



Pacifica School District

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Preparing Students for an Evolving World

www.pacificasd.org

MEMORANDUM

Administrative Services

Agenda Item:

Meeting of

09/13/17

TO: Wendy S. Tukloff, Ed.D., Superintendent
For Board of Trustees

FROM: Josephine Peterson, Chief Business Official

SUBJECT: **Approval of Unaudited Actuals for Fiscal Year 2016-2017**

RECOMMENDATION:

It is recommended that the Board approve the preliminary financial statements for the 2016-2017 fiscal year, and authorize the Superintendent to file the statements with the San Mateo County Office of Education.

Rationale:

In accordance with the provisions of AB 1200, Education Code §42100, the Governing Board of each school district must approve an annual statement of all receipts and expenditures of the District for the preceding year.

After approval of the financial statements by the Board of Trustees, the statements are forwarded to the San Mateo County Office of Education, which reviews them for mathematical accuracy and compliance with technical provisions of the Code Sections and then transmits them to the Superintendent of Public Instruction. A copy will also be forwarded to the District's auditors in preparation for the audit.

Financial Implications:

This agenda item pertains to the Board of Trustees approving the Unaudited Revenues and Expenditures Statements for the District's funds for the 2016-2017 Fiscal Year. At the June 14, 2017 Board meeting, the Board adopted the budget for the 2016-17 fiscal year based on the Governor's May Revision to the State Budget. This document included estimated revenues and expenditures and fund balances for the 2016-2017 fiscal year. The item presented tonight reflects the actual revenues and expenditures for 2016-2017.

Following is a breakdown of the District's ending fund balance as of 2016-2017:

		<u>Ending Fund Balances</u>				
		<u>Unrestricted</u>	<u>Restricted</u>			
1	Revolving Account	\$ 7,500				
2	Reserve for Economic Uncertainty	\$ 1,183,315				
3	School SPSA funds carryover	\$ 97,357				
4	School Supply funds carryover	\$ 58,155				
5	Unallocated Reserve	\$ 783,133				
6	Parcel tax carryover		\$ 6,107			
7	SR/IBL MAA/Other carryover		\$ 165,459			
8	CA Energy Prop 39 carryover		\$ 214,470			
9	Educator Effectiveness		\$ 91,543			
10	Ongoing & Major Maintenance RMA		\$ 85,082			
11	Lottery - Instructional Materials		\$ 185,436			
		\$ 2,129,460	\$ 748,097			

The unaudited actuals general fund balance is higher than what was projected in the estimated actuals in June mainly due to higher lottery revenues and unexpended funds which will be carried over to 2017-2018.

Deficit Spending

Projections for 2017-2018 through 2019-2010 reflect deficit spending due to:

- State COLA for 2017-2018 (1.56%) and 2018-2019 (2.15%) will not cover the increases in salary step & column, STRS and PERS contributions and normal increases in operations.
- Declining enrollment
 - 2016-2017 = decrease of 56 students
 - 2017-2018 = decrease of over 20 students

Cash Flow

The District's cash flow projections for 2017-2018 and 2018-2019 reflect several months of negative cash flow due to the timing of property tax receipts. The District borrowed \$5 Million which needs to be paid back in April 2018. As the reserve balance decreases over the next two years, the District needs to closely monitor spending and ensure sufficient cash to cover monthly payroll and other expenses.

New Financial Reporting Requirements for Pensions

The financials now include the recognition of state contributions to STRS. GASB (Government Accounting Standards Board) statement 68 introduces new requirements for accrual-basis recognition of pension obligations. In the past, only contributions made by the District were recognized. Under new standards, the District now records the pension contributions made by the state in the year end financials. There is no net impact to the ending fund balance, as both the revenue and expenditure is reflected.