



Alvord Unified School District

Our Promise: All students will realize their unlimited potential.

Third Interim Financial Report Fiscal Year 2019-20

Board of Education Presentation
May 28, 2020

Presented by Dusty Nevatt
Chief Business Officer, Business Services



Third Interim Report

- A Third Interim Report is required when a District's Second Interim Report is certified as either Qualified or Negative. On April 9, 2020 the District's 19/20 Second Interim Report was certified as Qualified. On April 15, 2020 RCOE concurred with the district's qualified certification and notified the district of the requirement, by June 1, 2020, to submit a Third Interim Financial Report updated with current budget estimates, including multi-year projections.
- This Third Interim Report represents the District's third official interim report revision to the current Revised Budget and includes actual financial data through April 30, 2020 with revised enrollment, ADA & budget projections for this fiscal year and two future years.
- Changes to MYP criteria; the release of the Governor's State Budget Proposal, known as the May Revise, provides the basis for the initial budget development for the upcoming year and is used to update the budget projections for current and two future years.

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Third Interim Considerations

Much as happened since our 2019/20 Second Interim. The impact of the COVID-19 pandemic has affected the district in so many ways. Financially here are some major changes:

- State Budget May revision projects deficit of 10% to our LCFF funding for 20/21 – funded COLA of **-7.69%**
- 0% funded COLA for 2021/22 & 2022/23
- Reductions to initial STRS & PERS rate increases
- Reductions to some state program revenues in 2020/21
- Savings from school facilities closures
- Additional costs associated with sanitation, technology to students, and PPE for staff

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Current Year Budget Changes

TOTAL General Fund

Total General Fund	2019-20 2nd Interim Projection	2019-20 3rd Interim Projection	Variance
Revenues	\$236,387,221	\$235,891,693	(\$211,379)
Expenditures	\$235,141,367	\$226,824,294	(\$7,347,233)
Transfers Out to other Funds	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$0</u>
Net Increase/(Decrease)	\$245,834	\$8,067,399	\$7,135,854
Beginning Fund Balance	\$12,556,520	\$12,556,520	\$0
Ending Fund Balance	<u>\$12,802,354</u>	<u>\$20,623,919</u>	<u>\$7,135,854</u>
Reserves – Required Min 3%	\$7,084,242	\$6,834,749	(\$220,401)
Remaining Fund Balance – Designated for Future Years	\$4,194,338	\$11,124,311	\$6,301,121
Restricted Fund Balance	\$1,523,774	\$2,664,859	\$1,065,134

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Current Year Budget Changes

Unrestricted General Fund

Unrestricted General Fund	2019-20 2nd Interim Projection	2019-20 3rd Interim Projection	Variance
Revenues	\$205,177,202	\$204,082,815	(\$908,752)
Expenditures	\$168,499,853	\$163,909,809	(\$4,949,009)
Contributions to Special Ed. & RRM	(\$34,017,930)	(\$30,833,117)	\$2,030,453
Net Increase/(Decrease)	\$2,659,419	\$9,339,889	\$6,070,710
Beginning Fund Balance	\$8,619,161	\$8,619,161	\$0
Ending Fund Balance	<u>\$11,278,580</u>	<u>\$17,959,050</u>	<u>\$6,070,710</u>
Reserves – Required Min 3%	\$7,084,242	\$6,834,749	(\$220,401)
Reserve for Donations & Unrest Resources	\$1,333,545	\$314,754	(\$1,018,791)
Remaining Fund Balance – Designated for Future Years	\$3,499,645	\$10,809,547	\$7,309,902

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Current Year Budget Changes

Restricted General Fund

Restricted General Fund	2019-20 2nd Interim Projection	2019-20 3rd Interim Projection	Variance
Revenues	\$31,210,019	\$31,808,878	\$697,373
Expenditures	\$66,641,534	\$62,914,485	(\$2,398,223)
Transfers Out to other Funds	\$1,000,000	\$1,000,000	\$0
Contribution from Unrestricted GF	<u>\$34,017,930</u>	<u>\$30,833,117</u>	(\$2,030,453)
Net Increase/(Decrease)	(\$2,413,585)	(\$1,272,490)	\$1,065,143
Beginning Fund Balance	\$3,937,359	\$3,937,359	\$0
Restricted Ending Fund Balance	<u>\$1,523,774</u>	<u>\$2,664,869</u>	<u>\$1,065,143</u>

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Ending Balances - All District Funds

	2019-20 2nd Interim	2019-20 3rd Interim	Variance
Unrestricted General Fund	<u>\$11,888,340</u>	\$17,959,050	<u>\$6,070,710</u>
Restricted General Fund	<u>\$1,599,725</u>	\$2,664,869	<u>\$1,065,144</u>
Total General Fund	<u>\$13,488,065</u>	\$20,623,919	<u>\$7,135,854</u>
Adult Education – Fund 11	\$15,544	\$229,431	<u>\$213,887</u>
Child Nutrition – Fund 13	\$3,077,312	\$1,567,070	<u>(\$1,510,242)</u>
Deferred Maintenance – Fund 14	\$577,032	\$196,158	<u>(\$380,874)</u>
Bond Building – Fund 21	\$116,312	<u>\$104,124</u>	<u>(\$12,188)</u>
Capital Projects – Fund 25	\$330,972	<u>\$629,895</u>	<u>\$298,923</u>
Capital Project Reserve – Fund 40	\$4,554,061	<u>\$4,721,117</u>	<u>\$167,056</u>
Self-Insured – Worker’s Comp Excess	0.00	<u>0</u>	<u>\$0</u>
Self-Insured – AEA Benefit Reserve	\$2,981,048	<u>\$3,422,355</u>	<u>\$441,307</u>
AEF – Foundation – Fund 73	<u>\$ 102,663</u>	<u>\$108,260</u>	<u>\$5,597</u>
Total Ending Balances	<u>\$25,243,009</u>	<u>\$31,602,329</u>	<u>\$6,359,320</u>

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Multi-Year Projections (MYP) Considerations

Multi-Year Projections are based on data, criteria, trends & negotiated items

- Enrollment & ADA (decrease)
- Unduplicated Pupil Count & Unduplicated Pupil % (decrease)
- Automatic Salary Step & Column (increase)
- Retirement Rate changes – reduction for STRS – smaller increase for PERS
- Increases to utilities, Health costs, Property Liability insurance, etc.
- Re-budget savings from impact of COVID-19 pandemic recognized in 2019-20
- LCFF changes = - COLA + Declining Enrollment (Large revenue decrease)
- Budgeted increased costs for school reopening in 2020/21
- Identified budget reductions – partial Budget Stabilization Plan

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LCFF – Local Control Funding Formula

	2019-20 3.26% COLA	2020—21 -7.69% COLA	2021-22 0.00% COLA	2022-23 0.00% COLA
LCFF Funding	\$198,981,666	\$180,938,976	\$177,674,340	\$174,788,917
COLA	\$ 6,240,977	-\$14,931,388	\$ 0	\$ 0
Declining Enrollment	-\$ 2,872,141	-\$ 3,111,302	-\$ 3,264,636	-\$ 2,885,423
Net change	\$ 3,368,836	\$ 942,527	-\$ 3,264,636	-\$ 2,885,423
% change	1.700%	-9.97%	-1.84%	-1.68%

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2019-20 Third Interim MYP Revenue Projections

	2019-20 Projected	2020-21 Projected	2021-22 Projected	2022-23 Projected
Enrollment	18,151	17,851	17,551	17,251
Funded ADA (prior year)	17,575	17,351	17,064	16,777
COLA	3.26%	2.31%	2.48%	3.26%
Deficit		<u>-10.00%</u>	<u>-2.48%</u>	<u>-3.26%</u>
Net funded COLA	3.26%	-7.69%	0.00%	0.00%
Unduplicated %	80.13%	80.18%	80.23%	80.28%
One-Time Mandate Rev	\$0 per ADA	\$0 per ADA	\$0 per ADA	\$0 per ADA
Lottery Unrestricted	\$153 per ADA	\$153 per ADA	\$153 per ADA	\$153 per ADA
Lottery Restricted	\$54 per ADA	\$0 per ADA	\$0 per ADA	\$0 per ADA

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2019-20 Third Interim MYP Expenditure Projections

	2019-20 Projected	2020-21 Projected	2021-22 Projected	2022-23 Projected
Auto Step – Certificated		\$1,468,083	\$1,466,504	\$1,471,374
Auto Step - Classified		\$623,127	\$633,262	\$637,603
Auto Step - Management		\$ 96,543	\$96,457	\$96,787
STRS	17.10% \$809,745	16.15% (\$972,597)	16.02% (\$139,751)	18.10% \$541,110
PERS	19.721% \$471,804	20.70% \$256,763	22.84% \$561,259	25.90% \$570,547
Minimum State Required District Reserve Percent	3%	3%	3%	3%
Required Reserve Amount	\$6,834,749	\$7,034,587	\$7,067,772	\$7,142,089

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2019-20 Third Interim Budget & Multiyear Projections

Total General Fund

Unrestricted	2019-20 Projected	2020-21 Projected	2021-22 Projected
Total Revenues	\$235,891,693	\$226,596,365	\$215,523,914
Total Expenditures	<u>\$227,824,294</u>	<u>\$234,486,204</u>	<u>\$235,592,373</u>
Net Increase/(Decrease)	\$8,067,399	(\$7,889,839)	(\$20,068,459)
Beginning Balance, July 1	\$12,556,520	\$20,623,919	\$12,734,079
Ending Balance, June 30	<u>\$20,623,919</u>	<u>\$12,734,079</u>	<u>(\$7,334,380)</u>
Designated & Restricted Ending Balances	\$13,789,170	\$5,699,492	\$3,329,868
3% Required Reserve	\$6,834,749	\$7,034,587	\$7,067,772
Unassigned/Unappropriated	\$0	\$0	(\$17,732,020)
Contributions to Restricted GF programs (info only)	\$ 33,833,117	\$ 33,324,100	\$ 33,833,352

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Next Steps

- **March–June 2020** 2020-21 Adopted Budget Development
- **Early May** prepare 2019-20 Third Interim & Estimated Actuals
- **mid-May 2020** Release of 2019-20 Governor's Budget May Revise
- **May 28, 2020** 2019-20 Third Interim Presentation to Board
- **May 29, 2020** Submission of Third Interim & Budget Stabilization Plan
- ~~**June 11, 2020**~~ ~~Public Hearing 2020-21 LCAP and Adopted Budget~~
- **June 25, 2020** Public Hearing and Board Approval of 2020-21 Adopted Budget and LCAP written report
- **Mid-August** Expect revised state budget
- **By Sept. 15, 2020** 2019/20 Unaudited Actuals
- **Early December 2020** 20/21 single year LCAP

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Questions?

