

Eastmont School District No. 206 Credit Rating Presentation to: Moody's Investors Service



Introductions

PARTICIPANTS

Dr. Garn Christensen	Superintendent
Cindy Ulrich	Executive Director of Financial Services
Ryan Swanson	Piper Jaffray & Co.
Steven Goodman-Leibof	Moody's Investors Service
William Oh	Moody's Investors Service



CONFERENCE CALL INFORMATION

- ❖ Time and Date: 12:00PM, Monday, April 15, 2019
- ❖ Dial-in Number: 1 (888) 212-4616
- ❖ Conference Code: 336-449-4129#



Overview



AGENDA

- ❖ District Personnel and Board
- ❖ Use of Bond Proceeds
- ❖ Overview of the District
- ❖ Economy, Tax Base and Enrollment
- ❖ Financial Operations
- ❖ Conclusion and Appendices



CREDIT STRENGTHS

- ❖ Extremely strong debt ratios
- ❖ A growing tax base
- ❖ Fund balance in the General Fund well positions the District for future operations

FINANCING SCHEDULE

- ❖ Rating requested by: April 24th
- ❖ Pricing date: May 2nd
- ❖ Closing date: May 23rd



District Personnel

Dr. Garn Christensen | Superintendent

- ❖ Dr. Christensen is in his 21st year as a superintendent and 12th year as Superintendent of Eastmont School District. He has a PhD in Education Administration. He is also in his 5th year as adjunct professor for the Washington State University's Superintendent Certification Program and supervises all of their interns in Central Washington.

Cindy Ulrich, C.P.A. | Executive Director of Financial Services

- ❖ Ms. Ulrich has spent 27 years working in the governmental accounting field. She has been employed at the District in this position since September 2004. Prior to this position she was the Assistant Finance Director at the City of Wenatchee for 9 years. She is a licensed Certified Public Accountant in Washington State. She also is recognized as a Certified School Business Administrator (CSBA) by the Washington Association of School Business Officials (WASBO) and a Certified Administrator of School Finance and Operations (SFO) by the Association of School Business Officials International (ASBO).

Other Administration

- ❖ The District provides a strong internal program for training future leaders and continues to have less than 5% turnover in all leadership positions.



District Board

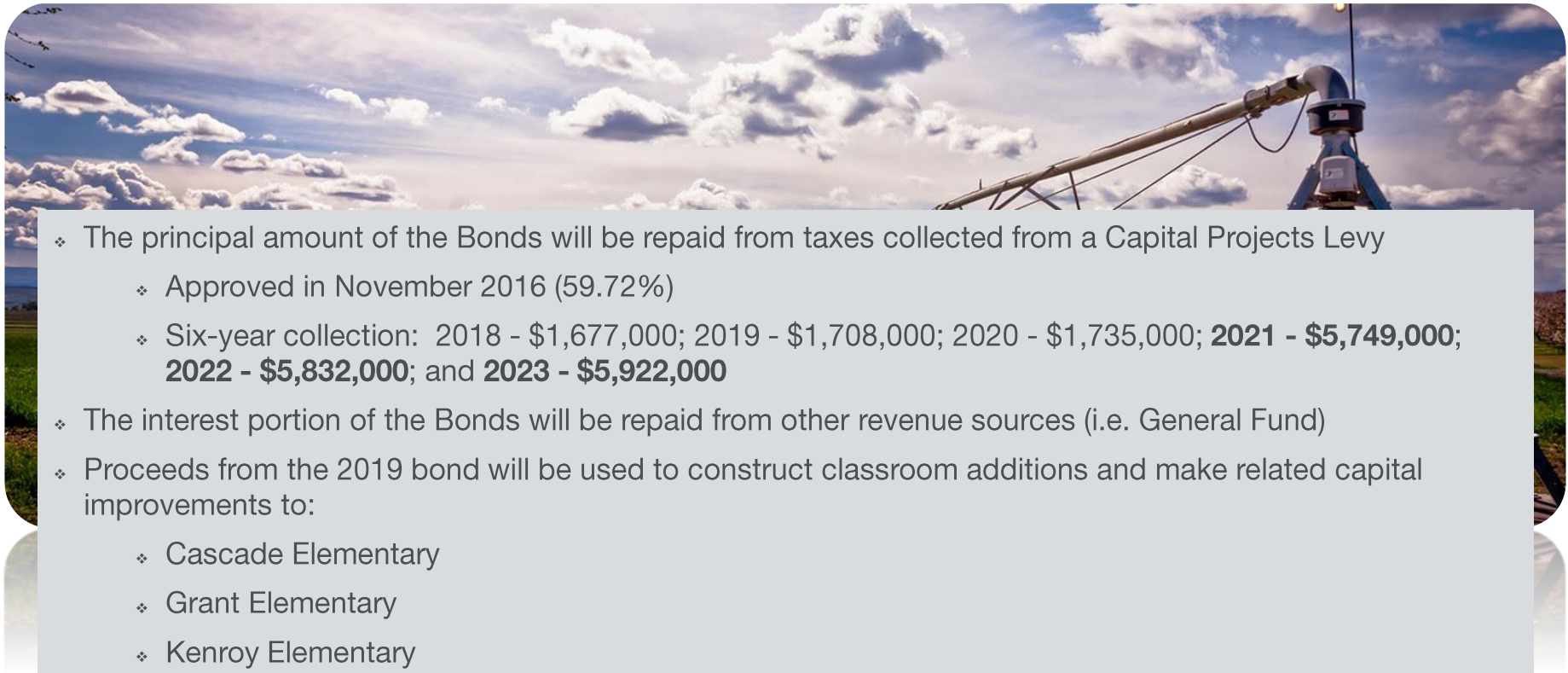


Name	Steve Piccirillo	Dave Piepel	Annette Eggers	Chris Gibbs	Cindy Wright
Position	President	Vice President	Member	Member	Member
Date Began	2011	2017	2005	2005	2007
Term Expiration	2019	2021	2021	2019	2019



Use of Bond Proceeds

THE ISSUANCE PLAN

- 
- ❖ The principal amount of the Bonds will be repaid from taxes collected from a Capital Projects Levy
 - ❖ Approved in November 2016 (59.72%)
 - ❖ Six-year collection: 2018 - \$1,677,000; 2019 - \$1,708,000; 2020 - \$1,735,000; **2021 - \$5,749,000;**
2022 - \$5,832,000; and **2023 - \$5,922,000**
 - ❖ The interest portion of the Bonds will be repaid from other revenue sources (i.e. General Fund)
 - ❖ Proceeds from the 2019 bond will be used to construct classroom additions and make related capital improvements to:
 - ❖ Cascade Elementary
 - ❖ Grant Elementary
 - ❖ Kenroy Elementary
 - ❖ Lee Elementary
 - ❖ Rock Island Elementary
-

Overview of the District

The District is located in Douglas County, has an estimated population of 32,729, and encompasses approximately 137-square miles.



NUMBER OF SCHOOLS

- ❖ 1 high school | grades 10-12
- ❖ 1 junior high school | grades 8-9
- ❖ 2 intermediate schools | Sterling School grades 1-7 and Clovis Point School grades 5-7
- ❖ 5 elementary schools | grades K-4



Overview of the District | District Employees

EMPLOYEE RELATIONS

- ❖ The District employs 853 people, which includes 408 certificated and 445 classified staff members
The District believes relations with all bargaining groups are positive and collaborative. There have been no grievances in the past two years

Bargaining Group	# Employees	Contract Expires
Eastmont Education Association	408	August 31, 2020
Eastmont Paraeducator Association	190	August 31, 2021
Eastmont Secretaries' Association	35	August 31, 2021
Public School Employees of Eastmont	79	August 31, 2020
Eastmont Supplemental Employment Contract Association	60	August 31, 2019 ⁽¹⁾
The Eastmont Administrators Association	33	June 30, 2021

(1) Negotiations set to begin in Summer 2019.



Overview of the District | Pension and OPEB Costs

AS EXPLAINED IN THE DISTRICT'S FY2016-2017 NOTES TO THE FINANCIAL STATEMENT:

- ❖ The state, through the Health Care Authority (HCA), administers an agent multi-employer other post-employment benefit plan. The Public Employees Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage, including establishment of eligibility criteria for both active and retired employees. Programs include medical, dental, life insurance and long-term disability insurance.
- ❖ Employers participating in the plan include the state of Washington (which includes general government agencies and higher education institutions), 60 of the state's K-12 school districts and educational service districts (ESDs), and 221 political subdivisions and tribal governments. Additionally, the PEBB plan is available to the retirees of the remaining 237 K-12 school districts and ESDs. The District's retirees are eligible to participate in the PEBB plan under this arrangement.
- ❖ The District has no control over the benefits offered to retirees, the rates charged to retirees, nor the fee paid to the Health Care Authority. The District does not determine its annual required contribution nor the net other post-employment benefit obligation associated with this plan. Accordingly, these amounts are not shown on the financial statements.

Net Pension Liability (As of Aug. 31, 2018)

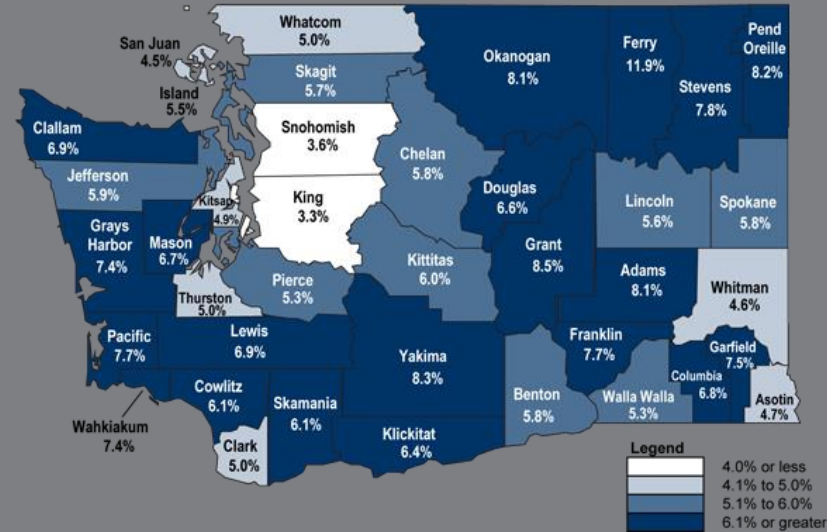
TRS 1	\$13,703,560
PERS 1	\$ 3,191,755
TRS 2/3	\$ 2,118,350
SERS 2/3	\$ 1,267,607



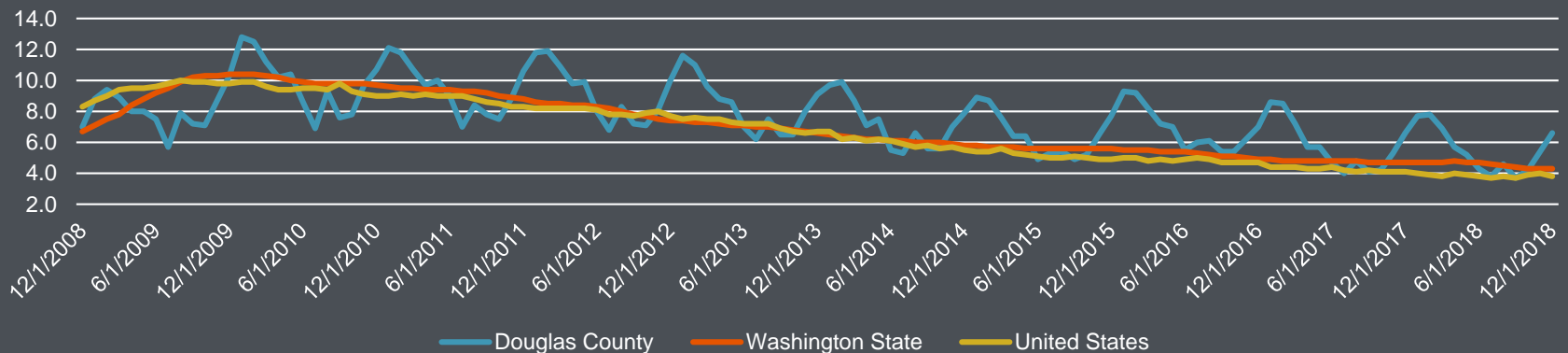
Local Economy

- ❖ Douglas County is located in central Washington state in the Columbia Basin
- ❖ The Wenatchee Metropolitan Statistical Area (MSA), which includes both Chelan and Douglas counties, depends heavily upon agriculture as well as seasonal employment in retail, leisure and hospitality
- ❖ Agriculture in Douglas County is a pillar of the economy with 25.6 percent of total covered employment (in 2017) in that industry, followed by local government, with 14.5 percent of covered employment. Food manufacturing/processing, warehousing and shipping that revolve around agriculture also define much of the industry makeup in Douglas County.
- ❖ A regional retail hub is found in East Wenatchee, which features North Central Washington's largest shopping mall

December 2018
County unemployment rates, not seasonally adjusted



Douglas County Unemployment Rate (2008-2018)



Local Economy | Tax Base

THE 2019 MAJOR TAXPAYERS

Taxpayer	Type of Business	2019 Collection Year AV	% of District's Total AV
T-Mobile USA Inc.	Data center network	\$ 495,841,937	10.97%
Intergate.Columbia I, LLC	Data center network	211,191,200	4.67%
Costco Wholesale Corp.	Retail	78,003,735	1.72%
VMWARE, Inc.	Data center network	64,454,448	1.43%
McDougall & Sons Inc.	Fruit packaging	59,338,697	1.31%
Northern Fruit Co. Inc.	Cold storage	23,587,053	0.52%
Wenatchee Realty, Inc.	Retail Mall	22,189,500	0.49%
MWSH East Wenatchee LLC	Apartment complex	20,824,000	0.46%
Blackrock Institutional Trust Co.	Data center network	16,631,293	0.37%
Waste Management Of Washington Inc.	Landfill	15,009,333	0.33%
Subtotal – District's Ten Largest Taxpayers		\$ 1,007,071,163	22.27%
All Other District Taxpayers		3,514,990,453	77.73%
Total District Taxpayers		\$ 4,522,061,616	100.00%



Local Economy | Major Employers

2019 MAJOR EMPLOYERS (CHELAN AND DOUGLAS COUNTIES)

Employer	Type of Business	Number of Employees
Confluence Health	Healthcare	4,117
Stemilt Growers, LLC.	Agriculture	3,507
Blue Bird	Agriculture	1,309
Chelan Fruit Co-Op	Agriculture	1,200
Goodfellow Bros	Contractor	1,102
Wenatchee School District	Education	1,093
McDougall & Sons	Agriculture	1,018
Eastmont School District	Education	853
Chelan County PUD No. 1	Utilities	800
Columbia Fruit Packers	Agriculture	697
Wal-Mart	Retail	635
Custom Orchards Inc	Agriculture	589
Chelan County	Government	574
Crunch Pak	Agriculture	550
Kyle Matheson Orchards	Agriculture	500
Orondo Fruit	Agriculture	500
Pacific Aerospace & Electronics	Manufacturing	494
Custom Apple Pickers	Agriculture	453
Wenatchee Valley Colleges	Education	438
C&O Nursery	Agriculture	388

Source: Port of Chelan County, Washington, Updated March 2019.



Local Economy | Growth and Development

SABEY INTERGATE.COLUMBIA DATA CENTER

- ❖ In 2008 Sabey Intergate.Columbia began construction of its data center within the District. Since that time, the company has constructed two buildings – A & B – which are commissioned and fully leased as powered shells to five tenants who operate them.
- ❖ Sabey announced in 2018 that it had began constructing a new, 140,000 square foot, facility (Building D) on its Intergate.Columbia campus. The facility will provide 14.4 megawatts of mission critical power designed specially to attract co-location customers. Completion of Building D is scheduled for May 2019.
- ❖ Long range plans for Sabey call for a total of eight (8) buildings on the Intergate.Columbia campus
- ❖ The campus covers 30 acres of land and is home to multiple national businesses
 - ❖ 2008 – Tmobile and vmware; 2012 - Blackrock
- ❖ The site was chosen for its protection from flooding and other natural disasters
- ❖ Further, significantly lower electric rates, provided by Douglas County PUD's grid of hydroelectric power, offer tenants significant operation savings over other locations across the County



vmware®

BLACKROCK®

T-Mobile®



Local Economy | Growth and Development

MCDUGALL & SONS INC. – CMI ORCHARDS



- ❖ In 1989, McDougall & Sons, Inc. entered into a partnership that became Columbia Marketing International (CMI); throughout the years this sales and marketing organization has been a recognized leader in the fruit industry
- ❖ McDougall & Sons, Inc. currently own or are partners in five packing lines, with the capacity to produce over 5 million packages (i.e. pears, apples cherries) a year
- ❖ Beginning in 2013 the company embarked on a major expansion of its facilities. An 11 dock shipping area, racked storage room with capacity for over 80,000 boxes of packed fruit and 45,000 bins of controlled atmosphere storage comprised phase 1. Phase 2 continued with the opening of a new packing line, an additional 8,400 pallets of racked storage and 4 additional loading docks
- ❖ Further fueling their expansion, in 2016 the firm purchased an 830-acre parcel of open land (approximately 570-acres are plantable) with water rights in East Wenatchee. Named Legacy Orchard, it is the largest orchard in the firms portfolio

Premium
APPLES

Kiku® Gala
Fuji Jonagold
Ambrosia™ & more...



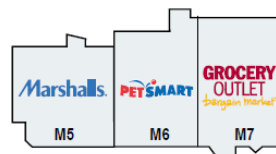
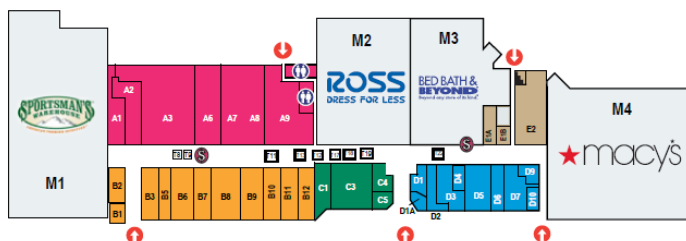
Local Economy | Growth and Development

WENATCHEE VALLEY MALL

- ❖ Wenatchee Valley Mall includes 40 specialty stores and four of the Northwest's leading department stores: Macys, Marshalls, Ross and Bed, Bath & Beyond.
- ❖ In 2017, Grocery Outlet Bargain Market held a grand opening for its new facility in the mall.
- ❖ PetSmart opened a facility in 2018.

WENATCHEE VALLEY MALL

511 Valley Mall Parkway • East Wenatchee, WA 98802 • 509.884.6645
www.WenatcheeValleyMall.com



Local Economy | Growth and Development

EAST WENATCHEE MARRIOTT FAIRFIELD INN & SUITES

- ❖ 5 stories tall
- ❖ 99 rooms of which 30% will be suites
- ❖ Nearing completion and taking reservations for the end of May 2019



WENATCHEE HILTON GARDEN INN

- ❖ 4 stories tall
- ❖ 111,000-square foot facility with 177 guest rooms
- ❖ Nearing completion and taking reservations for the beginning of May 2019



Developers are planning to build four additional hotels in Wenatchee in the coming years. A Marriott hotel, the largest proposed facility, would encompass 102,000-square feet and have a 127 rooms. If all six are completed, an additional 616 hotel rooms will be added to the Wenatchee area.



Local Economy | Growth and Development

PANGBORN MEMORIAL AIRPORT

- ❖ In existence since 1941
- ❖ Runway extended to 7,000 in 2016 to accommodate larger aircraft
- ❖ Daily direct flights to Seattle-Tacoma International Airport provided by Alaska Airlines
- ❖ Recipient of \$750,000 Federal Small Community Air Service Development Grant for potential service to San Francisco
 - ❖ Over \$400,000 in local business and community donations to secure the grant
 - ❖ Grant and donations cover potential expenses over the start-up period
 - ❖ Airline (Alaska) invests up to \$8,000,000 over a two-year start-up period
 - ❖ Targeted service launch of 2019

Arrivals

Flight Number	Time	Days	Airline
2158	11:30 am	Daily	Alaska / Horizon
2064	6:35 pm	x/Saturday	Alaska / Horizon
2134	11:59 pm	Daily	Alaska/Horizon

Departures

Flight Number	Time	Days	Airline
2149	5:55 am	Daily	Alaska / Horizon
2159	12:10 pm	Daily	Alaska / Horizon
2069	7:15 pm	x/Saturday	Alaska/Horizon



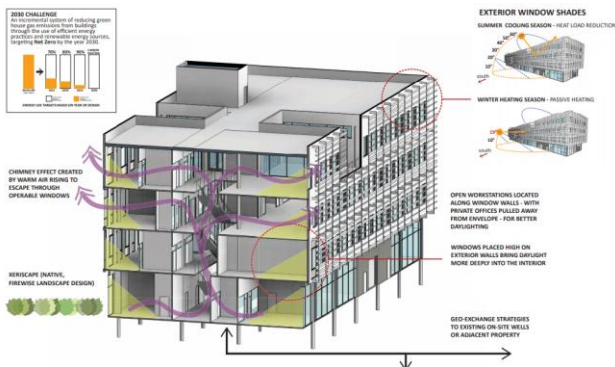
Local Economy | Growth and Development

CHELAN PUBLIC UTILITIES DISTRICT

- ❖ Chelan PUD plans to consolidate facilities and create a new headquarters campus in Olds Station (Sunnyslope) by 2022
- ❖ The new service center will be at the center the customer base and at the confluence of the highways connecting all of Chelan County, providing improved response times and economic efficiencies
- ❖ The PUD, the City of Wenatchee and the Port of Chelan County have each pledged \$75,000 for redevelopment planning for the current headquarter facility located in downtown Wenatchee



AERIAL VIEW FROM NORTHWEST CORNER OF SITE

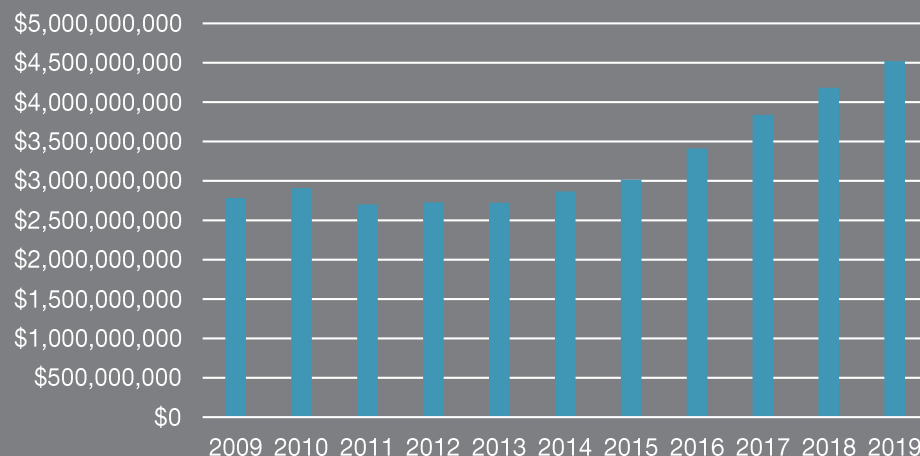


Local Economy | Assessed Value

GROWTH IN 2019

- ❖ Assessed value grew 8.12% for the 2019 tax year
- ❖ 5 year compound annual growth rate is 9.54%
- ❖ 10 year compound annual growth rate is 4.98%
- ❖ 20 year compound annual growth rate is 6.93%

Eastmont School District
Assessed Value



Year	Assessed Value	% Change	New Construction	New Construction as a % of Assessed Value
2019	\$ 4,522,061,616	8.12%	\$ 79,553,019	1.76%
2018	4,182,363,755	8.96%	61,740,311	1.48%
2017	3,838,403,148	12.50%	62,931,203	1.64%
2016	3,411,995,852	13.20%	44,163,938	1.29%
2015	3,014,034,213	5.14%	54,529,849	1.81%
2014	2,866,817,150	5.26%	43,587,896	1.52%
2013	2,723,541,281	-0.14%	65,924,000	2.42%
2012	2,727,253,595	0.97%	24,129,200	0.88%
2011	2,701,141,129	-7.14%	27,502,000	1.02%
2010	2,908,940,612	4.55%	57,009,900	1.96%
2009	2,782,307,209	34.42%	76,674,200	2.76%
2008	2,069,889,454	8.40%	80,142,900	3.87%
2007	1,909,564,040	24.57%	81,337,100	4.26%

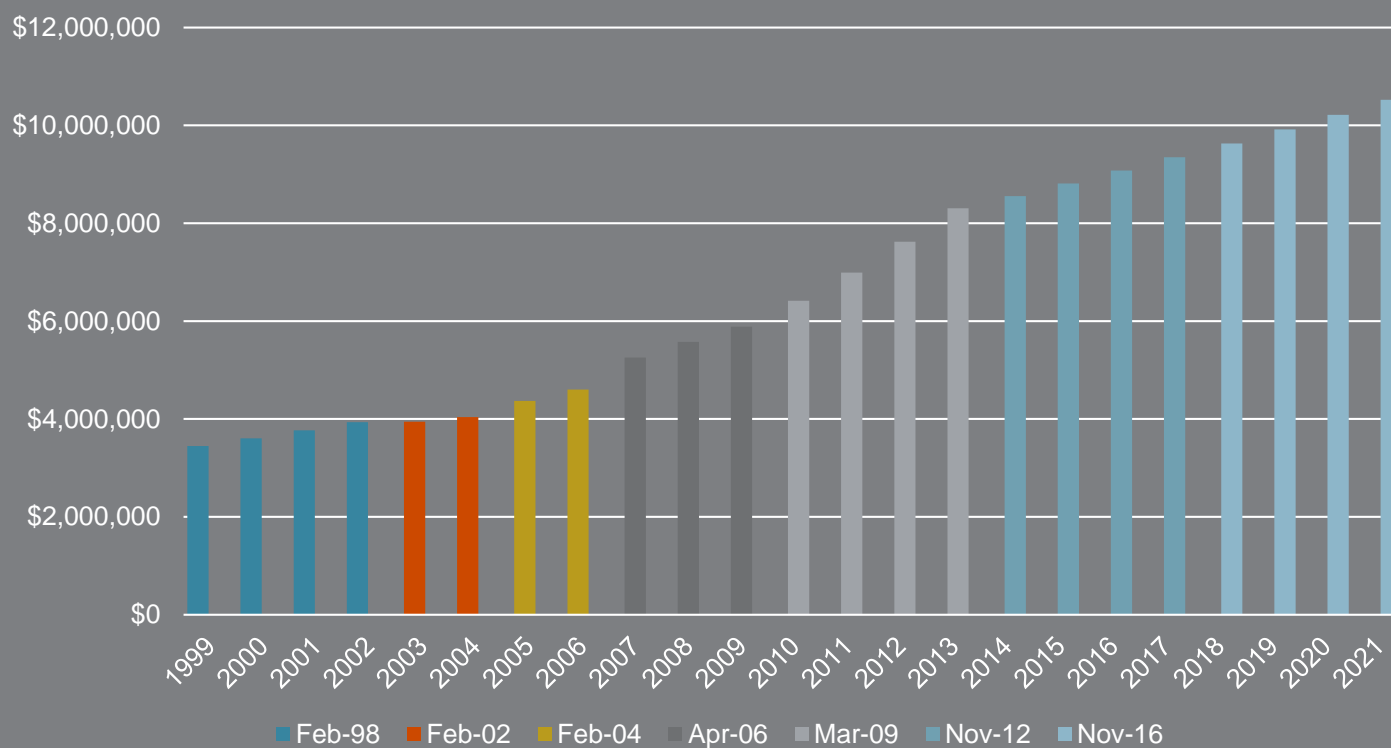


Financial Operations | Election History

HISTORICAL ELECTION HISTORY

- ❖ In November 2016 the qualified electors of the District approved a four year M&O Levy in the amount of \$9,630,130 for collection in 2018, \$9,919,034 in 2019, \$10,216,605 in 2020, and \$10,523,103 in 2021
- ❖ The District plans to seek a four-year EP&O Levy in November 2020 for collection in years 2022, 2023, 2024 and 2025

Historical M&O Levy



Financial Operations | Election History

Historical M&O Levy Elections

<u>Date</u>	<u>% Yes</u>	<u>Approval</u>	<u>Total Amount</u>	<u>Collection Year</u>
Nov-16	61.34%	Yes	\$10,523,103	2021
			10,216,605	2020
			9,919,034	2019
			9,630,130	2018
Nov-12	59.50%	Yes	\$9,349,641	2017
			9,077,321	2016
			8,812,933	2015
			8,556,246	2014
Mar-09	58.61%	Yes	\$8,307,035	2013
			7,621,133	2012
			6,991,865	2011
			6,414,555	2010
Apr-06	69.14%	Yes	\$5,884,913	2009
			5,577,236	2008
			5,255,430	2007
Feb-06	58.02%	No	\$5,884,913	2009
			5,577,236	2008
			5,255,430	2007
Feb-04	62.31%	Yes	\$4,600,662	2006
			4,369,404	2005
Feb-02	60.78%	Yes	\$4,037,848	2004
			3,945,137	2003
Feb-98	60.78%	Yes	\$3,935,397	2002
			3,765,930	2001
			3,603,760	2000
			3,448,574	1999

Historical Capital Levy Elections

<u>Date</u>	<u>% Yes</u>	<u>Approval</u>	<u>Total Amount</u>	<u>Collection Year</u>
Nov-16	59.72%	Yes	5,922,000	2023
			5,832,000	2022
			5,749,000	2021
			1,735,000	2020
			1,708,000	2019
			1,677,000	2018

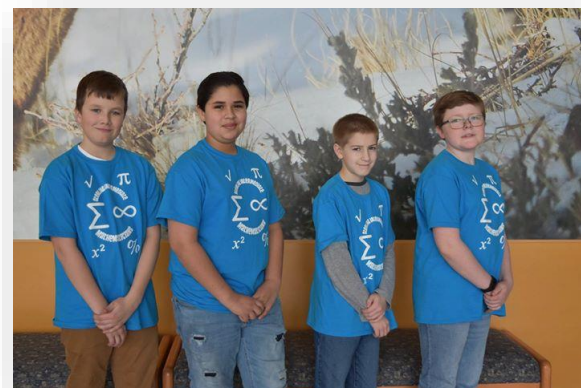
Historical Bond Levy Elections

<u>Date</u>	<u>% Yes</u>	<u>Approval</u>	<u>Par Amount</u>
Nov-10	60.66%	Yes	\$30,855,000
May-00	61.31%	Yes	\$34,740,700
Nov-99	58.81%	No	\$33,600,000
May-99	59.30%	No	\$40,585,000
May-97	53.65%	No	\$23,580,000
May-97	50.84%	No	\$6,938,910
May-92	77.63%	Yes	\$14,855,00



Financial Operations | Tax Collection History

Historical Tax Collections			
<u>Collection Year</u>	<u>Ad Valorem Tax Levy</u>	<u>% Taxes Collected in Levy Year</u>	<u>% Taxes Collected as of 02/01/2019</u>
2019	\$ 14,115,780	N/A	N/A
2018	16,836,122	98.2%	98.5%
2017	14,655,353	97.9%	99.6%
2016	14,400,420	97.9%	99.7%
2015	14,040,146	97.2%	100.0%



Financial Operations | Enrollment, Litigation and Non-voted debt

ENROLLMENT BUDGETING AND PROJECTIONS

- ❖ Average Annual Full Time Equivalent (AAFTE)

Fiscal Year	Budgeted Enrollment	Actual Enrollment	Surplus/ (Deficit)	% Difference
2018-2019 ⁽¹⁾	6,043	5,956	(87)	(1.44)%
2017-2018	5,898	5,914	16	0.27%
2016-2017	5,743	5,819	76	1.32%
2015-2016	5,661	5,680	19	0.34%
2014-2015	5,545	5,519	(26)	(0.47)%

Fiscal Year	Projected Enrollment ⁽²⁾
2023-2024	5,792
2022-2023	5,846
2021-2022	5,990
2020-2021	5,937
2019-2020	5,945

(1) As of February 2019.

(2) Enrollment projection assumes 0% increase and is reflective of the District's management strategy in response to changes in school funding model.

LITIGATION

- ❖ There is no pending litigation that will not be covered under District insurance coverage

NON-VOTED DEBT

Limited General Obligation Bonds

2018 LGO	06/04/18	06/01/20	\$ 2,286,280	\$ 1,714,710
2019 LGO (this issue)	05/23/19	12/01/23	13,145,000	13,145,000

Lease Obligation

Ricoh Copier Lease	07/01/14	08/01/19	485,287	<u>58,331</u>
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Total Long-term debt outstanding:

\$14,918,041



Financial Operations | General Fund Balance

HISTORICAL AND PROJECTED GENERAL FUND BALANCES

- ❖ Policy No. 6022 requires maintenance of an unassigned fund balance of at least eight (8) percent of the District's appropriated operating expenditures (see Appendix B)

August 31	Unassigned	Unassigned as % of Expenditures	Total Fund Balance	Total Fund Balance as a % of Expenditures
<i>Estimated 2019</i>	<i>\$14,199,531</i>	<i>17.74%</i>	<i>\$14,339,531</i>	<i>17.69%</i>
Budgeted 2019	14,249,531	17.57	14,339,531	17.69
Unaudited 2018	14,442,564	19.58	14,982,006	20.31
Actual 2017	15,200,167	23.16	15,427,539	23.51
Actual 2016	14,709,873	22.52	14,986,281	22.94
Actual 2015	10,874,087	18.31	11,224,162	18.90
Actual 2014	9,009,441	16.07	9,425,017	16.81

- ❖ The District has intentionally established a protocol of conservative budgeting regarding enrollment as well as oversight of expenditures. These practices have resulted in the gradual increase in General Fund balance over the past few years



Financial Operations | General Fund Balance

SALARY AND OTHER EXPENDITURE PRESSURES

- ❖ Changes to school funding as a result of recent action by our State Legislature pose salary and other operational expenditure pressure
- ❖ The State Legislature adopted budget language that radically changes how schools are funded. One of the biggest changes is the elimination of the State salary schedule effective in September 2018. This schedule has been used to drive funding as well as to compensate teachers. Each district will need to bargain it's own local salary schedule that meets minimum and maximum pay requirements. TRI contracts continue to be allowed, but must meet new requirements that establish rates of pay and allowable uses of levy funding
- ❖ School districts will be required to transition to a new, state run, health care plan beginning in 2020. Bargaining for health benefits will not be permitted after that is implemented
- ❖ Maintenance and Operation levies have been renamed "Enrichment Levies." Beginning in September 2019, these levies may only be used to "enrich the state's statutory program of basic education as authorized."
- ❖ The State of Washington increased the amount of state property tax to be collected. Further, the State authorized a reduction in the School District local levy capacity to the lesser of \$1.50 per \$1,000 of assessed valuation or \$2,500 per pupil
- ❖ The District anticipates these legislative actions will result in operational expenditures exceeding operational revenues. The District is prepared to make necessary program revisions in order to maintain fiscal health.



Financial Operations | District Debt & Debt Ratios

CURRENT DEBT TOTALS

DEBT INFORMATION	
Voted Debt	\$28,275,000
Non-Voted Debt (including this issue)	14,918,041
Estimated Net Overlapping Debt	17,442,776
Total Direct and Overlapping Debt	\$60,635,817

DEBT RATIOS

❖ District debt ratios for the District are very strong

	<u>2011</u>	<u>2017</u>	<u>2019</u>
Direct Debt to Bond Assessed Value	2.02%	0.92%	0.96%
Direct and Net Overlapping Debt to Bond Assessed Value	2.46%	1.23%	1.34%
Per Capita Bond Assessed Value	\$92,995	\$121,511	\$138,167
Per Capita Direct Debt	\$1,883	\$1,120	\$1,320
Per Capita Total Direct and Net Overlapping Debt	\$2,290	\$1,495	\$1,853



Financial Operations | Future Borrowing Plans and Overlapping Debt

NOVEMBER 2022 BOND ELECTION

- ❖ The District anticipates seeking voter approval in November 2022; for collection in January 2024; to modernize their four oldest elementary schools
- ❖ These four schools are eligible for state facility funding in 2024
- ❖ The District has a long-term plan to maintain a Bond / Capital Levy tax rate not to exceed \$2.05 / \$1,000

ESTIMATED OVERLAPPING DEBT

	2019 Assessed Value	Percent Overlapping	Outstanding General Obligation Debt	Estimated Overlapping Debt
City of East Wenatchee	\$ 1,316,907,594	99.88%	\$ 59,425	\$ 59,354
Eastmont Rec. District	4,445,112,461	99.87%	3,596,000	3,591,325
Douglas County	5,846,549,891	77.25%	11,865,000	9,165,713
Port District	5,846,549,891	77.25%	5,988,848	4,626,385
		Total:	\$ 21,509,273	\$ 17,442,776



In Conclusion



CREDIT STRENGTHS

- ❖ Extremely strong debt ratios
- ❖ A growing tax base
- ❖ Fund balance in the General Fund well positions the District for future operations

FINANCING SCHEDULE

- ❖ Rating requested by: April 24th
- ❖ Pricing date: May 2nd
- ❖ Closing date: May 23rd



Summary Statistics

THE DISTRICT BY THE NUMBERS

❖ 32,729	Estimated 2018 population
❖ \$4,522,061,616	2019 assessed value
❖ 6.93%	Compounded annual growth in assessed value, 1999 to 2019
❖ 4.98%	Compounded annual growth in assessed value, 2009 to 2019
❖ 9.54%	Compounded annual growth in assessed value, 2014 to 2019
❖ \$26,203	Per Capita Income last 12 months (in 2017 inflation-adjusted dollars)
❖ \$138,167	2019 assessed value per capita
❖ 0.96%	Direct debt to bond assessed value ratio
❖ \$1,320	Per capita direct debt
❖ 1.34%	Overall debt burden to bond assessed value ratio (estimated)
❖ \$1,853	Per capita overall debt burden (estimated)
❖ \$ 14,339,531	FY19 budgeted ending general fund balance
❖ \$ 14,339,531	FY19 estimated ending general fund balance
❖ \$ 14,982,006	FY18 ending general fund balance



Appendix A: Financial Statement Summary

	Budget	Unaudited	Audited				
	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Revenues							
Local Funds	\$ 8,992,152	\$ 11,183,011	\$ 10,447,206	\$ 11,025,171	\$ 10,147,416	\$ 9,699,520	\$ 9,310,646
State Funds	66,245,425	56,883,863	51,127,423	49,057,992	43,856,926	41,396,259	37,404,548
Federal Funds	5,773,350	5,563,824	5,402,146	5,135,411	5,250,583	4,874,414	4,883,865
Federal Stimulus	0	0	0	0	0	0	0
Other	70,000	137,597	136,403	103,779	121,047	93,113	113,107
Total Revenues	<u>81,080,927</u>	<u>73,768,296</u>	<u>67,113,178</u>	<u>65,322,354</u>	<u>59,375,972</u>	<u>56,063,307</u>	<u>51,712,166</u>
Expenditures							
Regular Instruction	47,475,370	39,392,606	37,236,884	34,268,760	31,209,472	29,900,741	27,730,425
Federal Stimulus	0	0	0	0	0	0	0
Special Education Instruction	8,940,886	7,510,683	6,572,689	6,288,933	5,795,646	5,700,952	5,324,352
Vocational Education	3,138,505	3,111,234	2,873,585	2,732,867	2,626,019	2,388,030	2,532,243
Skills Center Instruction	0	0	0	0	0	0	0
Compensatory Education	7,327,720	6,507,399	5,169,920	5,133,614	5,057,229	4,671,074	4,131,278
Other Instructional Programs	402,406	295,792	250,989	233,663	277,306	234,761	225,654
Community Services	431,001	730,127	669,070	607,267	403,821	368,510	323,492
Support Services	15,003,811	13,059,525	12,031,138	11,119,605	10,905,773	10,525,616	9,734,200
Capital Outlay	0	907,865	738,416	615,012	641,007	435,565	367,629
Debt Service	0	85,327	85,326	92,437	85,555	84,891	74,028
Total Expenditures	<u>82,719,699</u>	<u>71,600,559</u>	<u>65,628,019</u>	<u>61,092,158</u>	<u>57,001,827</u>	<u>54,310,140</u>	<u>50,443,300</u>
Rev. over/(under) Expenditures	(1,638,772)	2,167,737	1,485,159	4,230,196	2,374,145	1,753,167	1,268,867
Net Adjustments/Transfers	(350,000)	(2,571,975)	(1,043,901)	(800,000)	(575,000)	(683,525)	(380,000)
Prior Year(s) Correction or Restatements	0	(41,295)	0	331,923	0	163,480	0
Beginning Fund Balance	<u>16,328,303</u>	<u>15,427,539</u>	<u>14,986,281</u>	<u>11,224,162</u>	<u>9,425,017</u>	<u>8,191,895</u>	<u>7,303,029</u>
Ending Fund Balance	<u>\$ 14,339,531</u> ⁽¹⁾	<u>\$ 14,982,006</u>	<u>\$ 15,427,539</u>	<u>\$ 14,986,281</u>	<u>\$ 11,224,162</u>	<u>\$ 9,425,017</u>	<u>\$ 8,191,895</u>
Balance Sheet Information							
Nonspendable, Restricted & Committed/Reser	\$ 90,000	\$ 539,442	\$ 227,372	\$ 276,408	\$ 350,075	\$ 2,364,111	\$ 2,066,417
Assigned/Unreserved, Designated	2,610,900	4,253,638	5,658,280	3,869,354	3,143,039	2,653,186	2,513,884
Unassigned/Unreserved, Undesignated	<u>11,638,631</u>	<u>10,188,926</u>	<u>9,541,887</u>	<u>10,840,519</u>	<u>7,731,048</u>	<u>4,407,720</u>	<u>3,611,594</u>
Ending Fund Balance	<u>\$ 14,339,531</u> ⁽¹⁾	<u>\$ 14,982,006</u>	<u>\$ 15,427,539</u>	<u>\$ 14,986,281</u>	<u>\$ 11,224,162</u>	<u>\$ 9,425,017</u>	<u>\$ 8,191,895</u>

(1) The estimated ending General Fund balance for August 31, 2019 is \$14,339,531.



Appendix B: Board Policy No. 6022

Eastmont School District #206

Policy No. 6022
Management Support

Eastmont School District #206

Policy No. 6022
Management Support

MINIMUM FUND BALANCE

The Eastmont School District Board of Directors recognizes the importance of maintaining an adequate fund balance in all funds used to account for school district operations in order to keep the Eastmont School District in a strong financial position. This policy establishes guidelines to be used during the preparation and execution of the annual budget to ensure fund balances are maintained within in each fund classification in order to:

- Provide sufficient cash flow for daily financial needs;
- Secure and maintain investment grade bond ratings;
- Offset significant economic downturns or revenue shortfalls; and
- Provide funds for unforeseen expenditures related to emergencies.

Funds

For purpose of the policy, a fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. The District maintains separate funds as required by the Office of Superintendent of Public Instruction (OSPI) Accounting Manual for Public School Districts. The record of fund activity is maintained in the District's accounting software and is reported annually in the District's annual financial report (F196).

Fund Balance Categories

Fund balance is the difference between a fund's assets and liabilities and is a measure of available financial resources. Statement No. 54 of the Governmental Accounting Standards Board (GASB) established criteria for categorization of fund balances in financial reports (GASB 54). This reporting standard is applicable for all governmental entities.

GASB 54 requires fund balance be reported in the following two categories:

1. Nonspendable Fund Balance: Amounts reported in this category are amounts that cannot be spent because they are either not in spendable form (i.e. inventories) or are legally required to be maintained intact.
2. Spendable Fund Balance: Amounts reported in this category are all resources not included in the Nonspendable Fund Balance. There are four subcategories in this category:
 - a. Restricted Fund Balance – Amounts reported in this category have a limitation placed on the use that is either externally imposed, or imposed by law or enabling legislation.

- b. Committed Fund Balance – Amounts reported in this category have specific restraints imposed on them by a formal action of ordinance or resolution by the Board of Directors.
- c. Assigned Fund Balance – Amounts reported in this category reflect the District's intended use for a specific purpose by the Superintendent.
- d. Unassigned Fund Balance – Amounts reported in this category reflect the residual balance reported in the General Fund or a negative fund balance in a fund other than the General fund.

Unassigned to Minimum Fund Balance

The Board recognizes that the maintenance of a minimum fund balance in the General Fund and the Capital Project Fund is essential to provide for unforeseen expenses or emergencies as well as to provide for working capital for the start-up of programs and/or initiatives.

The unassigned fund balance in each of these funds will be maintained at a level sufficient to provide the resources required to meet operating cost needs, to allow for unforeseen needs of an emergency nature, and to permit orderly adjustment to changes resulting from fluctuations of revenue sources. Therefore, the district will strive to maintain an unassigned minimum fund balances as follows:

- General Fund – equal to not less than 8% appropriated operating expenditures
- Capital Project Fund – equal to not less than 1% of General Fund appropriated operating expenditures

As part of the annual budget process, the Executive Director of Financial Services will estimate the surplus or deficit for the current year and prepare a projection of the year-end unassigned fund balance. Such projection will include an analysis of trends in fund balance levels on an historical and future projection basis. Any anticipated balance in excess of the minimum unassigned general fund balance may be budgeted at the discretion of the Board. Any such action must also provide for necessary appropriations to restore the unassigned general fund balance to the minimum balance. In a balanced budget year (when anticipated operating revenues equal or exceed anticipated operating expenditures) if the unassigned operating fund balance is greater than required balance, administration will recommend a plan to spend excess funds in the subsequent fiscal year.

If fund balances decline below the required balance, Administration will request approval to modify programs and will recommend a plan to replenish the fund balance to the established minimum level within two years.



Appendix B: Board Policy No. 6022 (continued)

Eastmont School District #206

Policy No. 6022
Management Support

Resource Use and Order of Expenditure of Funds

Upon adoption of a budget where fund balance is used a source to balance the budget, the Executive Director of Financial Services shall record the amount as "Assigned" fund balance. When multiple categories of fund balances are available for expenditure (for example an educational program is funded in part by a grant, funds set aside by the district and unassigned fund balance), the District will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

Strategic Plan Goals

In addition, as part of the annual budgeting process and in support of the District Strategic Improvement Plan, the District shall allocate in the annual budget:

- a minimum of 2.0% of its appropriations for curriculum/instruction/assessment & training, technology infrastructure and upgrades, facilities and grounds, transportation and safety/security improvements

This policy will be reviewed every three years following adoption or sooner, at the direction of the Board.



Appendix C: Budget Status Report – March 15, 2019 (Select pages)

To: Board of Directors
From: Cindy Ulrich, Executive Director of Financial Services
Date: March 15, 2019
Subject: Monthly Budget Status Report – February 2019

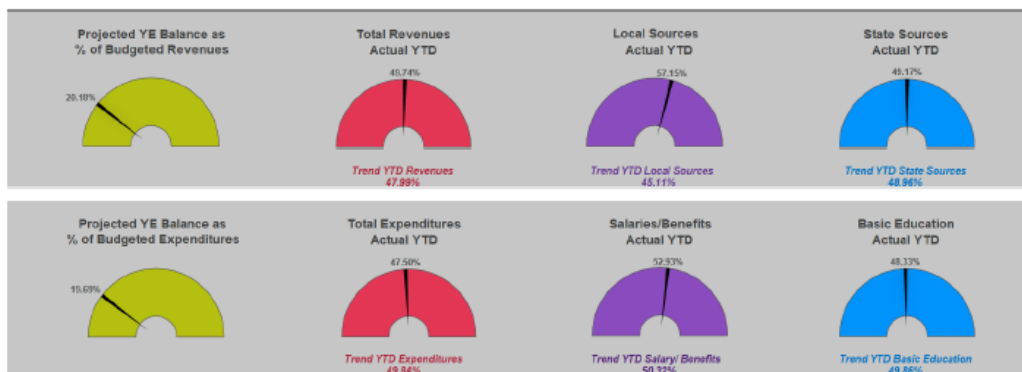
The information contained in this report is for the fiscal beginning September 2018 through February 2019. A brief summary of each fund's operating revenue and expenditures is provided below:

- General Fund:
 - Year to date revenues are \$5.0 million, or 14%, more than year to date in the previous year.
 - Property tax collections through February remain slightly more than what was received at the same time last year.
 - Local Nontax revenue continues to be less than prior year due to the elimination of the Student Care Program.
 - State General Purpose (Apportionment) will be significantly more than the previous year as a result of the State Legislature's action to fully fund McCleary with the redistribution of property tax collected at the State level.
 - ❖ Student enrollment continues to trend less than anticipated Basic Ed and CTE. This will result in less revenue than anticipated in those program allocations.
 - State Special Purpose revenue (i.e. Special Education, Learning Assistance Program, and Transitional Bilingual Program) is also projected to be more than the prior year as the formula allocations are tied to increases that the Legislature authorized in the prototypical schools model and these program enrollments are equal to, or exceeding, the prior year.
 - Year to date operating expenditures, when adjusted for property acquisition payment, are \$4.4 million, or 13%, more than the previous year. Increases in employee compensation, related to legislative mandates, are the main cause.
 - Year End Total Fund Balance: Total revenues are expected to be close to amount projected. However, we anticipate actual expenditures to be less than amount budgeted. This will result in an ending fund balance close that approximates what was projected. This total balance does include \$6.6 million required to comply with the District's Commitment to Minimum Fund Balance Policy.
- Capital Projects Fund: Revenues received are greater than at this time last year due to collection of the Capital Project Tax Levy which began in January 2018. Expenditures to date for the K3 Class Size Addition project total \$1,359,975.48 (includes total spent for planning in prior fiscal year).
- Associated Student Body Fund: Club revenue and expenditures are greater than the prior year due to fund raising efforts by EHS Choir for their trip to Disneyland in March 2019.

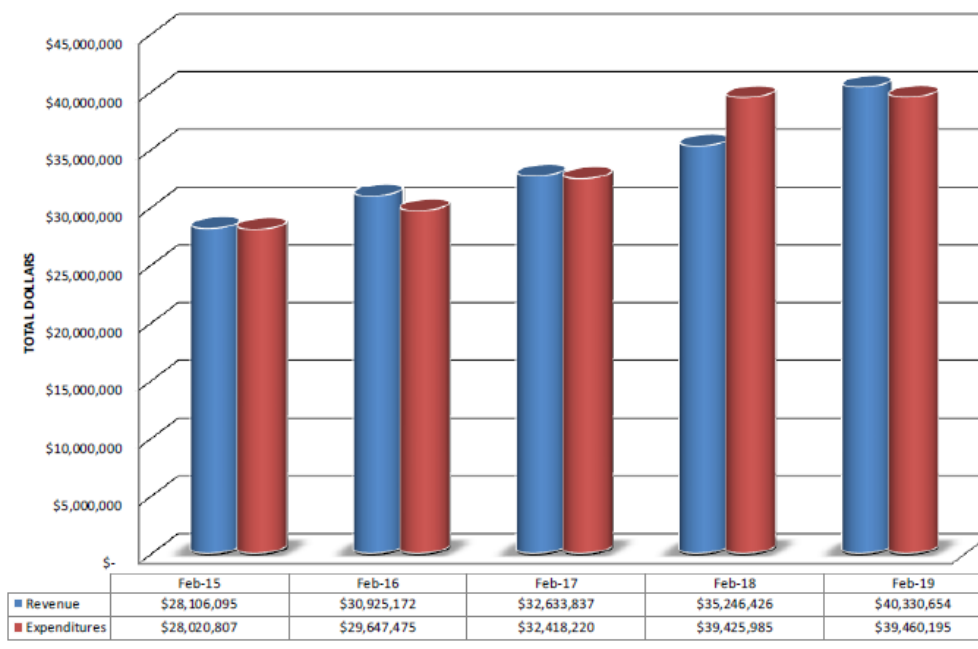


Appendix C: Budget Status Report – March 15, 2019 (continued)

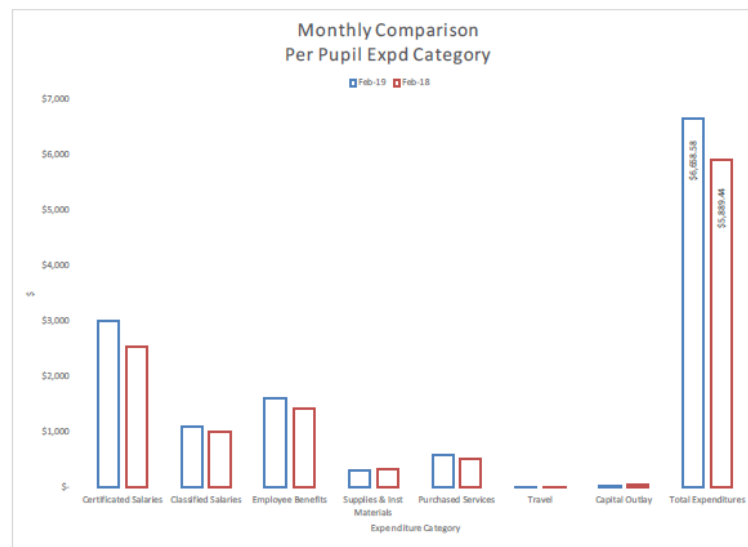
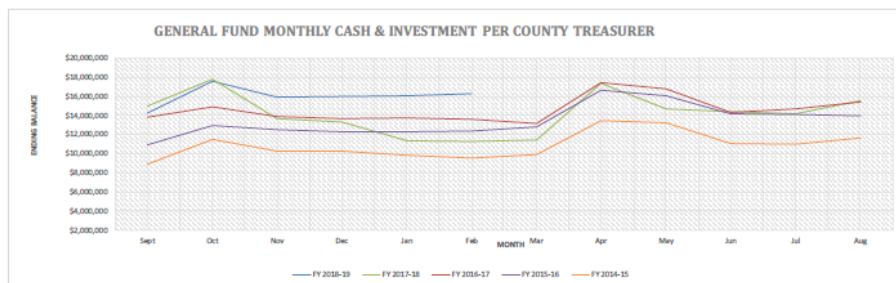
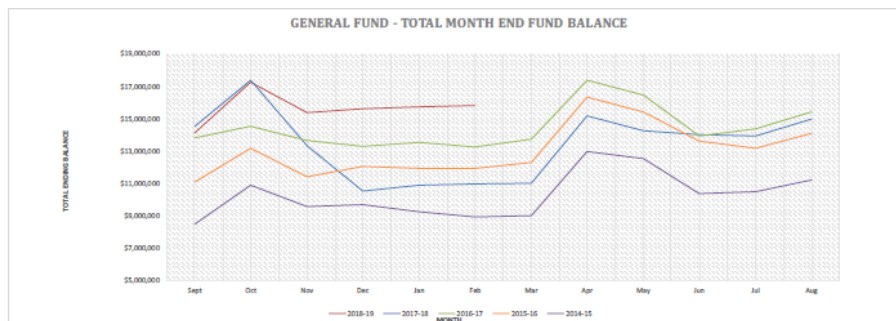
GENERAL FUND DASH BOARD SUMMARY- CURRENT YEAR



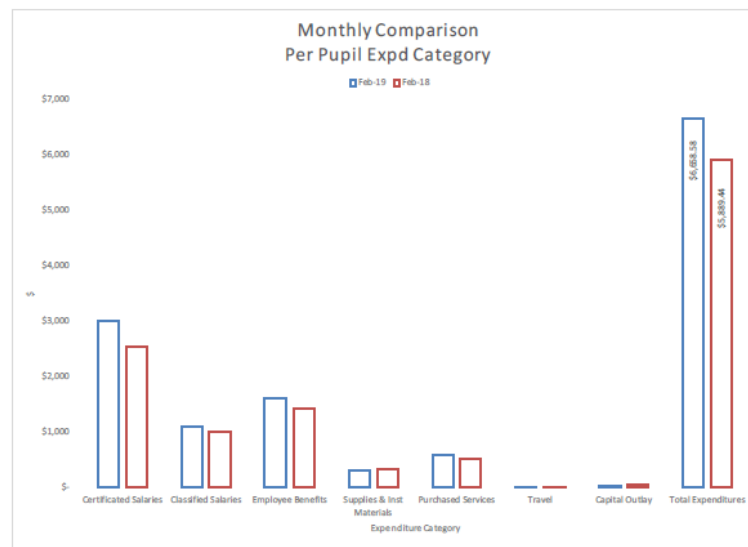
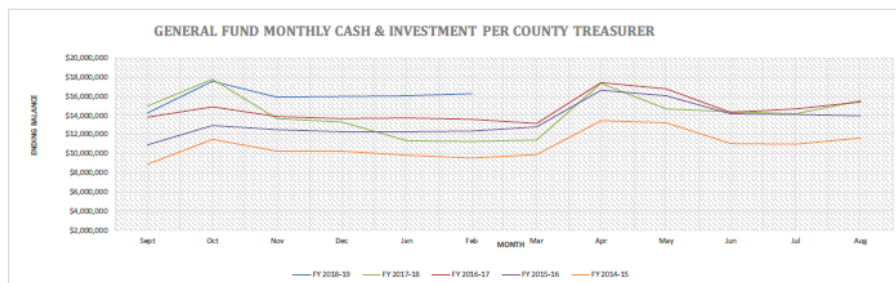
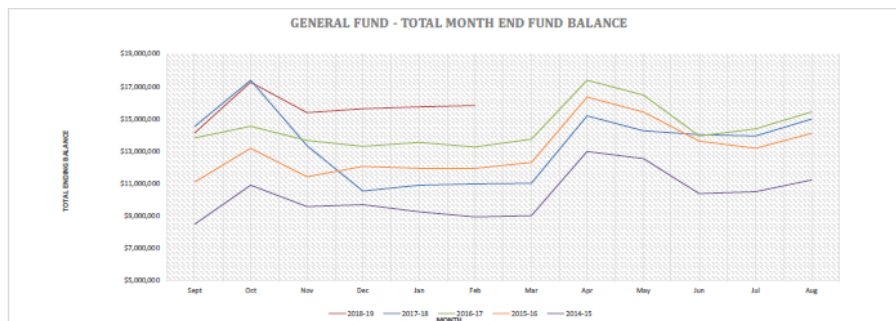
GENERAL FUND 5 YEAR COMPARISON OF REVENUE & EXPD



Appendix C: Budget Status Report – March 15, 2019 (continued)



Appendix C: Budget Status Report – March 15, 2019 (continued)



Appendix C: Budget Status Report – March 15, 2019 (continued)

Eastmont School District Budget to Actual Comparison of Revenues and Expenditures For the Period Ended February 28, 2019						Budget Year Elapsed ~50%
	FY 2017-18 Actual thru Feb-18	FY 2018-19				Current Year to Prior Year Actual Comparison
		Budget	Actual thru Feb-19	Budget Remaining	% of Budget	
GENERAL EXPENSE FUND						
<u>Revenues</u>						
1000 Local Taxes	4,249,909	7,869,652	4,426,352	3,443,300	56.2%	176,443
2000 Local Nontax	926,366	1,122,500	731,038	391,462	65.1%	(195,327)
3000 State, General Purpose	22,471,276	53,225,875	25,959,451	27,266,424	48.8%	3,488,175
4000 State, Special Purpose	5,351,484	13,019,550	6,615,542	6,404,008	50.8%	1,264,059
5000 Federal, General Purpose	0	2,000	0	2,000	0.0%	0
6000 Federal, Special Purpose	2,174,106	5,771,350	2,518,801	3,252,549	43.6%	344,695
7000 Revenues from Other School Districts	48,859	70,000	59,385	10,615	84.8%	10,526
8000 Revenues from Other Agencies	24,426	0	20,083	(20,083)	n/a	(4,343)
9000 Other Financing Sources	0	0	0	0	n/a	0
Total Revenues	\$35,246,426	\$81,080,927	\$40,330,654	\$40,750,273	49.7%	\$5,084,227
<u>Expenditures</u>						
00 Regular Instruction	19,746,448	47,475,376	22,981,332	24,494,044	48.4%	3,234,884
20 Special Ed Instruction	3,736,381	8,940,893	4,251,277	4,689,616	47.5%	514,896
30 Vocational Instruction	1,403,753	3,138,505	1,533,391	1,605,114	48.9%	129,638
50/60 Compensatory Instruction	2,824,038	7,327,714	3,244,066	4,083,648	44.3%	420,028
70 Other Instructional Program	108,766	402,405	166,178	236,227	41.3%	57,412
80 Community Support	261,732	430,996	153,677	277,319	35.7%	(108,055)
90 Support Services	9,038,165	15,003,810	7,005,026	7,998,784	46.7%	(2,033,139)
Total Expenditures	\$37,119,282	\$82,719,699	\$39,334,947	\$43,384,752	47.6%	\$2,215,665
Operating Transfers: Out to CPF/TVF	(2,581,703)	(350,000)	(125,248)			
EXCESS (DEFICIT) OF TOTAL REVENUES OVER (UNDER) TOTAL EXPENDITURES	(4,454,559)	(1,988,772)	870,458			
Fund Balance at September 1,	\$15,427,539	\$16,328,303	\$14,982,006			
Current Total Fund Balance	\$10,972,980	\$14,339,531	\$15,852,464			
<u>Ending Fund Balance Accounts</u>						
GL 821 Carryover of Restricted Revenue	\$170,032		\$474,913			
GL 828 Food Service Program	\$0		\$0			
GL 840 Nonspendable Fund Balance	\$17,340		\$24,529			
GL 850 Restricted For Uninsured Risk	\$40,000		\$40,000			
GL 870 Unsrvd, Dsgntd-Other Items	\$0		\$0			
GL 872 Committed to Min Fund Balance Policy	\$0		\$0			
GL 875 Assigned to Contingencies	\$50,000		\$50,000			
GL 888 Assigned to Other Purposes	\$5,608,280		\$4,203,638			
GL 891 Unassigned to Minimum Fund Balance	\$4,620,202		\$5,921,096			
GL 890 Unassigned Fund Balance	\$467,126		\$5,138,288			
TOTAL Ending Fund Balance	\$10,972,980		\$15,852,464			

