Rincon Valley School District 2020-2021 2nd Interim State Report



Presented by Allen K. Watts, CBO March 9, 2021

2020-2021 **2**ND Interim State Report

*Purpose:

- California Education Code 42130 requires the <u>Superintendent to prepare and</u> submit two interim financial reports to the Board each fiscal year
- After reviewing the report, California Education Code 42131 requires the Board to certify the districts ability to meet its financial obligations for the remainder of the current fiscal year as well as the following two fiscal years

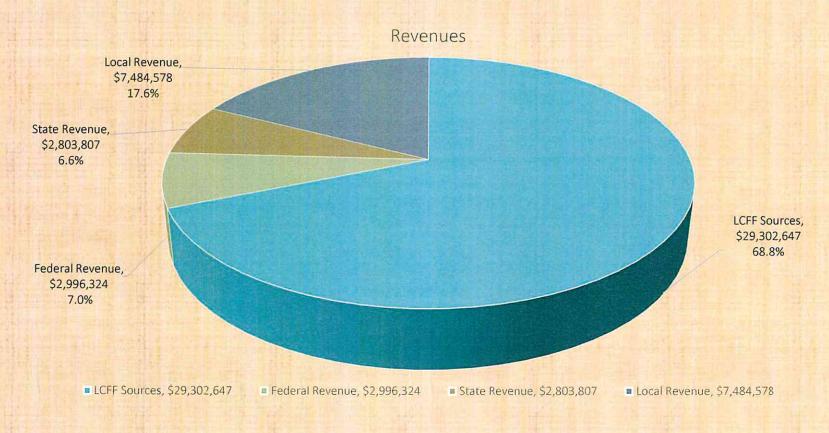
Process:

- Update the district budget for changes in revenues and expenditures since 1st
 Interim using the most current information available and update multi-year
 projections using the most current assumptions
- The report is sent to SCOE for review. District will receive a letter from SCOE noting approval (or disapproval)
- The District is projected to meet the required 3% reserve for economic uncertainties for the remainder of the fiscal year and for the subsequent two fiscal years. Based on this staff is recommending that the Board certify a positive certification for the 2020-2021 Second Interim report

Rincon Valley Union School District 2020-2021 General Fund Revenues

LCFF Sources	\$29,302,647
Federal Revenue	\$2,996,324
Which includes ESSER, GEER & COVID19 Funds \$2,014,552	
State Revenue	\$2,803,807
Which includes Learning Loss Mitigation Funds \$246,903	
Local Revenue	<u>\$7,484,578</u>
Which includes Rincon Valley Partnership	9
Total Revenue	\$42,587,356

Rincon Valley Union School District Combined General Fund Revenues 2020-2021



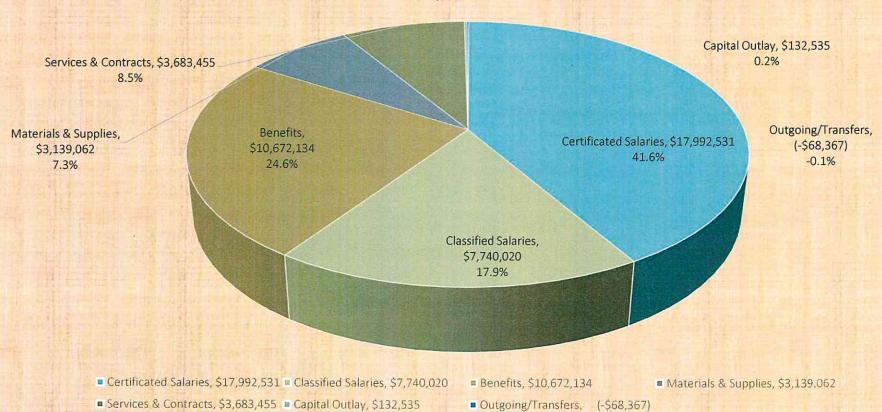
Rincon Valley Union School District Combined General Fund Expenditures 2020-2021

* Salaries + Benefits = 84.1% of Total General Fund Expenditures

41.6% Certificated Salaries	\$17,992,531
17.9% Classified Salaries	\$7,740,020
24.6% Benefits	\$10,672,134
7.3% Materials & Supplies	\$3,139,062
8.5% Services & Contracts	\$3,683,455
0.2% Capital Outlay	\$132,535
(.1)% Outgo/Transfers	<u>(\$68,367)</u>
TOTAL EXPENDITURES	\$43,295,023

Rincon Valley Union School District Combined General Fund Expenditures 2020-2021

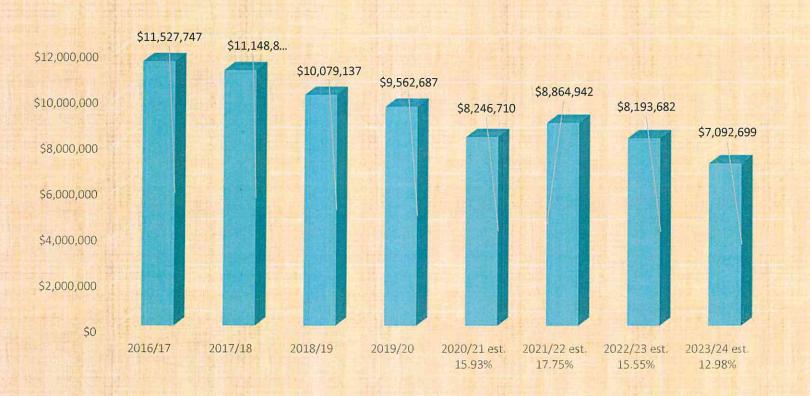
Expenditures



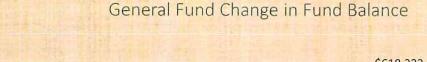
District Reserves & Deficit Spending

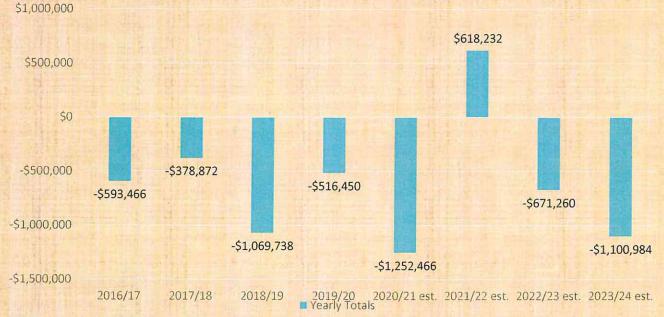
- District Reserves: Reserve funds enable school districts to appropriate money for long-term needs. Used judiciously, they help maintain a district's fiscal integrity. They can also contribute to keeping budget increases moderate and steady by using savings instead of operating funds for unusual and/or large expenses.
- Deficit Spending: A deficit in one year isn't necessarily bad for a district, but deficits over time create structural budget imbalances that become more difficult to cure as time progresses. Structural deficits also make districts more vulnerable to unforeseen circumstances.

Rincon Valley Union School District Ending Fund Balances



Rincon Valley Union School District Change to Fund Balance

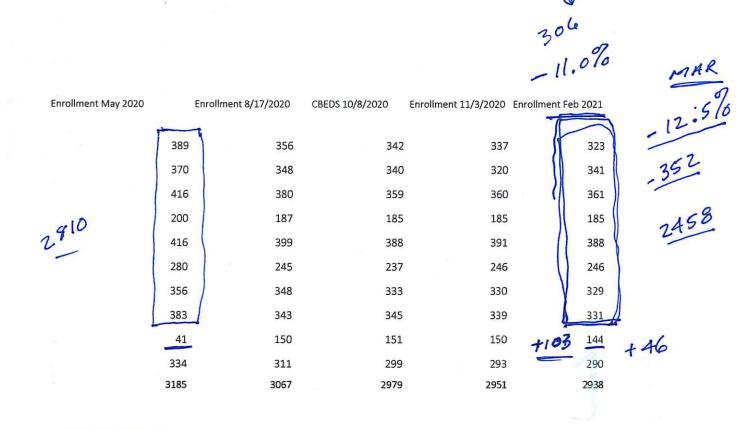




State Requirement Fiscal Solvency

- School districts are required to prove fiscal solvency per AB1200 and certify their budget
- This is done at key times including budget adoption, State Interim reports and as part of negotiated salary agreements
- Fiscal solvency is determined by the final Unrestricted General Fund Reserve Level (Reserve for Economic Uncertainties) that is minimum 3% in the current budget year and the two subsequent budget years as determined in Multi-Year projections (MYP)

RVUSD 2020-2021 Enrollment Summary



Austin Creek Binkley Madrone Matanzas Seguoia Spring Creek Village Whited Home Study **RVCS** RVP

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*(MAR -46)

Funds 01-05 Object Codes		Unrestricted Restricted Total			2021-2022 - Yrl Projection			2022-2023 Yr2 Projection			2023-2024 Yr 3 Projection		
						Unrestricted Restricted Total			Unrestricted Restricted Total			Restricted	Total
District TK-6 AD.	A	wineyers = miney	1290.87			1083.95			1082.10		Cincotricted	1082.10	Total
Charter AD.	A		1503.13			1342.96			1338.46			1334.46	
ADA for District LCFF (higher of ca	irrent or prior)		NA			1290.87			1083.95			1082.10	
COLA (enter percentage)		0.00%			3.84%			1.28%			1.61%		
Effective Deficit Factor					0.00%			0.00%			0.00%		
Revenue Local Control Funding Formula	8010-8099	29,096,975	205,672	29,302,647	28,516,033	205,672	28,721,705	27,213,672	205,672	27,419,344	27,525,662	205,672	27,731,33
Federal Revenues	8100-8299	-											
Federal Revenues Covid-19 Funding	8100-8299	50,000	1,047,377	1,097,377	50,000	917,653	967,653	50,000	917,653	967,653	50,000	917,653	967,65
State Revenues (incl STRS on Behalf of		379,740	1,898,947 2,202,493	1,898,947 2,582,233	379.740	1.905.597	2 205 227	270 740	1 000 500				
State Revenues Covid-19 Funding	8590	379,740	221,574	2,382,233	379,740	1,905,597	2,285,337	379,740	1,905,597	2,285,337	379,740	1,905,597	2,285,33
Local Revenues	8600-8799	2,178,617	5,305,961	7,484,578	2,189,132	5,414,969	7,604,101	2,217,132	5,523,977	7,741,109	2,245,132	5,632,985	7.070.11
Total Revenue	3000 0155	31,705,332	10,882,024	42,587,356	31,134,905	8,443,891	39,578,796	29,860,544	8,552,899	38,413,443	30,200,534	8,661,907	7,878,11 38,862,44
		51,100,002	10,002,021	42,507,550	31,134,505	0,445,051	39,378,790	29,000,344	0,332,099	30,413,443	30,200,334	8,001,907	38,802,44
Expenditures													
Certificated Salaries	1000-1999	12,101,533	5,890,998	17,992,531	12,024,141	5,609,999	17,634,140	11,507,615	5,710,979	17,218,595	11,409,352	5,813,777	17,223,12
Classified Salaries	2000-2999	3,706,498	4,033,522	7,740,020	3,308,742	3,480,603	6,789,345	3,350,461	3,567,618	6,918,078	3,434,222	3,656,808	7,091,03
Employee Benefits								3,533,54	2,52,524		-,	2,222,000	.,024,02
STRS - Incl STRS on Behalf	3100-3102	1,892,532	2,591,041	4,483,573	1,926,267	2,353,700	4,279,967	1,843,520	2,369,877	4,213,397	2,065,093	2,507,272	4,572,36
PERS	3200-3202	798,563	847,564	1,646,127	761,342	800,887	1,562,228	879,161	936,143	1,815,304	932,048	992,458	1,924,50
Health & Welfare	3400-3499	1,938,034	1,131,647	3,069,681	1,838,004	923,043	2,761,047	1,929,904	969,195	2,899,099	2,026,399	1,017,655	3,044,05
Out - State - B - Sta	3300-3399, 3501-												
Other Statutory Benefits	3699 3700-3799, 3900-	763,474	574,709	1,338,183	762,276	526,655	1,288,931	785,144	542,455	1,327,599	808,699	558,728	1,367,42
Other Employee & Retiree Benefits	3998	115,630	18,940	134,570	118,211	16,359	134,570	121,757	16,850	138,607	125,410	17,355	142,76
Books and Supplies	4000-4999	1,387,935	1,751,127	3,139,062	787,294	483,161	1,270,455	795,167	487,993	1,283,160	803,119	492,873	1,295,99
Services, Other Operating Expenses	5000-5999	2,055,013	1,628,442	3,683,455	1,996,459	1,101,870	3,098,329	2,016,424	1,112,889	3,129,312	2,036,588	1,124,018	3,160,60
Capital Outlay	6000-6999	82,535	50,000	132,535	- 1	50,000	50,000	-	50,000	50,000	- r	50,000	50,00
Other Outgo (excl. transfers of indirect co	7100-7299, 7400- 7499	3,653		3,653	3,653	-	3,653	3,653	_	3,653	3,653		3,65
Other Outgo (transfer of indirect cost)	7300-7399	(473,031)	404,664	(68,367)	(461,957)	393,590	(68,367)	(461,957)	393,590	(68,367)	(461,957)	393,590	(68,36
Total Expenditures	1	24,372,369	18,922,654	43,295,023	23,064,431	15,739,867	38.804.298	22,770,849	16,157,588	38,928,437	23,182,625	16,624,533	39,807,15
Excess (Deficiency)		7,332,963	(8,040,630)	(707,667)	8,070,474	(7,295,976)	774,498	7,089,695	(7,604,689)	(514,994)	7,017,909	(7,962,626)	(944,71
						(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		1,007,072	(1,001,007)	(51 (52))	7,017,202	(7,502,020)	(>+4,71
Transfers In	8910-8929	4,422,216		4,422,216	4,605,745		4,605,745	4,605,745		4,605,745	4,605,745		4,605,74
Transfers Out (enter as negative)	7610-7629	(4,967,015)	1	(4,967,015)	(4,762,011)		(4,762,011)	(4,762,011)		(4,762,011)	(4,762,011)	_	(4,762,01
Other Sources	8930-8979			-	.,,,		-	(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		(4,702,011)	(4,702,011)		(4,702,01
Other Uses (enter as negative)	7630-7699			-									
Contributions	8980-8999	(8,161,122)	8,161,122	- (*)	(7,871,530)	7,871,530		(7,871,530)	7,871,530		(7,871,530)	7,871,530	-
Total Transfers/Other Uses		(8,705,921)	8,161,122	(544,799)	(8,027,796)	7,871,530	(156,266)	(8,027,796)	7,871,530	(156,266)	(8,027,796)	7,871,530	(156,26
Net Increase (Decrease)		(1,372,958)	120,492	(1,252,466)	42,678	575,554	618,232	(938,101)	266.841	(671,260)	(1,009,887)	(91,096)	(1,100,98
Fund Balance	- I										12,22,237		
Beginning Balance		9,059,079	503,608	9,562,687	7,686,121	560,589	8,246,710	7,728,799	1,136,143	8,864,942	6,790,698	1,402,984	8,193,683
Audit Adjustment(s)			(63,511)	(63,511)			-		.,,,	-			
Net Ending Balance		7,686,121	560,589	8,246,710	7,728,799	1,136,143	8,864,942	6,790,698	1,402,984	8,193,682	5,780,810	1,311,888	7,092,699
Components of Ending Balance:			nwary a war-										
Revolving Cash (nonspendable)	9711	17,250		17,250	17,250		17,250	17,250		17,250	17,250		17,250
Stores (nonspendable)	9712			-				-					-
Prepaid Expenses	9713												
Restricted	9740		560,589	560,589		1,136,143	1,136,143		1,402,984	1,402,984		1,311,888	1,311,88
Assigned	9780	433,165		433,165	1,176,603		1,176,603	219,881	REMEDIATION OF	219,881			
Reserve for Econ Uncert. (unassigned)	9789	7,235,706		7,235,706	6,534,946	R. Valley B. C.	6,534,946	6,553,567	LEVEL CONTRACTOR	6,553,567	5,763,561	Wall was a few or	5,763,56
Jnassigned/Unappropriated Amount	9790	7 (0) (10)	-		-	-	(0)		0	0		0	(0
Net Ending Balance	1	7,686,121	560,589	8,246,710	7,728,799	1,136,143	8,864,942	6,790,698	1,402,984	8,193,682	5,780,811	1,311,888	7,092,699
	,	15.93%			17.75%		14	15.55%			12.98%		

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Rincon Valley Union School District Multi-Year Projections (MYP)

The District is projected to meet the required 3% reserve for economic uncertainties for the remainder of the current year and the subsequent two years

Based on this staff is recommending that the Board certify a positive certification for the 2020-21 First Interim Report.

Challenges for Rincon Valley Union School District

- Governor's Budget Proposal is just that, a Proposal
- COLA only environment, 3.84% 21/22, 1.28% 22/23, 1.61% 23/24
- Declining enrollment
- State budget and economy
- Deferrals Impact to Cash Flow
- STRS/PERS cost in the out years
- Escalating Special Education cost
- Collective Bargaining

Next Steps for Rincon Valley Union School District

- Continue Budget Advisory Committee: Solutions for structural deficit spending
- Governor's May Revised Budget Proposal
- Possible Additional 1x dollars
- Possible Augmented COLA or increase to LCFF base funding
- Review staffing due to enrollment changes

Questions

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