

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Report to the Board of Education

2018-2019 Second Period Interim Financial Report

The 2018-19 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, 2019, the ending fund balance decreased by a total of \$130,383.

Revenue

We reduced revenue by \$329,715 due to the recalculation of our Local Control Funding Formula based on a lower ADA projection of 13,280.

We received a prior year lottery adjustment in the amount of \$82,898.

Expenditures

Staffing reconciliation and miscellaneous budget adjustments decreased our expenses by \$66,747. Our indirect costs charged to restricted funds increased by \$49,687. This has a positive impact to the ending fund balance.

Assumptions used for the Second Interim

2018-19 2nd Interim Assumptions

- Revenue based on FCMAT LCFF calculator
- State Categorical COLA = 2.71% augmented to 3.7%
- Special Education COLA = 2.71% (*on state and local share only*)
- CALPADS Enrollment was 13,738
- Projected ADA is 13,280
- Projected Parcel Tax revenue of \$3.98 million
- Lottery = \$151.00 unrestricted and \$53.00 restricted per ADA
- STRS employer rate = 16.28%
- PERS employer rate = 18.062%
- One-time State Discretionary funding of \$2.4 million

Multi-Year Projection (MYP) Assumptions

2019-20

- Revenue based on FCMAT LCFF calculator
- State Categorical COLA = 3.46%
- Gap Funding = 100% fully funded
- Projected ADA is 13,300
- Projected Parcel Tax revenue of \$3.98 million
- Lottery = \$151.00 unrestricted and \$53.00 restricted per ADA
- STRS employer rate = 17.1%
- PERS employer rate = 20.7%

2020-21

- Revenue based on FCMAT LCFF calculator
- State Categorical COLA = 2.86%
- Stable enrollment and ADA
- Projected Parcel Tax revenue of \$3.98 million
- Lottery = \$151.00 unrestricted and \$53.00 restricted per ADA
- STRS employer rate = 18.1%
- PERS employer rate = 23.4%

State Budget

With a new governor and both legislative bodies holding super majorities, school districts should expect changes to the Governor's 2019-20 State Budget and remain vigilant in tracking legislation that may affect funding.

The January release of the Governor's 2019-20 State Budget Proposal provides funding for a cost of living adjustment (COLA) to address expenditure growth. It also addresses rising pension contributions, and greater access to school construction and modernization project funding. The proposals include:

- \$2 billion in Prop. 98 funding dedicated to the statutory COLA of 3.46%;
- \$3 billion non-Prop. 98 funds toward debt payments to the CalSTRS liability for school employers, and
- \$1.5 billion in state bonds to allow agencies greater access to funds for facilities projects.

These proposals provide more revenue and lessen the impact of expenditure increases for schools in their multiyear forecasts. Although no one-time discretionary funds are allocated this year, the pension relief proposal is a welcome response to the concerns of the education community.

We look forward to the release of the Governor's 2019-20 May Revise.

Summary

As of the Second Interim, the District's projected ending fund balance for the 2018-19 fiscal year is \$5,378,072. Of this amount, we are designating \$50,000 for the revolving fund, \$150,000 in estimated warehouse inventory, and \$4,895,666 as a 3% reserve for economic uncertainty. This allows \$282,406 to be allocated toward future pension liability.