

# LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

## Report to the Board of Education

### 2019-2020 Second Period Interim Financial Report

The 2019-20 Second Interim Report has been prepared based on the Governor's January Budget Proposal. The report is a snapshot in time of the District's revenue and expenditure forecasts for the current year as well as a projection for the subsequent two years.

#### Changes since First Interim

As of January 31, 2020 the ending fund balance decreased by a total of \$194,211.

#### Revenue

Lease and rental revenue decreased by \$58,916.

#### Expenditures

Staffing reconciliation and miscellaneous budget adjustments increased our expenses by \$123,319.

Our indirect costs charged to restricted funds decreased by \$11,976.

#### Assumptions used for the Second Interim

##### 2019-20 2nd Interim Assumptions

- Revenue based on FCMAT LCFF calculator
- State Categorical COLA = 3.26%
- Enrollment in CBEDS was 13,701
- 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 from sale of property

## Multi-Year Projection (MYP) Assumptions

### 2020/21

- Revenue based on FCMAT LCFF calculator
- State Categorical COLA = 2.29%
- 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 = 22.8%
- Removed one-time funding and carryover
- Includes Governor's January State Budget Proposal
- Includes potential budget modifications/reductions

### 2021/22

- Revenue based on FCMAT LCFF calculator
- State Categorical COLA = 2.71%
- 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 = 24.9%

## State Budget

Although the 2020-21 revised revenue forecast is over \$5 billion more than the 2019-20 State Budget Act projection, Governor Newsom cautions that the opportunities for continued economic growth are expected to slow as both the nation and the State have reached full employment. He continues to build additional reserves beyond the \$16 billion currently set aside in the Rainy Day Fund with a plan of bringing the total to \$19.4 billion by 2023-24

The January release of the Governor's 2020-21 State Budget Proposal provides a 2.29% cost of living adjustment (COLA). Unfortunately, this is a decrease from the 3.0% that was originally projected in the 2019-20 Budget Act. Also disappointing is no proposed additional funding towards rising pension contributions. This was a welcomed relief last year and many hoped to see it continue. As a result of the lower than expected Governor's January State Budget proposal, potential budget modifications have been incorporated into our Multi-Year Projection to ensure alignment and solvency.

Other proposals in the Governor's January Budget include:

- Provide funding for a new special education base grant to replace Assembly Bill 602;
- Establish a Department of Early Childhood Development;

- Provide one-time Proposition 98 funds to address California's persistent educator shortage; and
- Provide increased funding for school nutrition to promote healthier and more nutritious meals.

We look forward to the release of the Governor's 2020-21 May Revise.

### **Summary**

As of the Second Interim, the District's projected ending fund balance for the 2019-20 fiscal year is \$5,342,574. Of this amount, we are designating \$50,000 for the revolving fund, \$200,000 in estimated warehouse inventory, and \$4,838,247 as a 3% reserve for economic uncertainty. This allows \$254,327 to be allocated toward future pension liability.