



2017-18 First Interim Financial Report

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Chief Business Official

December 13, 2017

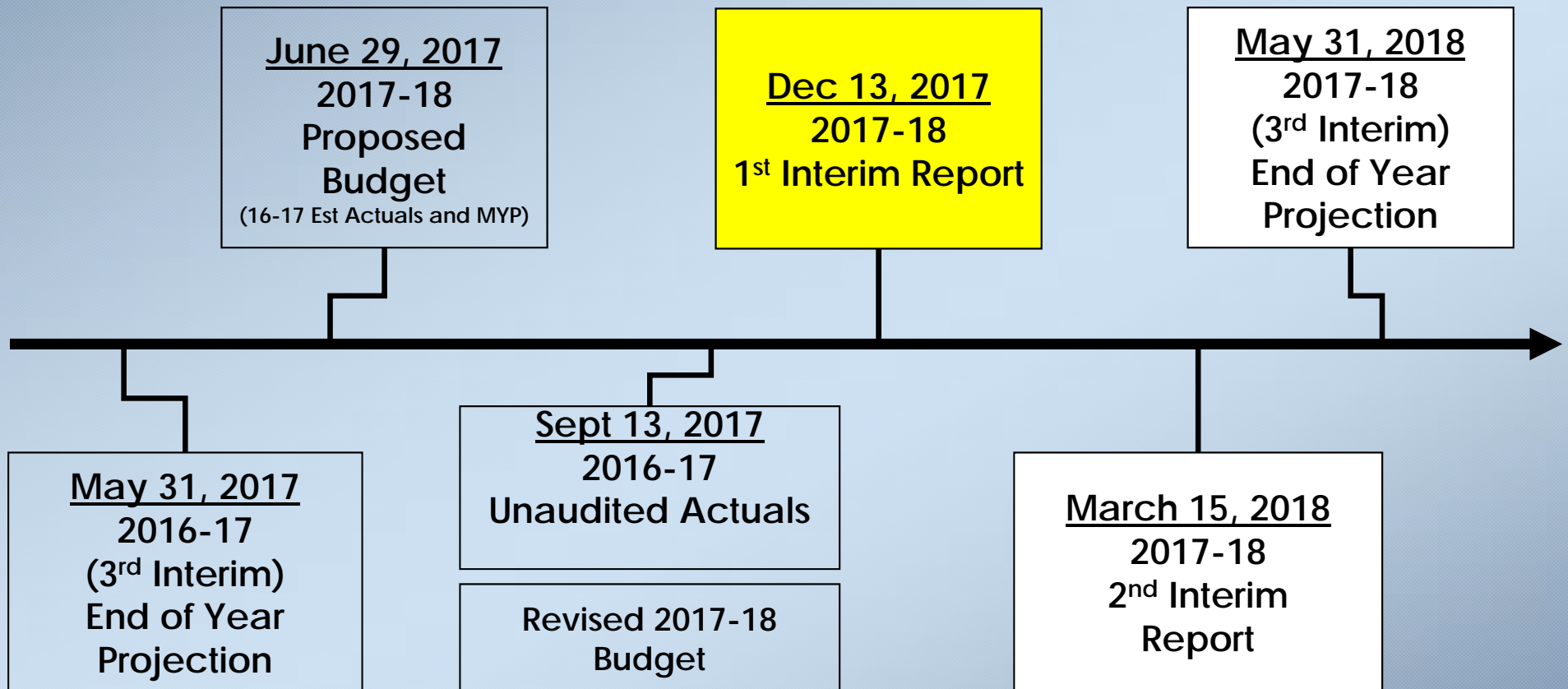
Agenda/Topics to Be Covered

- Purpose
- Timeline of major financial reports
- Fiscal Stabilization
- Enrollment & Local Control Funding Formula
- STRS/PERS and Employee Health Benefits
- Special Education
- Deficit Spending and Multi-Year Projection
- Certification & Next Steps
- Concluding Remarks

Purpose

- Education Code Section 42131 requires that school districts submit to their County Office of Education (LACOE) a First Interim Financial Report no later to December 15th
- The First Interim Report reflects changes to the budget, revised assumptions, and projections occurring since the Budget Adoption
- Provides updated financial information to the Board, State Administrator, oversight agencies, and stakeholders
- Provides actuals for July 1 2017 through October 31 2017 for comparison to budget

Timeline of major financial reports



Fiscal Stabilization

- How did we get here?

Deficit Spending	2016-17 Adopted Budget	2016-17 1st Interim	2016-17 2nd Interim	2016-17 3rd Interim	2017-18 Revised Budget*
2016-17	\$ (1,196,726)	\$ (1,233,848)	\$ (2,409,104)	\$ (524,197)	\$ (4,374,291)**
2017-18	\$ (602,907)	\$ (1,557,397)	\$ (4,752,820)	\$ (1,442,267)	\$ (8,143,483)
2018-19	\$ (448,339)	\$ (1,550,571)	\$ 160,102	\$ (4,231,114)	\$ (9,058,000)
2019-20	N/A	N/A	N/A	N/A	\$ (15,603,000)

over \$21 million over 3 years

** Deficit before forgoing WC contribution

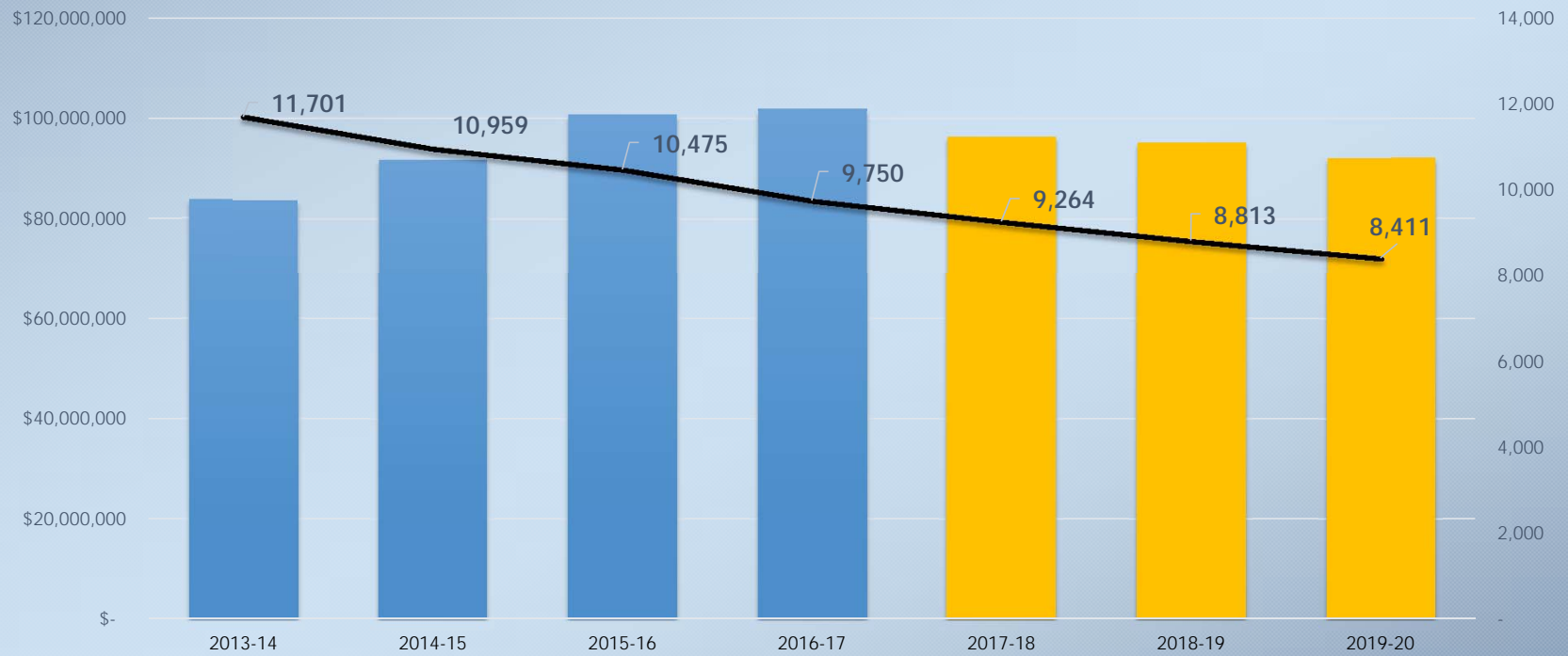
Fiscal Stabilization

- Reduced district-office, department budgets by 20%
 - Including personnel, contracts, and other
- Reduced and capped management medical benefits as follows:
 - \$7,000 Employee
 - \$8,200 Employee + 1 Dependent
 - \$9,400 Employee + 2 Dependents or More
- Proposed similar reductions and caps on benefits to ITA & CalPro
- Reduced Management & Classified Positions, including:
 - Director of Human Resources
 - Director of Compliance & Internal Audit
 - Director of Assessment
 - Various Classified positions

Enrollment



Local Control Funding



STRS & PERS Costs

STRS	2017-18	2018-19	2019-20	2020-21
STRS Employer Rate	14.43%	16.28%	18.13%	19.10%
Employer Cost	\$6,374,784	\$6,993,449	\$7,628,616	\$8,036,765
Increase in Employer Costs		\$618,665	\$635,167	\$408,149

PERS	2017-18	2018-19	2019-20	2020-21
PERS Employer Rate	15.53%	18.10%	20.80%	23.80%
Employer Cost	\$2,675,507	\$3,074,458	\$3,533,078	\$4,042,657
Increase in Employer Costs		\$398,951	\$458,620	\$509,579

- By 2020-21, STRS & PERS (combined) will represent 8-10% of IUSD's Budget

Employee Health Benefits

- District's maximum contribution to Health Benefits (employee plus family coverage)

Maximum Annual Contributions to Health Benefits	Medical	Dental	Vision	Total Medical, Dental, and Vision
Certificated (July 1 - Dec 31, 2017)	\$19,054.10	\$1,759.00	\$382.80	\$21,195.90
Classified (July 1 - Dec 31, 2017)	\$19,054.10	\$1,759.00	\$382.80	\$21,195.90
Management (July 1 - Dec 31, 2017)	\$9,400.00	\$1,759.00	\$382.80	\$11,541.80

Special Education

Special Education (excluding transportation)	2015-16 Unaudited Actual	2016-17 Unaudited Actual	2017-18 First Interim Budget
Expenditures (all resources)	\$27,984,776	\$30,275,826	\$30,967,296
+Increase / -(Decrease)		+\$2,291,050	+\$691,470

- Of the \$31 million budgeted in Special Education Costs, approximately \$24.2 million is funded from the district's General Fund
- Bringing back programs from LACOE and Non-Public Schools is key to controlling costs
 - **January 2018, IUSD is hiring 9 teachers from Spectrum NPS to operate SDC classes for IUSD**
- Operating programs at IUSD Schools

Deficit Spending and Multi-Year Projections

Unrestricted General Fund	2017-18 First Interim	2018-19 MYP	2019-20 MYP
Revenues & Contributions	\$70,533,511	\$69,151,541	\$63,378,727
Expenditures & Uses	\$77,912,474	\$75,866,463	\$75,456,508
Annual Deficit	\$(7,378,963)	\$(6,714,922)	\$(12,280,517)
Forgo WC Contribution			
2018-19 Ongoing Reductions		+\$7,870,000	+\$7,870,000
2019-20 Ongoing Reductions			+\$5,500,000
Change in Fund Balance	\$(7,378,963)	\$1,155,078	\$1,292,219

Improving Budget and Projections

Deficit Spending Financial Reports FY 2016-17	2017-18 Adopted Budget	2017-18 First Interim Report	Change
2017-18	\$ (8,143,483)	\$ (7,378,963)	\$ +764,520
2018-19	\$ (9,058,000)	\$ (7,870,000)	\$ +1,188,000
2019-20	\$ (15,603,000)	\$ (13,370,000)	\$ +2,233,000

- Conservative projections and accurate information
- Transparent to our Board, stakeholders, and oversight agencies
- Continuously re-assessing and making incremental progress

2017-18 First Interim Certification

- Options
 - Positive:
 - Qualified:
 - Negative:
- Recommendation:
 - Negative:
 - There remains a lot of uncertainty regarding negotiations, cost containment efforts, enrollment, and facilities

Concluding Remarks

- Fiscal Recovery
 - Incremental improvement to budget at each future reporting period
 - Refocus efforts on “Space Consolidation”
 - Removing unused portables (Monroe, Bennett-Kew, Oak, Worthington, DO, etc)
 - Utilizing permanent buildings and classrooms for programs (Special Education)
 - Transition from managing fiscal crisis to strategic planning
 - Budget Advisory Committee and Future Board Presentations
 - FCMAT and Financial Management

Question from the Board?

Special thanks to:

LACOE – Dr. Candi Clark

Christine Dacanay, Director of Fiscal Services

Staff of Business Services