

## MODESTO CITY SCHOOLS

TO: Dr. Sara Noguchi, Superintendent

Regular Meeting

SUBJECT: Approval of Unaudited Financial  
Statements for 2017/18

September 10, 2018

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### BACKGROUND

Education Code Section 42100 requires that the governing board of the school district approve an annual statement of all receipts and expenditures of the District for the preceding fiscal year, by September 15<sup>th</sup>. The reports are to be prepared on forms prescribed by the Superintendent of Public Instruction and submitted to the County Superintendent of Schools for review by the California Department of Education.

### ISSUE

The Board of Education must approve the unaudited financial reports.

### PROPOSAL

All required financial reports are completed for the 2017/18 unaudited financial statements.

The unrestricted estimated actuals for 2017/18 projected a net decrease to fund balance of \$11.4 million for a total of \$62.9 million. The unrestricted unaudited actuals for 2017/18 reflect a net decrease of \$5.6 million to fund balance for a total of \$68.8 million. The unrestricted ending balance change from the estimated actual projection in May for budget adoption, of \$5.8 million, was primarily a result of the following factors:

### REVENUE FACTORS (in millions):

#### Local Control Funding Formula (LCFF)

Due to Governor's Revised Gap Funding Percentage and ADA Adjustment based on 2017/18 P2	<\$1.0>
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#### Other State Revenue

Unrestricted Lottery	\$0.5
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#### Other Local Revenue

Rebates – Utility and Visa card company	\$0.1
Interest Income	\$0.3
Excess State Teachers Retirement System (STRS)	\$0.2
Student AP Testing Fees	\$0.2
Investments	<\$0.2>
Misc. Local Revenue	\$0.2

<b>Total increase in Revenue</b>	<b>\$0.3</b>
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## Approval of Unaudited Financial Statements for 2017/18

EXPENDITURE FACTORS (in millions):

Additional savings in salaries and benefits	\$1.4
Additional savings in capital outlay	\$0.3
Additional savings in County Transfer to Community Day School	\$1.9
Emergency Facility Transfer not needed	\$0.3
Recording of Capital Lease Agreement	<\$2.8>
Increase in Indirect Transfers	\$0.2
<b>Total change in expenditures</b>	<b>\$1.3</b>

TRANSFERS IN and CONTRIBUTION FACTORS (in millions):

Recording of Capital Lease Proceeds	\$2.8
Reduction in Special Education Contribution	\$1.4
<b>Total savings in transfers in and decreased need of contributions</b>	<b>\$4.2</b>
<b>Total improvement over Estimated Actuals</b>	<b>\$5.8</b>

The restricted ending balance decreased by \$6.2 million over the previous year due planned to the spending of one time carryover and deferred revenue.

2018/19 BUDGET CHANGES SINCE ADOPTION:Revenue Changes:

- Local Control Funding Formula (LCFF) Adjustments \$2.1M
  - Elementary \$1.1M
  - High School \$1.0M
- One Time Mandate Revenue reduction <\$4.8M>
- Curriculum Reserve Transfer In \$675K

Expenditure Changes:

- Reduced Charter In Lieu transfer \$0.5M
- Onetime carryover \$0.5M
- Additional Service Contracts & Equipment Lease \$190K  
(Key Analytics, Transfinder, Zonar and OpenGov)
- Superintendent Contract Increase \$70K
- Curriculum Adoptions \$675K

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Approval of Unaudited Financial Statements for 2017/18

The District's financial report is designed to provide the Board of Education with a general overview of the District's finances, as well as illustrate in detail the money received and expended. During the Fall of 2018, the District's external auditors will audit the records contained in this packet, and will render an opinion no later than December 15, 2018.

A copy of the complete financial report is available for review in the office of the Associate Superintendent, Business Services.

FISCAL IMPACT

All funds of the District have positive ending balances as of June 30, 2018.

RECOMMENDATION


It is recommended that the Board of Education approve the unaudited financial statements for 2017/18.

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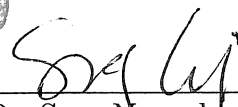
Originating Department: Accounting and Financial Services

Reviewed and Recommended by:

Approved for Recommendation  
to the Governing Board by:

  
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Tim Zearley  
Associate Superintendent, Business Services  
Chief Business Official

**APPROVED**

  
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Dr. Sara Noguchi  
Superintendent