



2019-20 Third Interim Financial Report

Board Meeting
May 21, 2020
Agenda Item No10.1

Budget Presentation Agenda

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California School District Financial Reporting Requirements

- Education Code 42130 Requires the school district to file their fiscal condition for TWO reporting periods, October and January 31, including projections of the budget through June 30.
- Education Code 42134 Requires the Board of Education to certify, based on current projections, whether or not the school district is able to meet its financial obligations for the current fiscal year and subsequent two fiscal years
- Education Code 33127 Requires a district that has received a qualified or negative certification of its interim report(s) to file a third report as of April 30



District's Fiscal Status

- District 2019-20 Revised Adopted Budget disapproved by SCOE
Due to

Summary of Changes

2019-20 Third Interim Report

- Revenues increase \$4.4M
- 1X Expenditure Savings & Budget Adjustments decrease \$2.3M
- Assuming 0% LCFF COLA Cash Flow positive through 2021 with cash challenges starting June 2021
- Revised MultiYear Projections will not meet the required 2% reserve for 2021-22
- Need a negotiated solution to achieve-going reductions

Description	Unrestricted	Restricted	Total
Total Revenues	431,001,040	128,253,065	559,254,104
Total Expenditures	335,285,635	236,314,706	571,600,341
Excess/(Deficiency)	95,715,405	95,938,359	191,653,764

Changes Since 20-20 Second Interim

	Change in 2019-20 Since Second		
	Unrestricted	Restricted	Combined
Revenue			
General Purpose	(215,716)	0	(215,716)
Federal Revenue	0	3,616,806	3,616,806
State Revenue	0	758,119	758,119
Local Revenue	91,065	213,137	304,202
Total Revenue	(124,651)	4,588,061	4,463,410
Expenditures			
Certificated Salaries	(2,575,870)	702,274	(1,873,596)
Classified Salaries	(1,315,403)	299,090	(1,016,312)
Benefits	5,421	1,274,032	1,279,453
Books and Supplies	579,966	(4,347,956)	(3,767,990)
Other Services & Oper. Exp	1,841,390	414,923	2,256,313
Capital Outlay	32,485	503,957	536,442
Other Outgo 7xxx	286,446	0	286,446
Transfer of Indirect 73xx	(335,274)	295,648	(39,626)
Total Expenditures	(1,480,838)	(858,033)	(2,338,870)
Net increase (decrease) in Fund Balance	5,825,158	0	5,825,158
Ending Balance	5,825,158	0	5,825,158
Reserve for Econ Uncertain (2%)	(27,235)	0	(27,235)

2019-20 Third Interim Changes in Current Year Unrestricted Revenues

- Decrease in projected LCFF Revenue \$215K
 - Decrease in ADA Non-Public & Community Day Schools
- Local revenues increase
 - \$91K grants/donations



2019-20 Third Interim Changes in Current Year Unrestricted Expenses

- Decrease Salaries and Benefits ~~\$3.9M~~ 1x savings/vacancies/adjustments
- Increase Supplies & Services ~~\$2.4~~
- Additional Costs
 - Capital Outlay \$32K
 - Indirect Cost \$335K
- Decrease Contributions ~~\$5.4 million~~
 - 1x savings/vacancies/adjustments

2019-20 Third Interim Changes in Current Year Restricted Revenues

- Increase in projected Federal Revenue ~~+\$3.6M~~
 - Revenue adjusted to award allocations
- Increase in projected State Revenue ~~+\$758K~~
 - \$666K COVID-19 Relief
 - \$45K CTE/CPA
 - \$45K Clean Tech Renewable Energy
- Increase projected Local Revenue
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2019-20 Third Interim Changes in Current Year Restricted Expenses

- Increase Salaries and Benefits \$2.2M budget adjustments
- Decrease Supplies & Services \$3.4M adjusted for budget adjustments/reallocations
- Other
 - Indirect Cost increase \$300K to align with program changes

Multi-Year Projection Assumptions

Revenues – LCFF COLA

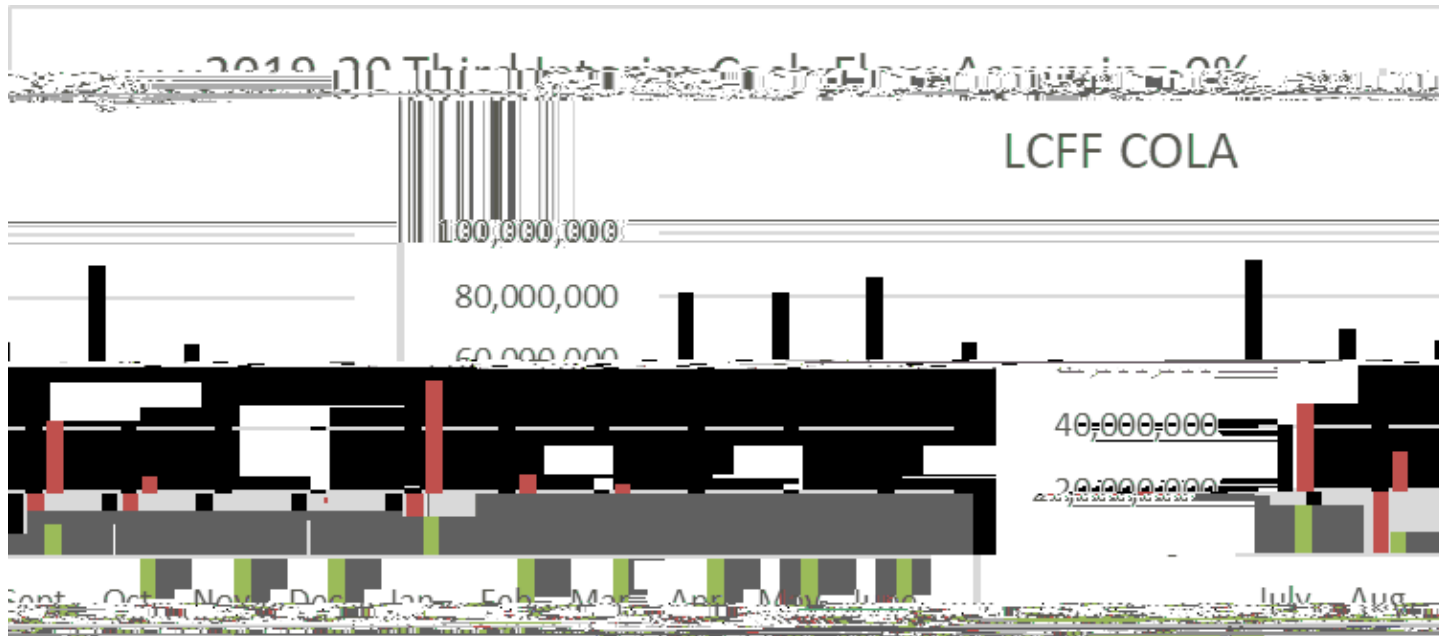
- 20-21 & 21-22- 0% in projected MYP
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General Fund MultiYear Projections

- At a 0% COLA scenario, the target to eliminate deficit spending is \$62M
 - Yet, we now know the target is greater due to funding below the 0% level

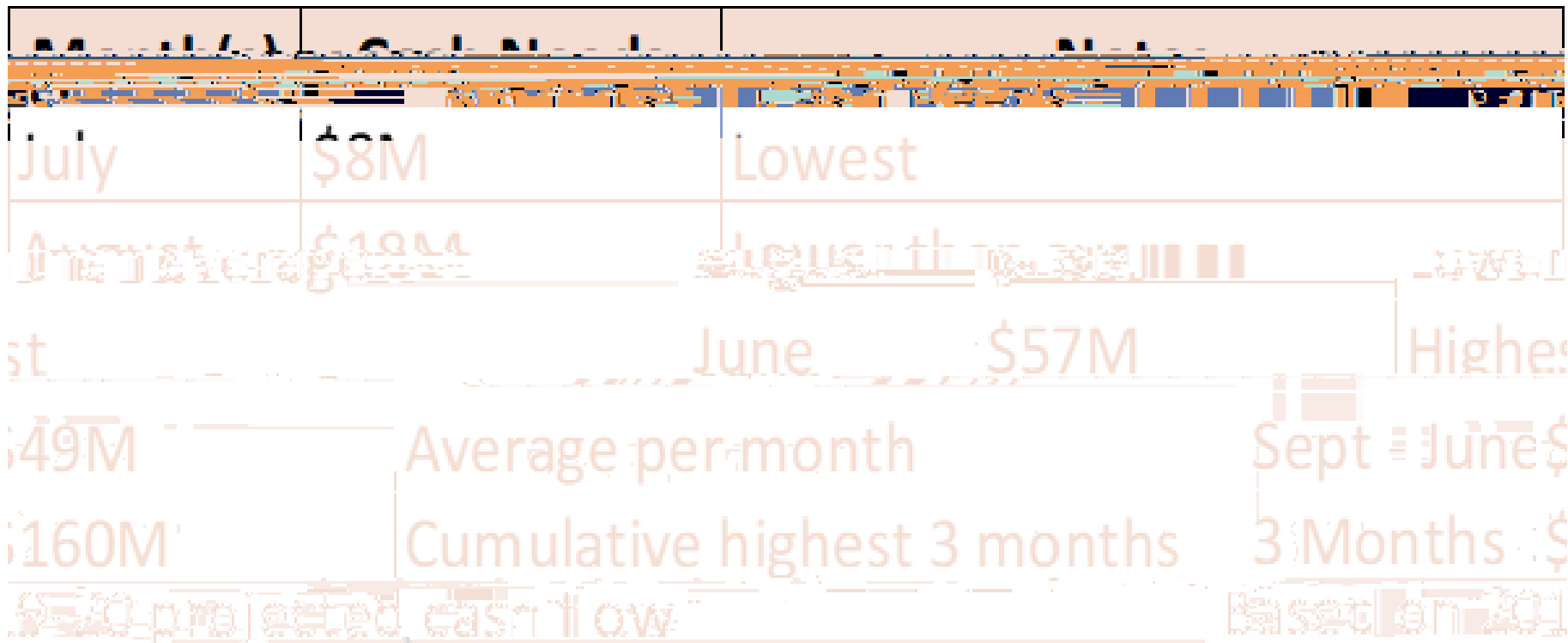
Multi-Year Cash Flow Projection 0% COLA

Includes additional May 2021 Deferral



CashFlow Projections

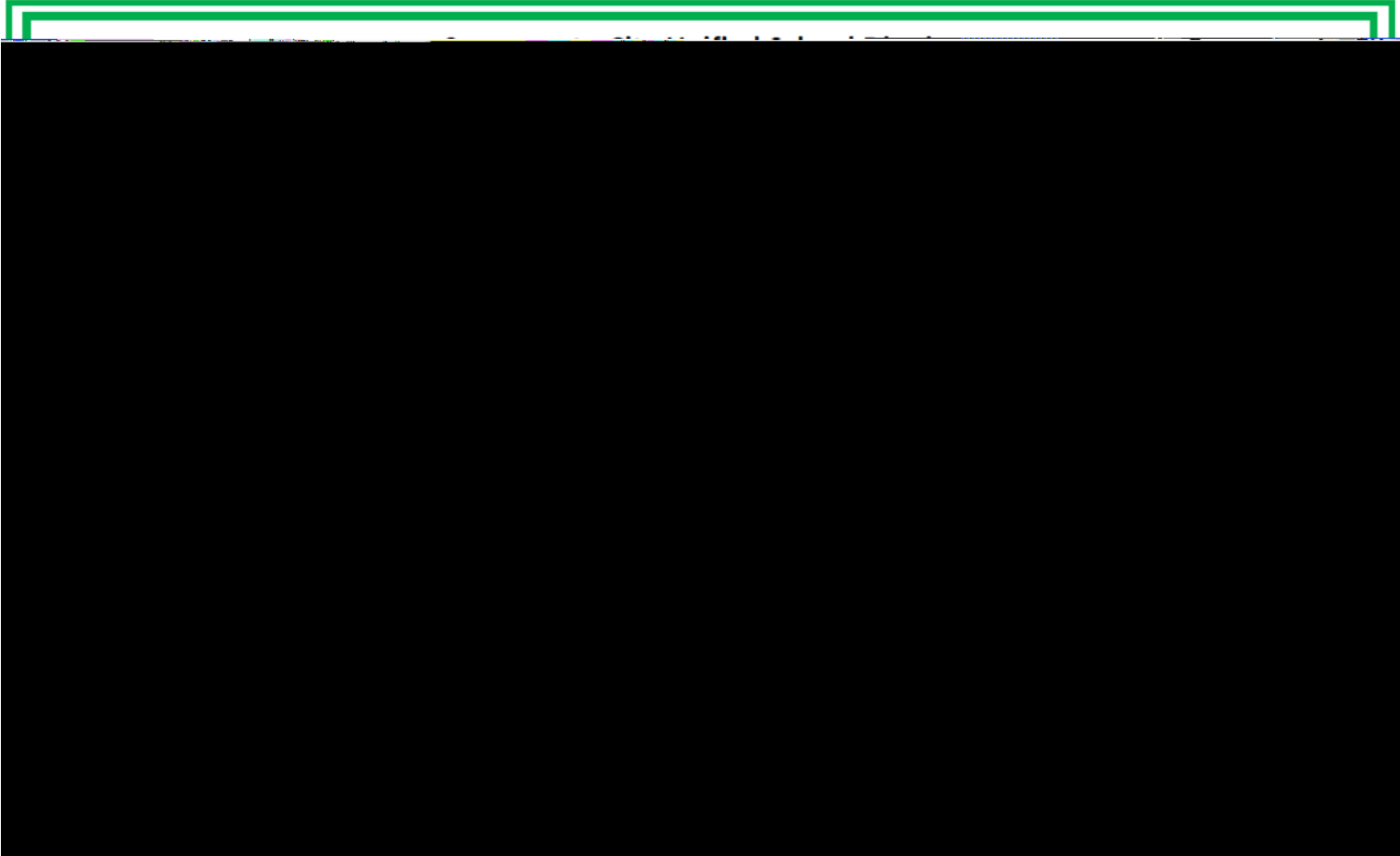
Projected Average Cash Flow Net 2019-20



GFOA Recommended Reserves

The Government Finance Officers Association (GFOA) recommends a minimum reserve of 17%, representing two months' average payroll – for the District two months' average payroll is approximately \$86M. The Districts' reserves above the statutory reserves for economic uncertainty are projected at well below the GFOA recommendations.

2020-2021 Budget Calendar and Timeline



Fiscal Crisis Management Assistance Team (FCMAA)

Fiscal Health Risk Analysis Update

- Fiscal Health Risk Analysis conducted October 2018
- 60 deficiencies were identified
- Provided recommended corrective actions
- Matrix used to track District's progress in implementing corrective actions
- Regular updates presented with Interim Financial Reports
- Matrix is available on District website

May Revise State Budget

- State Financial Picture/COVID-19's impact on the Economy
 - \$54B projected State Deficit
 - \$41.2 B revenue decline
 - Funding Reductions & Relief for K12

Summary

- Fiscal Recovery Plan with an ongoing solution is required to achieve fiscal solvency
- Next reporting period 2020-1 Budget in June 2020

Approve 2019-20 Third Interim Financial Report