

RINCON VALLEY UNION SCHOOL DISTRICT

MEMORANDUM

TO: Dr. Tracy Smith, Superintendent
FROM: Allen Watts, CBO
SUBJECT: 2020-21 Report of Unaudited Actuals Financial Data
DATE: September 14, 2021

Background

Education Code 42100 requires that on or before September 15th of each year, a report summarizing the District's previous year's financial transactions be submitted to the County Superintendent of Schools after being approved by the Local School Board. With the exception of the audit, which is presented in January, this is the final financial report required for the 2020-21 fiscal year. This financial reporting cycle began with the 2020-21 Original Budget and was updated with the first (December) and second (March) interim reports. The Sonoma County Office of Education (SCOE), which has oversight authority as outlined in AB1200 reviews this report, ensures proper completion of the report and makes comments to the District when necessary. This report is then transmitted to the State Superintendent of Public Instruction.

The Unaudited Actuals Report is formatted according to the Standardized Account Code Structure (SACS), and is attached to this memo. This SACS report is essentially a summary report that groups the entire year's transactions into similar categories. The first two pages are the general fund summary in both unrestricted and restricted. The left side of the pages has a description of the group of transaction, followed by the unrestricted and restricted unaudited actuals. Adjacent to these columns is the 2021-22 budget and the final column is a percent of change between the two. Immediately following the general fund are two pages for each other fund with the same information followed by the several technical forms, whose primary purpose is to provide detailed information to the County for evaluation.

Below is my analysis of the unaudited actuals.

General Fund

The General Fund closed with a fund balance of \$13.1M, which is an increase of \$3,564,498. This increase is comprised of a \$1,313,042 increase in the restricted fund balance and a \$2,251,456 increase in the unrestricted fund balance. These increase balances were generated due to receiving \$4,339,513 in one time funds from the following State and Federal Mandates: ESSER "CARES ACT", ESSER II Fund, GEER Fund, Coronavirus Relief Fund "COVID-19", Learning Loss Mitigation Fund, In Person Grant and Expanded Learning Opportunities.

These funds were used in accordance with the Federal and State restriction and with California Department of Education guidelines. Restricted funds are provided to the District for a particular program or use, and must be delineated from unrestricted funds. Unrestricted funds are not as legally constrained as compared to restricted funds.

Included in the ending fund balance are carry-over funds that have been set aside for a particular purpose. This carry-over will be budgeted in the 2021-22 first interim report:

Site Budgets	\$ 80,000
Donation Accounts	\$ 41,524
Drama Accounts	\$ 6,271
Library Accounts	\$ 30,262
Outdoor Ed. Accounts	\$ 10,329
Intervention Accounts	\$ 125,210
Parcel Tax	\$ 448,099
RESIG, 1x Dollars	\$ 397,395
State Lottery	\$ 418,343

The increase in restricted fund balances were due to reduced spending covered by one time funds received from the Federal and State Mandates. Unspent restricted monies include:

Clean Energy	\$ 31,762
Restricted Lottery – Instructional Materials	\$ 166,952
Mental Health-Related Services	\$ 88,567
Classified Professional Development	\$ 14,369
*Expanded Learning Opportunities	\$ 843,503
*Expanded Learning Opportunities –Para.	\$ 182,923
Maintenance	\$ 365,545
Other Restricted Local	\$ 59,517

*One time dollars with no expenditures in 2020/21

The district has been allocated and received an unrepresented amount of 1x dollars to mitigate the impact of COVID-19 during 2020/21.

ESSER Fund	\$ 189,453
ESSER II Fund	\$ 644,538
GEER Fund	\$ 257,606
Coronavirus Relief Fund	\$ 1,568,759
Learning Loss Mitigation Fund	\$ 246,903
In Person Grant	\$ 405,828

The total 1x dollars were used in the following manner:

Salary & Benefits	\$ 2,163,772
Books & Supplies	\$ 1,015,328
Services	\$ 133,987

The District was able to meet its board recommendation of 15% *reserve for economic uncertainty* requirement due in part to the 1x dollars received in the second half of the year. The District was required to submit a request for a **Tax and Revenue Anticipation Note (a short term loan)** to meet its obligations in 2020/21. The low point in fiscal year 2020-21 for cash was in November 2020, where the general fund ended the month with a negative cash balance of (\$173,027). **The District may require to take another TRANS with the county in the upcoming fiscal year to cover our obligations in November 2021.** This short term loan would be paid in full with the Property Taxes received in December 2021

Other Funds

Rincon Valley Charter School's financial transactions are summarized in **Fund 09**, which has a fiscal year ending fund balance of \$610,213. However, \$141,840 of this amount is restricted, leaving an unrestricted balance of \$468,373. Furthermore, the District did not transfer over \$100,000 of supervision and other fees typically paid by the charter school since this would have lowered the school's overall fund balance. The \$610,213 fund balance translates into a 19% reserve. Starting 2021/22, RVCS should pay the District for services and also accumulate a reserve of at least 15%, which will provide enough resources for emergencies and cash flow purposes.

Fund 12, is used for *Extended Care* and closed the year with a (\$259,149) deficit. Due to the impact of COVID-19 and the state order of shelter in place the projected 2020/21 revenues were short by \$412,580. The fund started the year with a reserve of \$2,000, with a contribution of \$259,149 it will be closing with a reserve of \$2,000. Additional steps are required to build a new reserve for emergencies and cash flow purposes.

The *Cafeteria Special Reserve Fund (13)* closed the year with a (\$77,389) deficit. This deficit was covered by Fund 13 reserves. Due to the impact of COVID-19 and the state order of shelter in place the projected 2020/21 revenues were short by \$182,738. The fund started the year with a reserve of \$134,342, it will be closing with a reserve of \$56,953. Additional steps have been taken at budget adoption to ensure this program is returned to a self-supporting program that will be able to increase its reserve for emergencies and cash flow purposes.

The *Capital Facilities Fund 25* did not generate enough revenue to fully make payment on the lease used to construct Austin Creek and the RVCS Sequoia Campus. The annual payment for the lease is \$231,265 and the principal owed at year's end is approximately \$1.82M. Revenues for the fund were \$75,571, which is down for the fourth consecutive year. A contribution of \$157,000 from the general fund was completed to cover the difference with this year's payment made in early June. The fund finished the year with a balance of \$19,776 which will be used for next year's debt payment. ***If revenues added to the fund balance are insufficient to make the payment on this fund, money to pay this expense will need to be come from the Special Reserve for Capital Outlay Projects (40) or the General Fund (01).***

Fund 35, which is a *County School Facilities Fund*. finished the year with an ending balance of \$1,414. This balance was generated from interest from the initial reimbursement from the state for projects completed in the early 2000's.

Fund 40, which is a *Special Reserve for Capital Outlay Projects*, finished the year with an ending balance of \$7,553,578. The district received reimbursements from the state for projects completed in the early 2000's. Total amount received was \$4.3M and are considered one time dollars. These funds are used to pay for the ongoing Facility Program and the completion of the 2020/21 reconfiguration.

Fund 51, is the Bond and Interest Fund and accounts for voter approved debt issuances such as Measure F. Revenues from the approved property taxes are deposited in this fund and payments are made to service the approved debt. Sonoma County manages the tax rate for this fund with input from the District and also makes payments to the bond holders.

The remainder of the SACS unaudited actuals report contains numerous technical reports that check compliance with various requirements such as special education, Every Student Succeeds Act, Gann limit, indirect cost rate, et. al. These forms are primarily for the County to review for compliance and for the external auditor. There were no issues with any of these requirements.

Staff recommends approval of the Rincon Valley 2020/21 Unaudited Actuals.

Allen K. Watts

Chief Business Official
Rincon Valley Union School District