

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Report to the Board of Education

2020-2021 First Period Interim Financial Report

Changes since the last budget update in September

As of October 31, 2020, the ending fund balance decreased by a total of \$64,041.

Revenue

The Local Control Funding Formula was recalculated and reduced by \$114,919.

Expenditures

Current personnel have been reconciled with the budget and expenses for salaries and benefits decreased by \$50,878.

Assumptions used for the First Interim

2020/21 1st Interim Assumptions

- Revenue based on FCMAT LCFF calculator
- Funded Cost of Living Adjustment (COLA) = 0%
- Enrollment on day 14 was 13,315
- Using prior year Average Daily Attendance (ADA) of 13,195
- Projected Parcel Tax revenue of \$4 million
- Lottery = \$150.00 unrestricted and \$49.00 restricted per ADA
- STRS employer rate = 16.15%
- PERS employer rate = 20.70%
- One-time Learning Loss Mitigation Funds of \$8.4 million

Multi-Year Projection (MYP) Assumptions

2021/22

- Revenue based on FCMAT LCFF calculator
- Funded Cost of Living Adjustment (COLA) = 0%
- Using 2019/20 ADA = 13,195
- Projected Parcel Tax revenue of \$4 million
- Lottery = \$150.00 unrestricted and \$49.00 restricted per ADA
- STRS employer rate = 16.00%
- PERS employer rate = 23.00%

2022/23

- Revenue based on FCMAT LCFF calculator
- Funded Cost of Living Adjustment (COLA) = 0%
- Projected ADA = 12,850
- Measure G Parcel Tax expires, projection assumes renewal otherwise additional \$4 million in reductions will be required
- Lottery = \$150.00 unrestricted and \$49.00 restricted per ADA
- STRS employer rate = 18.10%
- PERS employer rate = 26.30%

State Budget

The Legislative Analyst's Office (LAO) published their annual *Fiscal Outlook* report on November 18, 2020. The report states that the California economy has undergone a rapid but uneven recovery. The LAO notes that although economic consequences of the COVID-19 health crisis were severe, the fiscal fallout was not as catastrophic as many projected in early 2020.

Given the good fiscal environment, the LAO offered policymakers two key considerations for how to spend the projected windfall and what obligations exist on the horizon. The first consideration is that, under these revenue scenarios, the Legislature could pay down all the budget deferrals and cover the cost of an estimated cost-of-living-adjustment (COLA) in 2021–22, which is estimated to be 1.14%. This would leave the Legislature with \$4.2 billion for new commitments. Secondly, the LAO notes that pension costs are projected to grow quite significantly in 2022–23 and would likely exceed the COLA. As is typical, the LAO recommends that the Legislature adopt a conservative budget approach by appropriating some of the new money for one-time activities. Those one-time allocations could address a range of issues, including mitigating the learning loss experienced by students since the closure of schools in March 2020.

Aside from the global and national challenges of which we are acutely aware, there is also uncertainty around the revenue projections that will ultimately be used by Governor Newsom in the 2021 January State Budget proposal. We remain optimistic and look forward to the release of the proposal in January.

Summary

As of the First Interim, our District's projected ending fund balance for the year is \$5,294,040. Of this amount, we are designating \$50,000 for the revolving fund, \$150,000 in estimated warehouse inventory, and \$5,005,346 as a 3% reserve for economic uncertainty. This allows \$88,694 for ongoing staffing adjustments.