

IRVINE UNIFIED SCHOOL DISTRICT

Finance Committee

January 26, 2015

Call to Order: The meeting of the Finance Committee was called to order by Brian Daucher

Roll Call: Roll Call was conducted via sign-in sheet

Members Present: Andy Coleman, Brian Daucher, Cyril Yu, ~~Jon~~ Grenier, Leslie Roach, Madeline Clyde, Scott Hansen, Seth Grossman and Sherry Slunka

Members Absent: Alan Battenfield and Denise Espinosa

IUSD Staff: John Fogarty, Asst. Supt., Business Services, Susana Lopez, Fiscal Director and Raianna Chavez, Confidential Secretary

Guests: Janelle Cranch

Next Meeting Date: March 23, 2015

Finance Committee Business

1. Call to Order; Roll Call;

x Brian Daucher called the meeting to order at 6:31p.m.

2. Introductions

x

- x In reviewing the Reconciliation of Annual Financial and Budget Report with Audited Financial Statements, VTD found no audit adjustments, were able to validate all numbers to the Accounts Payable, Accounts Receivable and Bank Statement reconciliations.
- x Financial Statement Findings: VTD found no material findings, in contrast the District implemented procedures and training to resolve findings from the prior year, having to do with the Associated Student Body (ASBs).
 - ¾ Brian Daucher asked if the audit included student attendance. Rick confirmed the audit includes a look at student attendance through a risk assessment analysis, whereby the percentages of absences is compared to years. Additionally, the auditors will review a school's bell schedule to make sure it is in compliance with the minimum minutes students must attend school.

6. First Interim Presentation, by John Fogarty

- x John Fogarty, Assistant Superintendent presented the First Interim Report as was presented to the IUSD Board on December 9, 2014.
- x John explained the financial reporting cycle, specifying that the First Interim takes a look at actual financials from July 1 to October 31 and projects outward, while anticipating the fluctuation in ADA.
- x The First Interim Report represents the District's official revision to the Final Adopted Budget.
 - ¾ Staff looks at the budget continuously, but the First Interim is the first time the updated budget is displayed to the public.
- x John reported that the Legislative Analyst's Office (LAO), which is a non-partisan body who provides data to legislators, for the first time has provided three potential scenarios recognizing the volatility of California's economy and heavy reliance on income taxes.
- x LAO's forecast scenarios:
 - ¾ Main Scenario: which is the focus and what IUSD is basing its assumptions on, presumes continued moderate economic growth through 2020, with budget surpluses and growing budget reserves.
 - ¾ Slowdown Scenario: which take a look at a significant stock market correction and slowdown of economic growth, with budget surpluses and reserves disappearing.
 - ¾ Temporary Revenue Surge Scenario: which take a look at a downward pressure on future budget surpluses and reserves due to a spike in capital gains in 2014-15.
- x Under the LAO's Main Scenario, state revenues are projected to grow through 2019-20 resulting in a steady increase in Prop 98 funding. For 2015-16 state revenues are projected to exceed the budgeted revenues resulting in an increase of approximately \$2.3 billion in the Prop 98 guarantee.
 - ¾ With that increased revenue, the Governor is likely to eliminate the remaining K-14 apportionment deferrals, of approximately \$1 billion; provide additional funding for unpaid mandates; fund the outstanding obligations of the Emergency Repair Program (ERP); and/or provide additional funding to support Common Core.
- x John continued that prior to the implementation of the Local Control Funding Formula (LCFF), districts forecasted revenues primarily based on the Cost of Living Adjustments (COLAs). However, with the Governor's emphasis on fully funding the LCFF by 2020-21, districts are having to rely on projections from the Department of Finance (DOF) for the "gap" funding levels. Within the last eleven months, the DOF projections have varied widely resulting in a shift of approximately \$8 million for 2015-16.
- x LCFF consists of a Base Grant, a Supplemental Grant, a Concentration Grant, a Class Size Reduction (CSR) Augmentation, a CTE Augmentation and a TIIG and Transportation Add-on. With the funding varying by grade bands of: K-3, 4-6, 7-8, 9-12.
- x Multi-year assumptions and projections were reviewed, noting staff built the budget using conservative percentages.

