

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Report to the Board of Education

2019/2020 First Period Interim Financial Report

Changes since the last budget update in September

As of October 31, 2019, the ending fund balance increased by a total of \$26,737.

Revenue

There was no change to revenue that impacted the ending fund balance.

Expenditures

Indirect and direct costs to the restricted programs increased by \$26,737, which has a positive impact to the ending fund balance.

Assumptions used for the First Interim

2019/20 1st Interim Assumptions

- Revenue based on FCMAT LCFF calculator
- State Categorical COLA = 3.26%
- Enrollment on day 14 was 13,725
- Projected ADA is 13,226
- Projected Parcel Tax revenue of \$4 million
- Lottery = \$153.00 unrestricted and \$54.00 restricted per ADA
- STRS employer rate = 17.1%
- PERS employer rate = 19.721%
- One-time Special Ed Preschool funding of \$1.2 million
- One-time profit sharing of \$1.4 million

Multi-Year Projection (MYP) Assumptions

2020/21

- Revenue based on FCMAT LCFF calculator
- State Categorical COLA = 3.0%
- Stable enrollment and ADA
- Projected Parcel Tax revenue of \$4 million
- Lottery = \$153.00 unrestricted and \$54.00 restricted per ADA
- STRS employer rate = 18.4%
- PERS employer rate = 22.7%

2021/22

- Revenue based on FCMAT LCFF calculator
- State Categorical COLA = 2.8%
- Stable enrollment and ADA
- Projected Parcel Tax revenue of \$4 million
- Lottery = \$153.00 unrestricted and \$54.00 restricted per ADA
- STRS employer rate = 18.1%
- PERS employer rate = 24.6%

State Budget

The Legislative Analyst's Office (LAO) published their annual *Fiscal Outlook* report on November 20, 2019. The report states that the condition of the California economy and budget are stable, but cautions that the State may face headwinds in the near future.

Consistent with their recent approaches to forecasting California's economy, the LAO looks at the State's outlook through two lenses—a growth lens and a recession lens. Under an economic growth scenario, the LAO estimates State revenues to grow from \$146 billion in 2019–20 to \$167 billion in 2023–24. Conversely, in a recession scenario, the LAO predicts that the State could lose roughly \$50 billion in revenue over the forecast period; due largely to declines in revenue generated by the personal income tax, which yields the lion's share of revenue from the State's "Big Three" taxes. Even in the face of significant revenue losses, the LAO estimates that reduced spending obligations in education and debt payments could save the State roughly \$27 billion. The State could manage the remaining budget deficit and weather a recession by tapping into the "rainy day" reserve, which is expected to near \$23 million.

Governor Newsom responded "This budget assessment points to a broader truth. California is now the fifth-largest economy in the world. Our state is proving what big-hearted, progressive governance can look like – all without breaking the bank." We look forward to the release of the Governor's 2020-21 Budget Proposal in January.

Summary

As of the First Interim, our District's projected ending fund balance for the year is \$5,536,786. Of this amount, we are designating \$50,000 for the revolving fund, \$200,000 in estimated warehouse inventory, and \$4,804,574 as a 3% reserve for economic uncertainty. This allows \$482,212 to be allocated toward future pension liability.