(\$4,152,472)
Beginning Balance, July 1	\$13,771,937	\$10,631,832	\$13,442,291
Ending Balance, June 30	\$10,631,832	\$13,442,291	\$9,289,819

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# 2017-18 Budget & Multiyear Projections Components of Ending Fund Balance

Unrestricted	2017-18 Projected	2018-19 Projected	2019-20 Projected
Ending Fund Balance, June 30	<u>\$10,631,832</u>	<u>\$13,442,291</u>	<u>\$9,289,819</u>
Minus: Revolving Cash	\$15,000	\$15,000	\$15,000
Minus: Minimum State Required District Reserve Level of 3%	\$7,010,752	\$7,094,625	\$7,218,182
Minus: MAA Acct & Donations Carryover	\$712,883	\$310,000	\$310,000
Reserve (Shortfall) / Surplus	\$2,893,197	\$6,022,666	\$1,746,637

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# Certification Definition

**Positive** = A school district that, based on current projections, will be able to meet its financial obligations for the current fiscal year and subsequent two fiscal years

**Qualified** = A school district that, based on current projections, may not meet its financial obligations for the current fiscal year or two subsequent fiscal years

**Negative** = A school district that, based on current projections, will be unable to meet its financial obligations for the current fiscal year or for the subsequent fiscal year



# Second Interim Report Recommendation

Staff recommends a Positive Certification of the  
Second Interim Report

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# Next Steps

May 2018	Release of 2018-19 Governor's Budget May Revision
June 2018	Public Hearing 2018-19 LCAP and Adopted Budget
June 2018	Board Action on 2018-19 LCAP and Adopted Budget

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# Questions?

