

**RINCON VALLEY UNION SCHOOL DISTRICT
MEMORANDUM**

TO: Dr. Tracy Smith, Superintendent / Board Members

SUBJECT: 2020/21 45-Day Budget Revision

DATE: August 11, 2020

The Rincon Valley Union School District (RVUSD) Fiscal Year 2020/21 Budget (FY 21) was submitted for your approval on June 23, 2020. The Governor signed the 2020–21 State Budget into law on June 29, 2020, which starts the clock ticking on the 45-days if adopted budget are to be revised, ending on August 13, 2020. Now that the 2020–21 State Budget has been enacted, local educational agencies (LEAs) are recommended to revise their budgets as soon as possible. Education Code Section 42127(h) states:

Not later than 45 days after the Governor signs the annual Budget Act, the school district shall make available for public review any revisions in revenues and expenditures that it has made to its budget to reflect the funding made available by that Budget Act.

The Rincon Valley Union School District (RVUSD) Fiscal Year 2020/21 45-Day Budget Revision (FY 21) is being submitted for your approval.

The total District budget of over \$39.7 million (an increase of 2.6M over adopted budget) provides resources to educate, transport, provide food service, extended care, and other ancillary programs. The total budget includes three District schools, four elementary charter schools (one spread over two campuses), and one 7th-8th grade charter school (spread over two campuses), as well as the Rincon Valley Partnership (RVP). RVP is a special education cooperative operated in cooperation with seven other Santa Rosa elementary districts.

Executive Summary

The Rincon Valley Union School District budget tells a story of a District that has traditionally been financially stable, but recently has been greatly affected by the Covid-19 Pandemic, the largest recession since the Great Recession 2008, and continuing declining enrollment. Due to the impact of Covid-19 on the state's economy, Governor Newsom's May revision proposed deep cuts into the Local Control Funding Formula (LCFF) and the Basic Aid Supplemental revenue. The impact of the cuts equal to a 10% or \$3.7M in reduced revenue to the District. The State Assembly, working with Governor Newsom worked out a compromise to eliminate the COLA and using deferrals for the next three years instead of cuts of 10% to schools. These deferrals will have a direct impact on our cash flow. Also over a six-year period, the District is down approximately 520 students. The decline in enrollment has caused a corresponding decline in revenue. In response, the budget was reviewed line by line, the District has cut classroom sections as well as eliminated or reduced classified positions in the District Office and at school sites and taken other reasonable efforts to contain expenses. In fiscal year 2021, the District budget will continue to use all of the basic aid supplemental to reduce the deficit spending for this year and the two following years.

If enrollment and or revenues do not increase, the District will be forced to make additional reductions in the out years to eliminate our deficit spending. The use of all the basic aid supplemental will essentially stop most of the District's facility improvement program. Should the basic aid supplemental revenue (a state source) be eliminated, the District will find itself in a precarious situation.

Although it is possible that enrollment will increase naturally in the next few years, the District will not benefit from any additional enrollment till year 2022/23 due to the hold harmless in 2020/21. At this time the State Assemble and the Governor are not increasing funding to Districts with increased enrollment. The District needs to prepare for the possibility that our enrollment will not increase in the out years. Although the District has reserves and a supplemental source of revenue that is currently sustaining the District it will not sustain the District indefinitely. The District needs to be prepared to adapt to the changing situation, *which means finding ways in which to increase enrollment in the out years, revenues and looking at other options to reduce expenditures within the District.*

General Fund Revenues

There are three basic sources for the District's funding: Local, State and Federal revenues. The District's main funding source is the Local Control Funding Formula (LCFF), which accounts for over 74% of all District revenues and is a combination of both local property taxes and state aid. The remaining 26% of the budget consists of other local and state revenues as well as funds provided from the Federal government. Due to the Covid-19 Pandemic and the largest recession since the Great Recession 2008, we are seeing the beginning of the impact it is having on the State of California's economy. We are seeing a zero COLA for the next three years. Also the re-introduction of cash deferrals starting in June 2020, followed with additional deferrals in February through June 2021. This is an ongoing process each year until the state pays off the deferrals. These deferrals will have a negative impact on our cash reserves and may cause the District to borrow from the county treasurer.

Local Control Funding Formula

The formula for LCFF uses a per pupil amount determined by the state and multiplies this amount by the average daily attendance (ADA) as the first step in determining District funding. Other variables accounted for in this equation include the grade span of the pupils served in the District, as well as the percentage of students who are eligible for the free and reduced lunch program, are English Learners or homeless, often referred to as the District's unduplicated count. The formula also includes K-3 class size reduction grants and a few add-ons for programs such as transportation. The amounts Districts receive from the formulas vary mostly due to the unduplicated percentage in each District and Districts with higher unduplicated percentages receive more funding. The additional funding comes in two forms: supplemental grants, based on the percentage of unduplicated students in each district and concentration grants provided only for Districts with enrollment of over 55% unduplicated students. RVUSD's unduplicated count is projected to be approximately 28%, and the state average is closer to 65%, meaning the LCFF formula generates less funding for RVUSD than the median school district in California. The District is not eligible for concentration grant funding. The Governor's budget is holding (ADA) harmless for the 2020/21 school year. Also starting with this revised budget year and the next two years' districts are receiving zero COLA for the next three years, with our District it comes to a reduction of -2.29%, -2.48% and -3.26% in revenue per year. With the continuing projected declining enrollment the District will need to make additional adjustments to revenues and expenditures.

One-Time Revenues

Due to Covid-19, a one-time investment from the Budget Compromise – Learning Loss Mitigation Funds - CARES act to school's will be included in the budget when the proposal is approved and final allocations are tabulated for each District. Our District's estimated funds are 2.07M. These are one time restricted funds and have to be used related to Covid-19 expenses.

General Fund Expenditures

The majority of District expenditures fall into one of six major categories: Certificated and classified salaries, employee benefits, books and supplies, services and capital outlay. Approximately 87.7% of these expenditures are for salary and benefits.

Staffing

This year the number of certificated employees was reduced by 11.1 FTE and the number of classified employees was reduced by 6.8 FTE. These reductions include elementary teachers, consulting teachers, student services specialist, physical education and music teacher, campus supervisors, science facilitators and computer technicians.

Salary negotiations with CSEA, RVUTA and unrepresented employees are settled for 2020/2021. Therefore, the increase is included in the budget for each group, which includes step and column costs, known retirees, and changes to medical insurance premiums are also included. District paid medical costs were increased to match negotiated agreements. The increase to the STRS and PERS employer contributions have been included, which are substantial.

Net

Surplus/Loss

The FY 20 general fund budget projects an operating surplus of **\$338,972**. However, this includes using all of basic aid supplemental to offset the deficit and we still have deferrals which has a serious cash flow impact on our reserves.

Multiyear Projections

The multiyear projection demonstrates the District has sufficient reserves to meet the state mandated 3% reserve for economic uncertainty, but not the board's practice of a total of 15% designated reserve for economic uncertainty in the third year. ***However, the projection shows a large unsustainable deficit in 2022-2023.*** The general fund expenditures are typically 75%-85% salary and benefits, staffing reductions will likely be needed in order to balance the budget in future years. The district Budget Advisory Council will need to work through a process to determine exactly where reductions can be made.

Both of the state's retirement systems for school employees (CalSTRS for certificated employees and CalPERS for classified employees) are substantially underfunded. The CalSTRS underfunding is estimated at \$107 billion and the CalPERS liability is projected at nearly \$146 billion. Under Governor Newsom's administration, school districts are responsible for 60% of the solution, with employer rates increasing substantially. Fortunately, it appears likely that the state's final budget will diminish the contribution rate for this next couple of years. In addition, it should be noted that although the District does not pay the 6.2% for social security payroll tax for certificated employees, it does pay this percentage for classified employees. Adding this 6.2% cost to the projected CalPERS future rates creates a total retirement rate of 32.2% for classified employees by FY 23.

An increase in books, supplies and operating expenses have been increased 1% for the 2021-2023 years.

Cash Flow

The impact of the cash deferrals on the District between February – June 2021 will strain our cash reserves. The District has adequate cash on hand to meet our financial obligations for the first half of the year but will need to submit a resolution and application cash flow to the county office to ensure that we have the sufficient funds on hand to provide for operation of the District during the 2020-21 fiscal year.

Fund 40 (Capital Facility Fund)

Summer construction typically occurs between June and August. Due to Covid-19, most projects other than the campus reconfiguration are on hold. ***It is important to note that the contribution to fund 40 from the District's basic aid supplemental funding will still be suspended. The \$2M is now being used to offset the general fund deficit.***

I hope you find this summary a useful tool for understanding the District's 45-Revised Budget and please ask if you have any questions.

Allen K. Watts

Chief Business Official
Rincon Valley Union School District

Attachment: Multi-Year Projection

Funds 01-05 Object Codes	2019-20 Budget			2020-2021 - Budget			2021-2022 Yr1 Projection			2022-2023 Yr 2 Projection		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
District TK-6 ADA		1298.37			1298.37			1225				1197
Charter ADA		1503.17			1503.17			1436				1402
ADA for District LCFF (higher of current or prior)		NA			1298.37			1298				1225
COLA (enter percentage)		3.26%			0.00%			0.00%				0.00%
Effective Deficit Factor					0.00%			0.00%				0.00%
Revenue												
Local Control Funding Formula 8010-8099	29,479,979	205,672	29,685,651	29,275,401	205,672	29,481,073	28,524,248	205,672	28,729,920	27,570,014	205,672	27,775,686
Federal Revenues 8100-8299	89,080	917,653	1,006,733	50,000	1,036,433	1,086,433	50,000	917,653	967,653	50,000	917,653	967,653
State Revenues (incl STRS on Behalf of) 8300-8599	941,750	1,718,534	2,660,284	504,581	1,711,119	2,215,700	504,581	1,711,119	2,215,700	504,581	1,711,119	2,215,700
Local Revenues 8600-8799	2,325,704	5,205,564	7,531,268	2,231,532	4,738,668	6,970,200	2,231,532	4,738,668	6,970,200	2,231,532	4,738,668	6,970,200
Total Revenue	32,836,513	8,047,423	40,883,936	32,061,514	7,691,892	39,753,406	31,310,361	7,573,112	38,883,473	30,356,127	7,573,112	37,929,239
Expenditures												
Certificated Salaries 1000-1999	12,709,130	5,167,024	17,876,154	12,562,462	5,231,624	17,794,086	11,763,572	5,325,793	17,089,366	11,975,317	5,421,658	17,396,974
Classified Salaries 2000-2999	3,761,207	3,524,268	7,285,475	3,675,385	3,525,315	7,200,700	3,663,270	3,613,448	7,276,718	3,754,851	3,703,784	7,458,635
Employee Benefits												
STRS - Incl STRS on Behalf 3100-3102	2,069,325	2,324,363	4,393,688	1,974,602	2,287,095	4,261,697	1,884,524	2,308,170	4,192,694	2,167,532	2,436,298	4,603,830
PERS 3200-3202	754,974	697,802	1,452,776	784,796	741,097	1,525,893	842,918	831,454	1,674,373	985,273	971,873	1,957,146
Health & Welfare 3400-3499	1,967,015	930,256	2,897,271	1,839,367	879,089	2,718,456	1,931,335	923,043	2,854,379	2,027,902	969,196	2,997,098
Other Statutory Benefits 3300-3399, 3501-3699	800,736	526,078	1,326,814	784,119	511,316	1,295,435	807,643	526,655	1,334,298	831,872	542,455	1,374,327
Other Employee & Retiree Benefits 3700-3799, 3900-3998	100,722	20,956	121,678	78,502	14,960	93,462	80,857	15,409	96,266	83,283	15,871	99,154
Books and Supplies 4000-4999	1,267,085	904,224	2,171,309	783,063	483,161	1,266,224	787,294	487,993	1,275,286	795,167	492,873	1,288,039
Services, Other Operating Expenses 5000-5999	2,237,663	1,763,424	4,001,087	2,015,059	1,101,870	3,116,929	2,035,210	1,112,889	3,148,098	2,055,562	1,124,018	3,179,579
Capital Outlay 6000-6999	-	160,855	160,855	-	50,000	50,000	-	50,000	50,000	-	~ 50,000	50,000
Other Outgo (excl. transfers of indirect cost) 7100-7299, 7400-7499	3,653	-	3,653	3,653	-	3,653	3,653	-	3,653	3,653	-	3,653
Other Outgo (transfer of indirect cost) 7300-7399	(474,282)	406,472	(67,810)	(454,497)	386,130	(68,367)	(454,497)	386,130	(68,367)	(454,497)	386,130	(68,367)
Total Expenditures	25,197,228	16,425,722	41,622,950	24,046,511	15,211,657	39,258,168	23,345,779	15,580,985	38,926,763	24,225,914	16,114,154	40,340,069
Excess (Deficiency)	7,639,285	(8,378,299)	(739,014)	8,015,003	(7,519,765)	495,238	7,964,582	(8,007,873)	(43,290)	6,130,213	(8,541,042)	(2,410,830)
Transfers In 8910-8929	4,605,745		4,605,745	4,605,745		4,605,745	4,605,745		4,605,745	4,605,745		4,605,745
Transfers Out (enter as negative) 7610-7629	(6,707,745)		(6,707,745)	(4,762,011)		(4,762,011)	(4,762,011)		(4,762,011)	(4,762,011)		(4,762,011)
Other Sources 8930-8979			-			-			-			-
Other Uses (enter as negative) 7630-7699			-			-			-			-
Contributions 8980-8999	(8,050,771)	8,050,771	-	(7,807,582)	7,807,582	-	(7,807,582)	7,807,582	-	(8,200,671)	8,200,671	-
Total Transfers/Other Uses	(10,152,771)	8,050,771	(2,102,000)	(7,963,848)	7,807,582	(156,266)	(7,963,848)	7,807,582	(156,266)	(8,356,937)	8,200,671	(156,266)
Net Increase (Decrease)	(2,513,486)	(327,528)	(2,841,014)	51,155	287,817	338,972	734	(200,291)	(199,556)	(2,226,724)	(340,371)	(2,567,096)
Fund Balance												
Beginning Balance	9,498,764	580,373	10,079,137	6,985,278	252,845	7,238,123	7,036,433	540,662	7,577,095	7,037,167	340,371	7,377,539
Audit Adjustment(s)			-			-			-			-
Net Ending Balance	6,985,278	252,845	7,238,123	7,036,433	540,662	7,577,095	7,037,167	340,371	7,377,539	4,810,443	(0)	4,810,443
Components of Ending Balance:												
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		252,845	252,845		540,662	540,662		340,371	340,371		-	-
Assigned 9780												
Reserve for Econ.Uncert. (unassigned) 9789	6,968,028		6,968,028	7,019,183		7,019,183	6,050,016		6,050,016	4,793,193		4,793,193
Unassigned/Unappropriated Amount 9790	-		(0)	-		-	-	0	0	-	(0)	(0)
Net Ending Balance	6,985,278	252,845	7,238,123	7,036,433	540,662	7,577,095	6,067,266	340,371	6,407,637	4,810,443	(0)	4,810,443

District Reserve for Economic Uncertainties:	14.46%	15.99%	16.11%	10.67%
Fund 17 designated Res. For Econ. Uncert.	6,968,028	7,019,183	6,050,016	4,793,193

RINCON VALLEY SCHOOL DISTRICT

45-DAY BUDGET REVISION 2020-2021



PRESENTED BY
ALLEN K. WATTS
CBO
AUGUST 11, 2020




45-DAY BUDGET REVISION

- On May 14, 2020 Governor Gavin Newsom released the May Revised Budget for the 2020-21 fiscal year.
- On June 15, 2020 the Legislature released there approved version of the Budget 2020-21 fiscal year.
- On June 29, 2020 Governor Gavin Newsom signed the 2020-21 State Budget into Law.





45-DAY BUDGET REVISION

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- Keys to the 45-Day Budget Revision 
 - No Reduction of (10%) to (LCFF) Local Control Funding Formula, Supplemental and Transportation for 2020-23
 - Zero (COLA), Loss of 2.29% 20/21, 2.48% 21/22 and 3.26% 22/23 loss of funding
 - State funding to schools is covered by zero COLA and 6 months of deferrals starting June 2019/20. The deferrals are scheduled for February, March, April, May and June 2021.
 - A 2% savings over the next two years on STRS and PERS costs.



45-DAY BUDGET REVISION 2020-21

- The Proposed Budget was presented June 23, 2020 at the Board of Trustees meeting for final adoption and approval
- The 45-Day Budget Revision for 2020-21 will be presented August 11, 2020 at the Board of Trustees meeting for final adoption and approval.



45-DAY BUDGET REVISION 2020-21

- The 45-Day Budget Revision for 2020-21 presented tonight includes the following attachments:
 - General Fund multi-year projection (MYP's) assumptions
 - General Fund MYP
 - General Fund Graphs



45-DAY BUDGET REVISION 2020-21

- Hold harmless on (ADA) for 2020/2021
- Budget compromise – Learning Loss Mitigation Funds (CARES ACT) 1x funds estimated at 2.07M

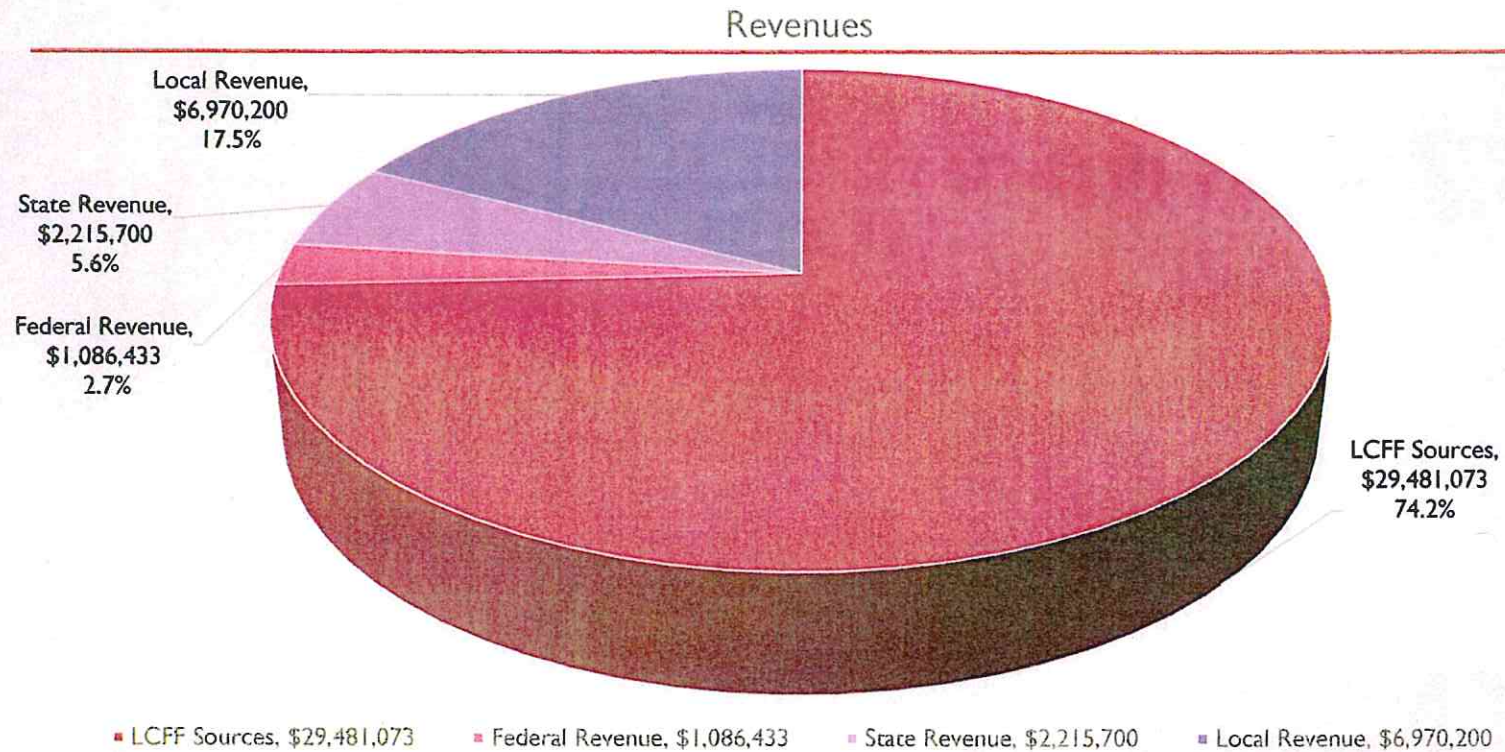


2020-2021 GENERAL FUND REVENUES

LCFF Sources	\$29,481,073
Federal Revenue	\$1,086,433
State Revenue	\$2,215,700
Local Revenue	<u>\$6,970,200</u>
Total Revenue	\$39,753,406



RINCON VALLEY UNION SCHOOL DISTRICT COMBINED GENERAL FUND REVENUES 2020-2021



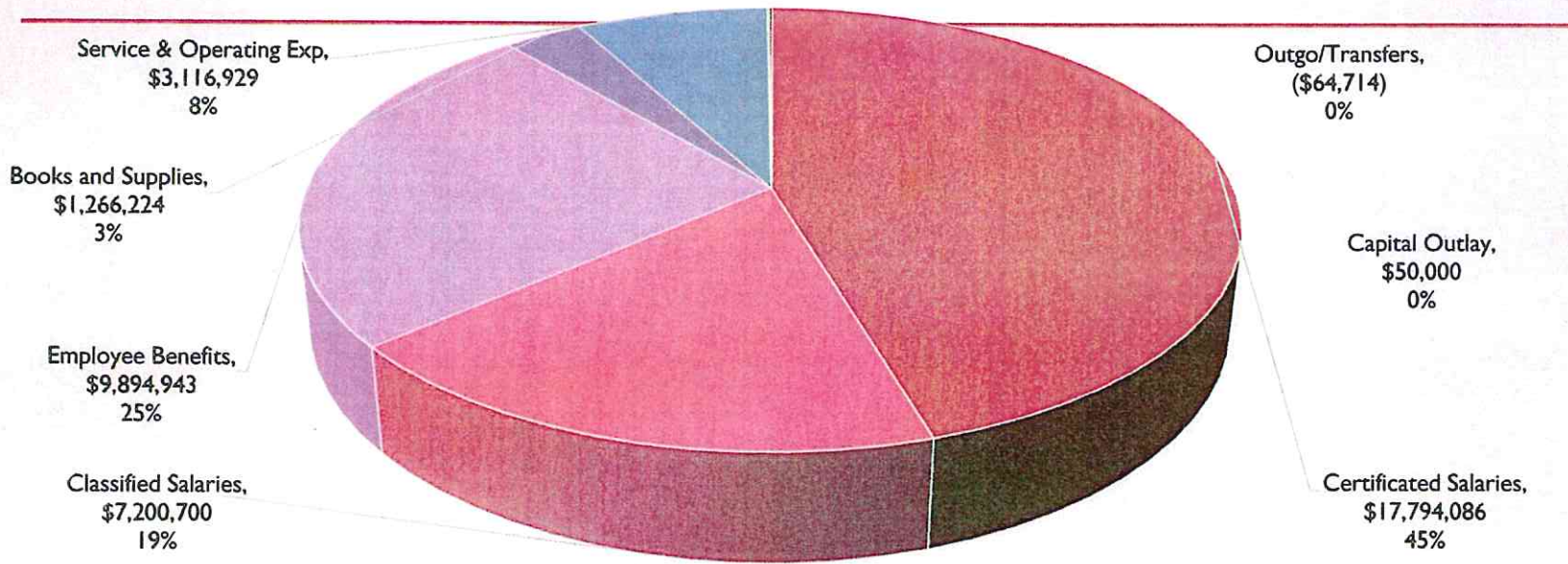
2020-2021 GENERAL FUND EXPENDITURES

** SALARIES + BENEFITS = 88.9% OF TOTAL GENERAL FUND EXPENDITURES

45.3% Certificated Salaries	\$17,794,086
18.4% Classified Salaries	\$7,200,700
25.2% Benefits	\$9,894,943
3.2% Materials & Supplies	\$1,266,224
7.9% Services & Contracts	\$3,116,929
.1% Capital Outlay	\$50,000
(.1)% Outgo/Transfers	<u>(\$64,714)</u>
TOTAL EXPENDITURES	\$39,258,168

RINCON VALLEY UNION SCHOOL DISTRICT COMBINED GENERAL FUND EXPENDITURES 2020-2021

Expenditures



- Certificated Salaries, \$17,794,086
- Classified Salaries, \$7,200,700
- Employee Benefits, \$9,894,943
- Books and Supplies, \$1,266,224
- Service & Operating Exp. \$3,116,929
- Capital Outlay, \$50,000
- Outgo/Transfers, (\$64,714)

General Fund Multi-Year Projection (MYP's) Assumptions 2020-21

- Revenues:
 - No Reduction in LCFF Funding of -10% but Zero (COLA)
 - No Reduction in Basic Aid Supplemental Funding of -10%
 - No Reduction in Transportation Funding of -10%
 - EPA funds are budgeted strictly for instructional salaries/benefits and are part of LCFF funding
 - Increase in Parcel Tax by \$3.00 per Parcel

General Fund Multi-Year Projection (MYP's) Assumptions 2020-21

- Expenditures:
 - Salary increase of 5% reflected for all groups.
 - Step in Column included.
 - Health & Welfare budgeted for a 5% increase.
 - STRS & PERS budgeted at the May Revise subsidized rate (STRS 16.15% & PERS 20.7%).
 - Routine Maintenance funded at 3% of the general fund expenditures.
 - Board approved budget reductions are included.



Rincon Valley Union School District General Fund Multi-Year Projection (MYP's) Assumptions 2020-21

- Expenditures Continued:
 - Books & Supplies reviewed with each department.
 - Services & Contracts reviewed with each department.
 - Increase in Insurance premiums of 30%
 - Reduction in legal fees by 50%
 - Transfer out to Fund 25 Developer fees \$156,266



CALSTRS & CALPERS EMPLOYER CONTRIBUTION RATES

<u>CalSTRS</u>		<u>CalPERS</u>	
<u>Fiscal Year</u>	<u>May Revision</u>	<u>Fiscal Year</u>	<u>May Revision</u>
2019-20	17.10%	2019-20	19.70%
2020-21	16.15%	2020-21	20.70%
2021-22	16.02%	2021-22	22.80%
2022-23	18.40%	2022-23	25.80%
2023-24	18.40%	2023-24	26.50%



Funds 01-05 Object Codes	2019-20 Budget			2020-2021 - Budget			2021-2022 Yr1 Projection			2022-2023 Yr 2 Projection		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Distnet TK-6 ADA		1298.37			1298.37			1225			1197	
Charter ADA		1503.17			1503.17			1436			1402	
ADA for Distnet LCFF (higher of current or prior)		NA			1298.37			1298			1225	
COJA (enter percentage)		3.26%			0.00%			0.00%			0.00%	
Effective Deficit Factor					0.00%			0.00%			0.00%	
Revenue												
Local Control Funding Formula 8010-8099	29,479,979	205,672	29,685,651	29,275,401	205,672	29,481,073	28,524,248	205,672	28,729,920	27,570,014	205,672	27,775,686
Federal Revenues 8100-8299	89,080	917,653	1,006,733	50,000	1,036,433	1,086,433	50,000	917,653	967,653	50,000	917,653	967,653
State Revenues (incl STRS on behalf of) 8300-8599	941,750	1,718,534	2,660,284	504,581	1,711,119	2,215,700	504,581	1,711,119	2,215,700	504,581	1,711,119	2,215,700
Local Revenues 8600-8799	2,325,704	5,205,564	7,531,268	2,231,532	4,738,668	6,970,200	2,231,532	4,738,668	6,970,200	2,231,532	4,738,668	6,970,200
Total Revenue	32,836,513	8,047,423	40,883,936	32,061,514	7,691,892	39,753,406	31,310,361	7,573,112	38,883,473	30,356,127	7,573,112	37,929,239
Expenditures												
Certificated Salaries 1000-1999	12,709,130	5,167,024	17,876,154	12,562,462	5,231,624	17,794,086	11,763,572	5,325,793	17,089,366	11,975,317	5,421,658	17,396,974
Classified Salaries 2000-2999	3,761,207	3,524,268	7,285,475	3,675,385	3,525,315	7,200,700	3,663,270	3,613,448	7,276,718	3,754,851	3,703,784	7,458,635
Employee Benefits												
STRS - Incl STRS on Behalf 3100-3102	2,069,325	2,324,363	4,393,688	1,974,602	2,287,095	4,261,697	1,884,524	2,308,170	4,192,694	2,167,532	2,436,298	4,603,830
PERS 3200-3202	754,974	697,802	1,452,776	784,796	741,097	1,525,893	842,918	831,454	1,674,373	985,273	971,873	1,957,146
Health & Welfare 3400-3499	1,967,015	930,256	2,897,271	1,839,367	879,089	2,718,456	1,931,335	923,043	2,854,379	2,027,902	969,196	2,997,098
Other Statutory Benefits 3300-3399, 3501-3699	800,736	526,078	1,326,814	784,119	511,316	1,295,435	807,643	526,655	1,334,298	831,872	542,455	1,374,327
Other Employee & Retiree Benefits 3998	100,722	20,956	121,678	78,502	14,960	93,462	80,857	15,409	96,266	83,283	15,871	99,154
Books and Supplies 4000-4999	1,267,085	904,224	2,171,309	783,063	483,161	1,266,224	787,294	487,993	1,275,286	795,167	492,873	1,288,039
Services, Other Operating Expenses 5000-5999	2,237,663	1,763,424	4,001,087	2,015,059	1,101,870	3,116,929	2,035,210	1,112,889	3,148,098	2,055,562	1,124,018	3,179,579
Capital Outlay 6000-6999	-	160,855	160,855	-	50,000	50,000	-	50,000	50,000	-	50,000	50,000
Other Outgo (excl. transfers of indirect cost) 7100-7299, 7400-7499	3,653	-	3,653	3,653	-	3,653	3,653	-	3,653	3,653	-	3,653
Other Outgo (transfer of indirect cost) 7300-7399	(474,282)	406,472	(67,810)	(454,497)	386,130	(68,367)	(454,497)	386,130	(68,367)	(454,497)	386,130	(68,367)
Total Expenditures	25,197,228	16,425,722	41,622,950	24,046,511	15,211,657	39,258,168	23,345,779	15,580,985	38,926,763	24,225,914	16,114,154	40,340,069
Excess (Deficiency)	7,639,285	(8,378,299)	(739,014)	8,015,003	(7,519,765)	495,238	7,964,582	(8,007,873)	(43,290)	6,130,213	(8,541,042)	(2,410,830)
Transfers In 8910-8929	4,605,745	-	4,605,745	4,605,745	-	4,605,745	4,605,745	-	4,605,745	4,605,745	-	4,605,745
Transfers Out (enter as negative) 7610-7629	(6,707,745)	-	(6,707,745)	(4,762,011)	-	(4,762,011)	(4,762,011)	-	(4,762,011)	(4,762,011)	-	(4,762,011)
Other Sources 8930-8979	-	-	-	-	-	-	-	-	-	-	-	-
Other Uses (enter as negative) 7630-7699	-	-	-	-	-	-	-	-	-	-	-	-
Contributions 8980-8999	(8,050,771)	8,050,771	-	(7,807,582)	7,807,582	-	(7,807,582)	7,807,582	-	(8,200,671)	8,200,671	-
Total Transfers/Other Uses	(10,152,771)	8,050,771	(2,102,000)	(7,963,848)	7,807,582	(156,266)	(7,963,848)	7,807,582	(156,266)	(8,356,937)	8,200,671	(156,266)
Net Increase (Decrease)	(2,513,486)	(327,528)	(2,841,014)	51,155	287,817	338,972	734	(200,291)	(199,556)	(2,226,724)	(340,371)	(2,567,096)
Fund Balance												
Beginning Balance	9,498,764	580,373	10,079,137	6,985,278	252,845	7,238,123	7,036,433	540,662	7,577,095	7,037,167	340,371	7,377,539
Audit Adjustment(s)	-	-	-	-	-	-	-	-	-	-	-	-
Net Ending Balance	6,985,278	252,845	7,238,123	7,036,433	540,662	7,577,095	7,037,167	340,371	7,377,539	4,810,443	(0)	4,810,443
Components of Ending Balance:												
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	-	252,845	252,845	-	540,662	540,662	-	340,371	340,371	-	-	-
Assigned 9780	-	-	-	-	-	-	-	-	-	-	-	-
Reserve for Econ Uncert. (unassigned) 9789	6,968,028	-	6,968,028	7,019,183	-	7,019,183	6,050,016	-	6,050,016	4,793,193	-	4,793,193
Unassigned/Unappropriated Amount 9790	-	-	(0)	-	-	-	-	0	0	-	(0)	(0)
Net Ending Balance	6,985,278	252,845	7,238,123	7,036,433	540,662	7,577,095	6,067,266	340,371	6,407,637	4,810,443	(0)	4,810,443

District Reserve for Economic Uncertainties:

14.46%
6,968,028

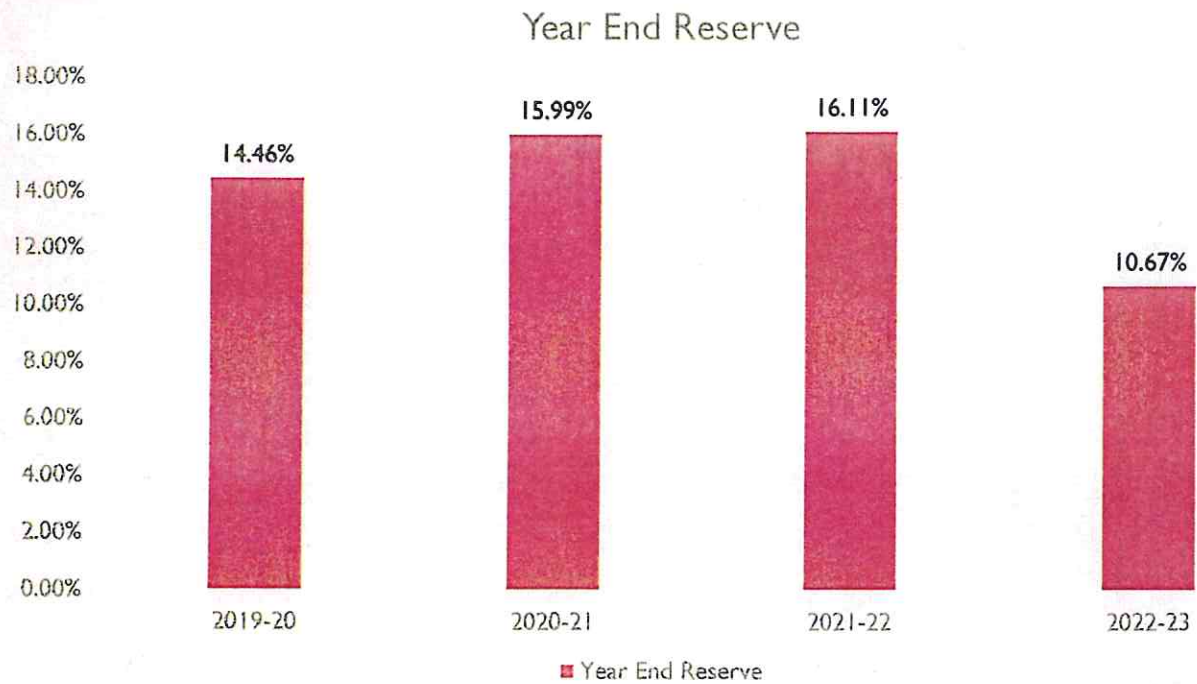
15.99%
7,019,183

16.11%
6,050,016

10.67%
4,793,193



YEAR END RESERVES 2019/2020 – 2022/2023



CONTRIBUTIONS TO UNRESTRICTED PROGRAMS

- Contributions are required to Special Education and Routine Restricted Maintenance
 - Special Education contribution for 2020-21 is estimated at \$5.4M
 - Routine Restricted Maintenance for 2020-21 is estimated at 1.4M

45-DAY BUDGET REVISION 2020-21 AREAS OF CONCERN

- Length of current recession
- The overall impact of COVID-19 on California's Economy
- Continued Deferrals – Cash Flow
- Deficit Spending of (-.2M) 2021/22, (-2.5M) 2022/23
- The District has a structural deficit that needs to be addressed
- STRS & PERS rate increases starting up again 2022-23
- Health & Welfare cost increases



CAUTION!

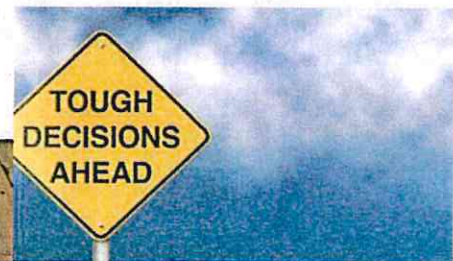


- While the district reserve will be 15.99% for 2020/21, the deficit spending in 2022/23 must be addressed
- Both the state and district budgets are built on assumptions that will change and we need to be prepared to adapt to the ongoing changes.
- What surprise costs will be associated with opening schools in the fall.
- Increase in on-going cost of doing business will continue to increase including items like Special Education



FINAL WORDS

- We have made some tough decisions and we have more ahead of us! We have the continued opportunity as leaders to navigate these uncharted waters. We must ensure our students receive the best education and support they deserve under all circumstances.



QUESTIONS

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