

# **LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT**

## **Report to the Board of Education**

### **2020-2021 Second Period Interim Financial Report**

The 2020-21 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, 2021 the ending fund balance increased by a total of \$1,659,852

#### **Revenue**

There were no changes to revenue impacting the ending fund balance.

#### **Expenditures**

The budgets for transportation, substitutes and unfilled positions were decreased based on actual use this year. The estimated savings is \$1,662,142. This is a one-time savings, as the expenses must be added back into the budget for future years. These savings will be earmarked for Board-established priorities.

Our indirect costs charged to restricted funds decreased by \$2,290.

#### **Assumptions used for the Second Interim**

##### **2020-21 2nd 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
- LCFF Cost of Living Adjustment (COLA) = 3.84%
- State Categorical COLA = 1.50%
- 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 = 15.92%
- PERS employer rate = 23.00%

### 2022-23

- Revenue based on FCMAT LCFF calculator
- Cost of Living Adjustment (COLA) = 2.98%
- Projected ADA = 12,850
- Measure G Parcel Tax expires, projection incorporates renewal without increase otherwise additional \$4 million in reductions will be required
- Lottery = \$150.00 unrestricted and \$49.00 restricted per ADA
- STRS employer rate = 18.00%
- PERS employer rate = 26.30%

## State Budget

With revenue growth surpassing original expectations early in the pandemic, the Governor's January Budget Proposal forecasts a dramatic restoration of funding including growth in programs, reserves, and a cost-of-living adjustment (COLA). The State's General Fund continues to enjoy stronger than estimated revenue from the "Big Three" taxes; personal income tax, corporation tax, and sales and use tax. Recent data on actual tax collections and program caseloads have been consistent with a more positive economic picture, especially among high-income Californians. For example, between August and October, collections from the State's three largest taxes so far in 2020-21 have been 22 percent (\$11 billion) ahead of budget act assumptions.

The proposed COLA for the Local Control Funding Formula (LCFF) in 2021–22 is 3.84%—a compounded amount that encompasses a 2.31% COLA for 2020–21 and an additional 1.5% for 2021–22—and is applied to the LCFF base grants. The other education programs that are funded outside of the LCFF—Special Education, Child Nutrition, Preschool, Foster Youth, American Indian Education Centers, and the Mandate Block Grant—will only receive the 1.5% COLA designated for 2021–22.

In addition, the proposal sets aside \$4.6 billion to be distributed statewide in one-time Proposition 98 General Funds for unspecified interventions to address learning loss, such as an extended school year or summer school. This investment would be targeted for students from low-income families, English language learners, youth in foster care, and homeless youth.

This is just the beginning of the budget process. We look forward to the release of the Governor's 2021-22 May Revise.

### **Summary**

As of the Second Interim, our District's projected ending fund balance for the 2020-21 fiscal year is \$6,953,892. Of this amount, we are designating \$50,000 for the revolving fund, \$150,000 in estimated warehouse inventory, and \$4,952,469 as a 3% reserve for economic uncertainty. This allows \$1,801,423 to be set aside for Board-established priorities.