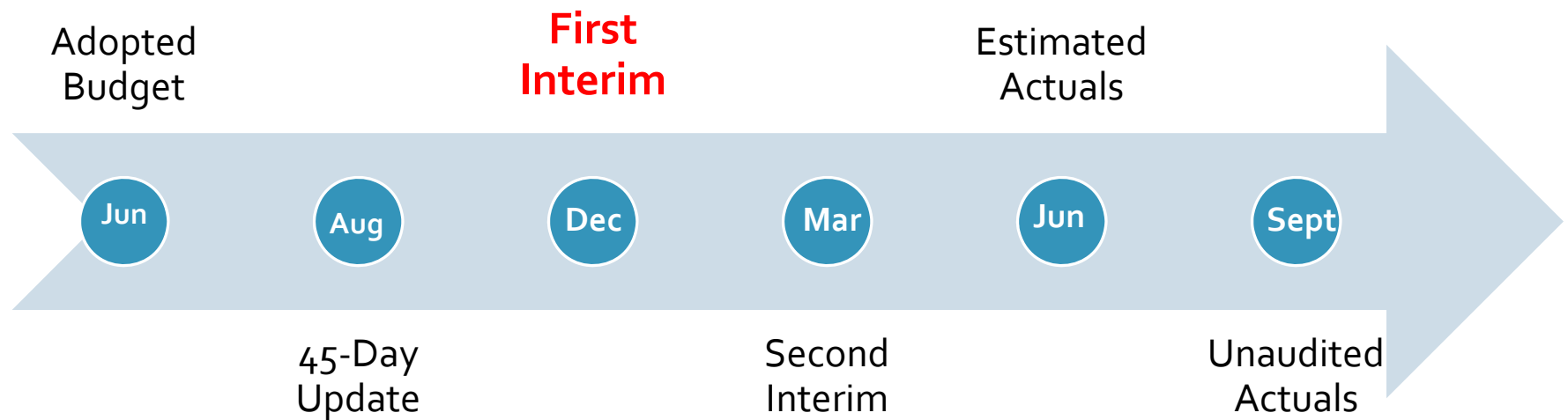


# **2019/20 FIRST INTERIM FINANCIAL REPORT**

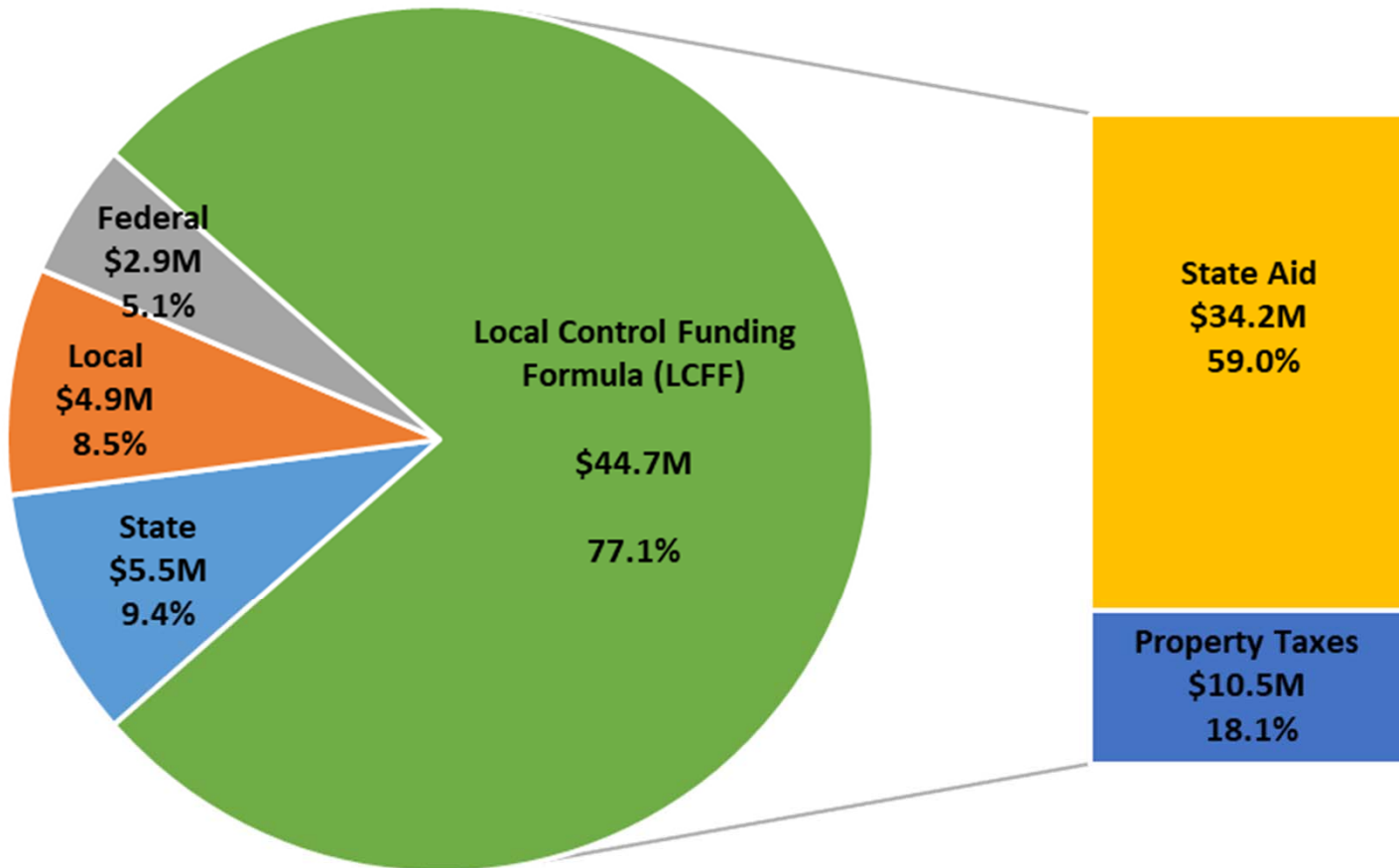
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DECEMBER 19, 2019

# Annual Financial Reporting Schedule



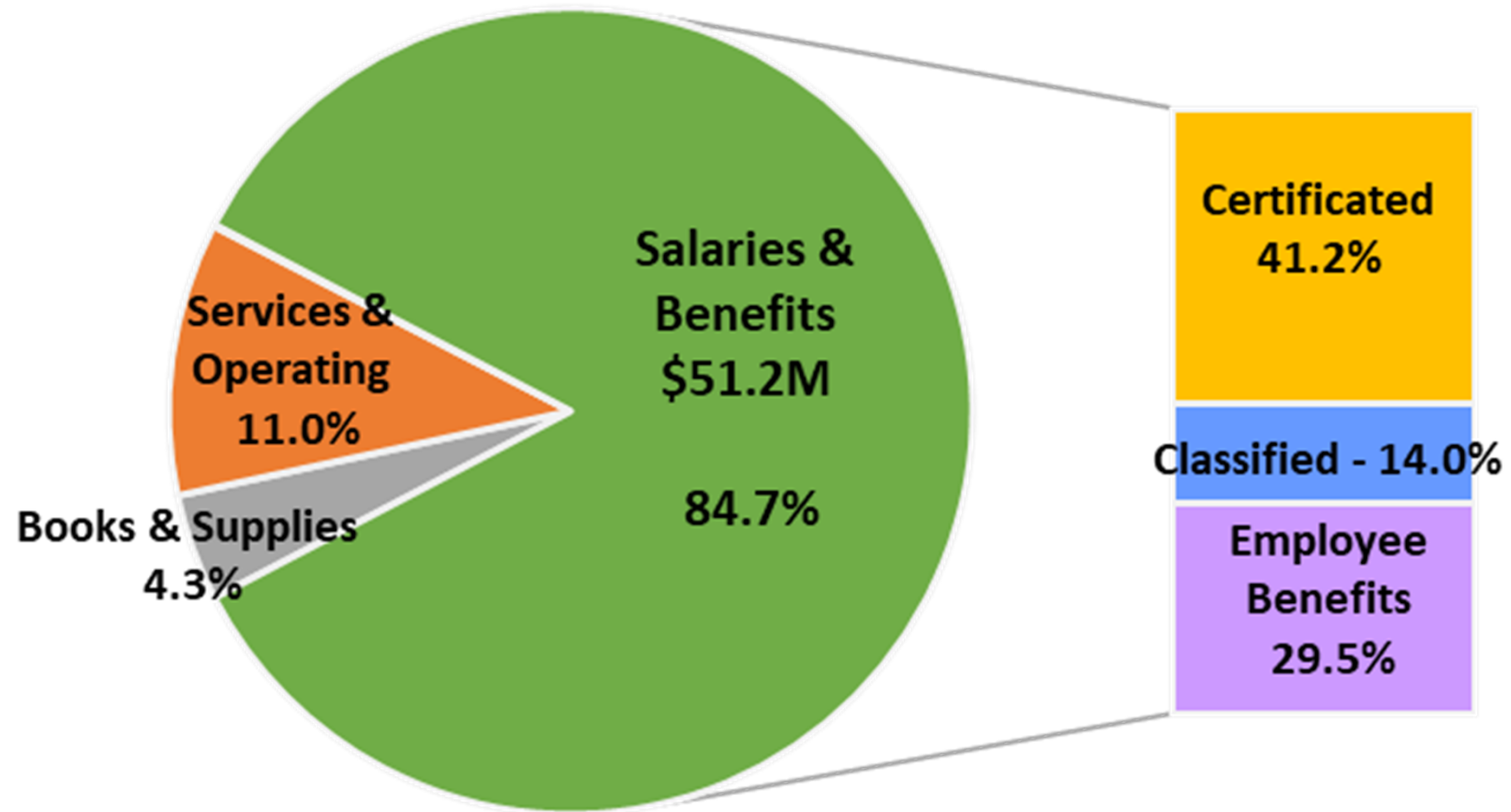
# Total General Fund Revenues - \$57.9 M



# Revenue Changes

	45-Day	First Interim	Difference
LCFF Sources	\$44,694,281	\$44,660,451	\$(33,830)
Federal Revenues	\$2,591,094	\$2,927,566	\$336,472
State Revenues	\$5,150,803	\$5,461,236	\$310,433
Local Revenues	\$4,929,730	\$4,903,891	\$(25,839)
<b>Total Revenues</b>	<b>\$57,365,908</b>	<b>\$57,953,145</b>	<b>\$587,236</b>

# Total General Fund Expenditures - \$60.4 M



# Expenditure Changes

	45-Day	First Interim	Difference
Certificated Salaries	\$24,859,618	\$24,922,554	\$(62,935)
Classified Salaries	\$8,387,916	\$8,432,680	\$(44,764)
Employee Benefits	\$17,694,152	\$17,802,260	\$(108,108)
Books & Supplies	\$2,453,322	\$2,602,897	\$(149,575)
Services/Operating	\$5,960,765	\$6,624,639	\$(663,874)
Capital Outlay	\$80,000	\$167,789	\$(87,789)
Other	(\$134,026)	(\$126,918)	\$(7,109)
<b>Total Expenditures</b>	<b>\$59,301,747</b>	<b>\$60,425,901</b>	<b>\$1,124,154</b>

# General Fund Ending Balance & Reserves

19/20 GENERAL FUND	Unrestricted	Restricted	Combined
July 1, Beginning Balance	\$10,335,105	\$887,570	\$11,222,675
Revenues	\$38,787,012	\$19,166,133	\$57,953,145
Expenditures	(\$40,699,689)	(\$19,726,212)	(\$60,425,901)
<b>Surplus/(Deficit)</b>	<b>(\$1,912,677)</b>	<b>(\$560,079)</b>	<b>(\$2,472,756)</b>
June 30, Ending Fund Balance	\$8,422,428	\$327,491	\$8,749,919
Reserve Percentage	13.29%		13.29%

2017/18 Statewide Average Reserve, all Elementary School Districts – **20.20%**  
 Minimum reserve recommended by Governmental Finance Officers Association – **17%**

## Cafeteria Fund

July 1, Beginning Balance	\$622,099
Revenues	\$1,870,435
Expenditures	(\$2,298,091)
<b>Surplus/(Deficit)</b>	<b>(\$427,656)</b>
June 30, Ending Fund Balance	\$194,443

7/1/2015 Beginning Balance	\$1,867,449
Deficit Spending - 2015/16	(\$344,638)
Deficit Spending - 2016/17	(\$168,585)
Deficit Spending - 2017/18	(\$374,652)
Deficit Spending - 2018/19	(\$357,475)
7/1/2019 Beginning Balance	\$622,099




# Multi-Year Projection Assumptions

- Removed all one-time revenues from 19/20 – \$847K Preschool funds, Local/Federal
- Removed all one-time expenses from 19/20 - LTA retir. incentive \$588K, grants
- LCFF- ADA of 4,801 in 20-21 & 21-22 (loss of 65 funded ADA from 19-20)  
COLA rates: 3.00%-20/21, 2.80%-21/22
- Reduced 2.0 FTE teachers in 20-21 for enrollment decline
- No salary increases included, negotiations pending
- 2020-21 – includes \$250K for middle school Science textbook adoption
- 2020-21 – remove NGSS grant
- GF contribution to Cafeteria fund: \$74K 20-21, \$100K 21-22
- Deferred Maintenance - \$350K in 20/21, \$400K in 21-22 (goal-\$500K/year)
- Health Benefits increase 3% each year
- PERS/STRS District Contribution rates:

	19-20	20-21	21-22
STRS	17.1%	18.4%	18.1%
PERS	19.72%	22.8%	24.9%

# Multi-Year Projections

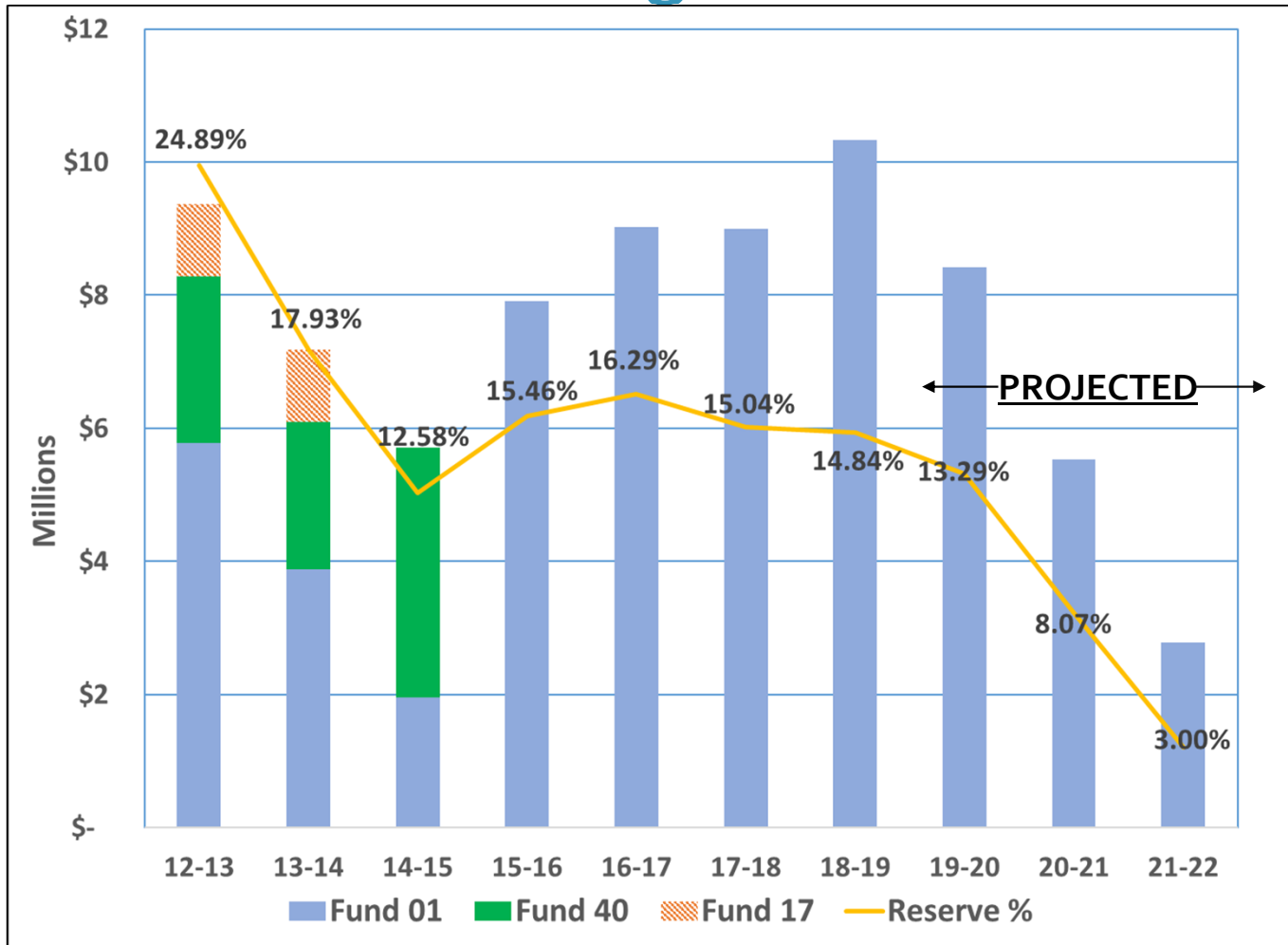
TOTAL GENERAL FUND	2019-20	2020-21	2021-22
July 1, Beginning Balance	\$11,222,675	\$8,749,918	\$5,554,055
Estimated Revenues	\$57,953,144	\$57,382,558	\$58,727,871
Estimated Expenditures	(\$60,425,901)	(\$60,578,421)	(\$61,393,378)
<b>Total Surplus/(Deficit)</b>	<b>(\$2,472,757)</b>	<b>(\$3,195,863)</b>	<b>(\$2,665,507)</b>
<b>Unrestricted Deficit</b> 	<b>(\$1,912,678)</b>	<b>(\$2,892,014)</b>	<b>(\$2,746,220)</b>
June 30, Ending Fund Balance	\$8,749,918	\$5,554,055	\$2,888,548
Reserve Percentages	<b>13.29%</b>	<b>8.07%</b>	<b>3.00%</b>

# Uncertainty in the MYP

- Pending agreement with CSEA - add \$541K 19-20, add \$330K in 20-21 & 21-22
- Declining enrollment is likely to continue into 21-22
- GF may need to make a higher contributions to Cafeteria fund
- LCFF COLA projections may be reduced:
  - 20-21: 3.00% to 1.79% - (\$533,703)
  - 21-22: 2.80% to 1.79% - (\$1,000,538)
- **Positive** – Special Education Preschool funding may continue....?
- **Positive** – Schools & Communities First, Nov 2020 initiative

None of these items are included in the First Interim multi-year projections

# Unrestricted Ending Balance & Reserves



## Next Steps

- Monitor Governor's January Budget – for 20-21 projections
- Incorporate CSEA agreement and other changes into Second Interim budget
- Develop LCAP process, with stakeholder input, to include budget adjustments as needed
- Develop plan to reduce deficit spending for Board consideration, to include with Second Interim budget
  - Based on today's assumptions and absent reductions, LUSD may need to certify "Qualified" on Second Interim

# QUESTIONS

Recommend approval of 2019/20 First Interim and  
Positive Certification

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