

2019-20 Third Interim Financial Report

Board Meeting May 21, 2020 Agenda Item No10.1

Budget Presentation Agenda

California School District Financial ReportingRequirements

- Education Code 42130Requires 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 42134Requires the Board of Education to certify, based on current projections, whether or not the school district is able to meet its financial obligations for to current fiscal year and subsequent two fiscal years
- Education Code 33127Requires a district that has received aqualified or negative certification of its interim report(s) to file a third report as of April 30

District's Fiscal Status

District2019-20 Revised Adopte dudget disapproved by SCOE

Due to

Summary of Changes 2019-20 Third Interim Report

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

Description	Unrestricted	Restricted	Total
Total Revenues Total Expenditures ExcesS/(Defic2e7dy)	431,001,040 335,285,635 95,715,4059	· · · · · · · ·	559,254,104 571,600,341

Changes Since 20-1290 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 Ne Prublic & Community Day Schools
- Localrevenues increase
 - \$91Kgrants/donations



2019-20 Third Interim Changes in Curre Year Unrestricted Expenses

- Decrease Salaries and Benefits.9M 1x savings/vacancies/adjustments
- Increase Supplies & Service\$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 Revenues.6M
 - Revenue adjusted to award allocations
- Increase in projected State Revenut 5758K
 - \$666K COVHD9 Relief
 - \$45K CTE/CPA
 - \$45K Clean Tech Renewalagergy

2019-20 Third Interim Changes in Curre Year Restricted Expenses

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

Multi-Year Projection Assumptions

Revenues – LCFF COLA

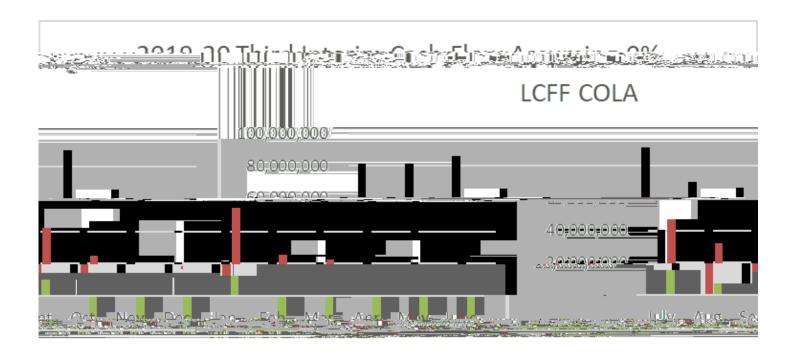
20-21 & 21-22- 0% in projected MYP

General Fund MultiFear 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

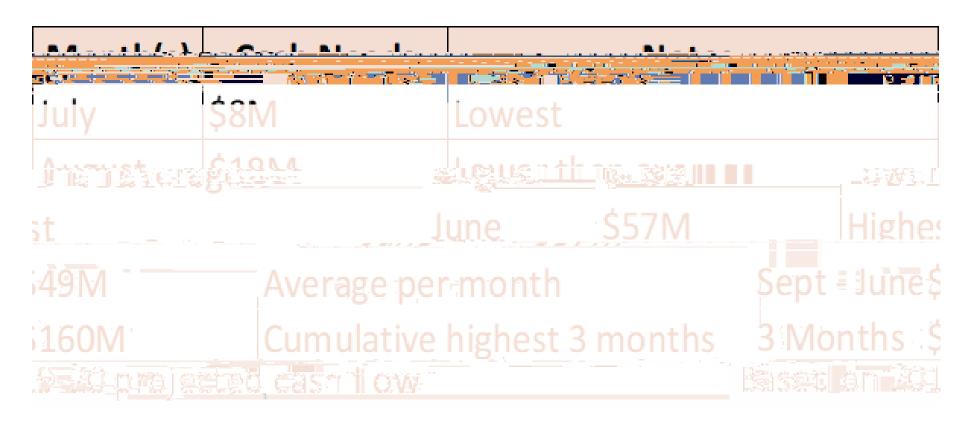
Multi-Year Cash Flormojection 0% COLA

Includes additional May 2021 Deferral



CashFlow Projections

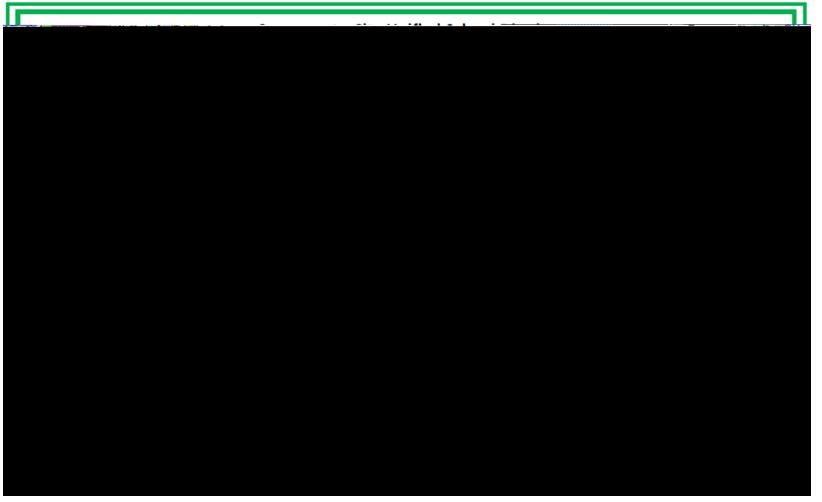
Projected Average Cash Flow Neied201920



GFOA Recommended Reserves

The Government Finan@fficers Association (GFOA) recommends main imum reserve of 17%, representing two months' average payroll -for the District two months' average payroll is approximately \$86M. Theistricts'reserves abovethe statutory reserves for economic uncertainty are projected at well below the GFOA recommendations.

2020-2021 Budget Calendar and Timeline



Fiscal Crisis Management Assistance Team (FCM/Fiscal Health Risk Analysis)

- FiscaHealth Risk AnalysisonductedOctober2018
- 60 deficiencies were identified
- Providedrecommended 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

- StateFinanciaPicture/COVIDI-9'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 toachievefiscalsolvency

 Next reporting period 202@1 Budget in June 2020

Approve2019-20 ThirdInterim Financial Report