

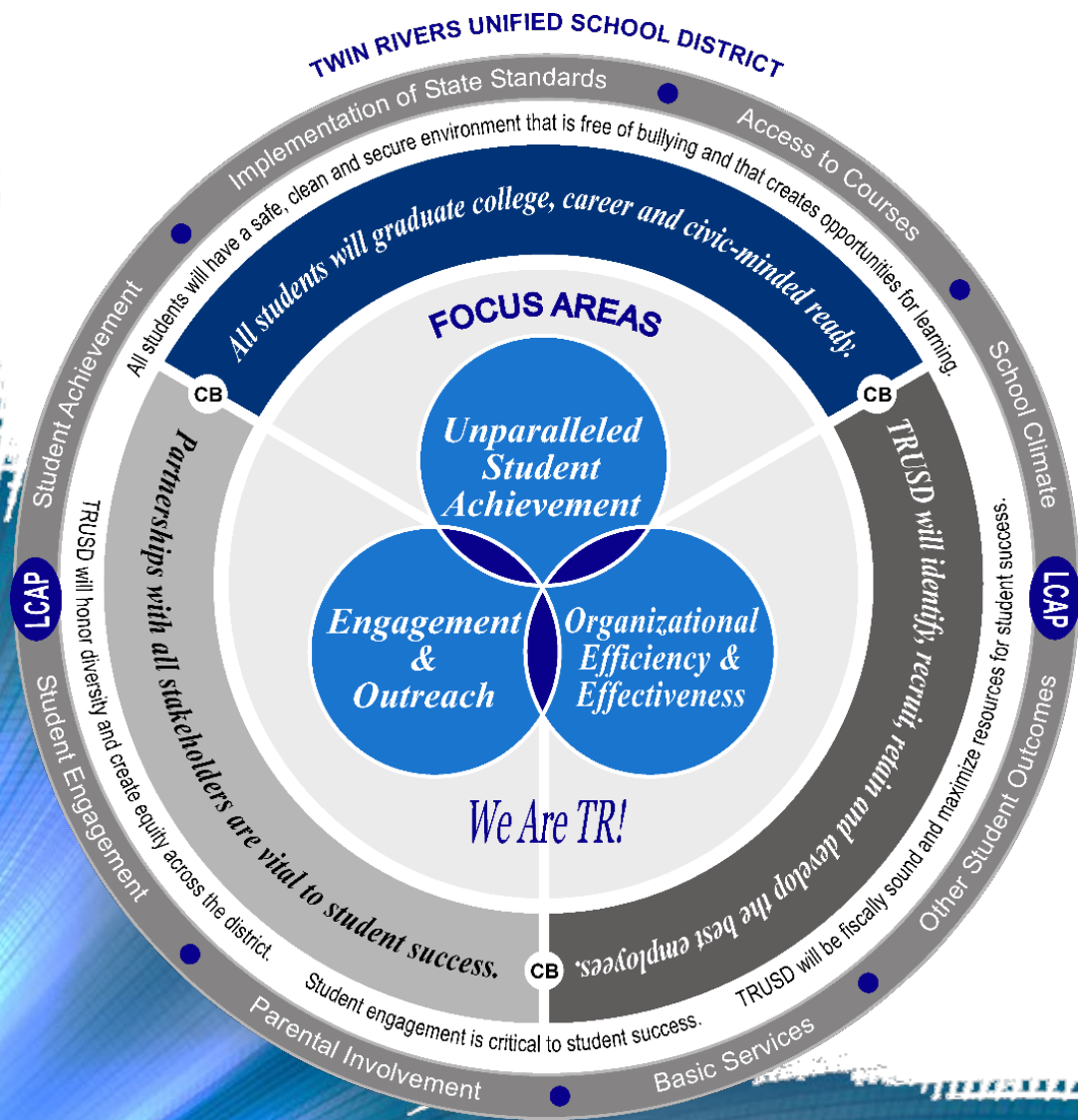


Twin Rivers Unified School District

2019/20 FIRST INTERIM

PRESENTED TO THE BOARD OF TRUSTEES
DECEMBER 10, 2019

BY KATE INGERSOLL, EXECUTIVE DIRECTOR FISCAL SERVICES



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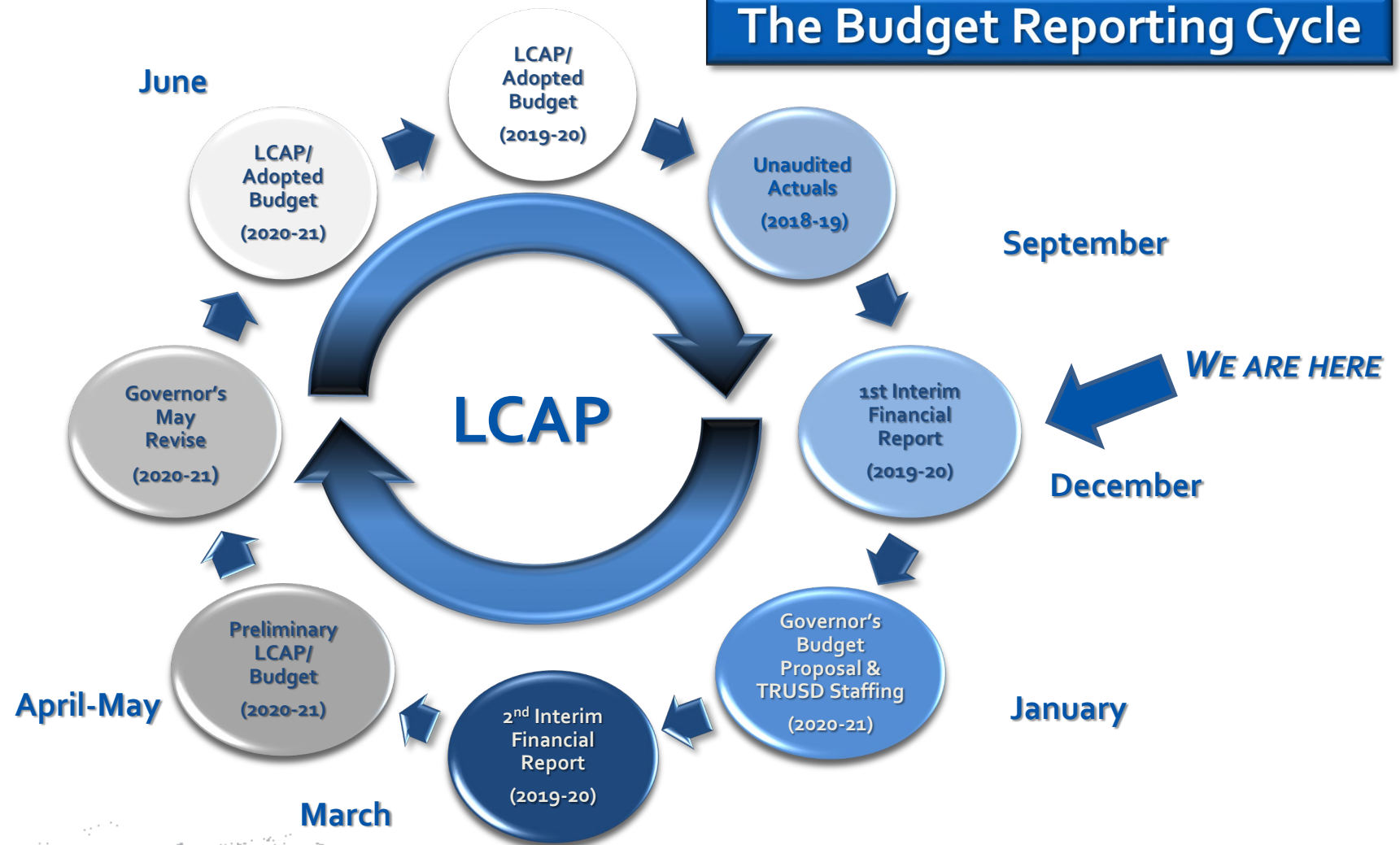
AGENDA

- The Budget Reporting Cycle
- Budget Projections – School Services of California
- Budget Reductions
- SACS Budget Forms
- 2019/20 General Fund
- 2019/20 Other Funds
- 2020/21 General Fund Projections
- 2021/22 General Fund Projections
- Next Steps

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The Budget Reporting Cycle

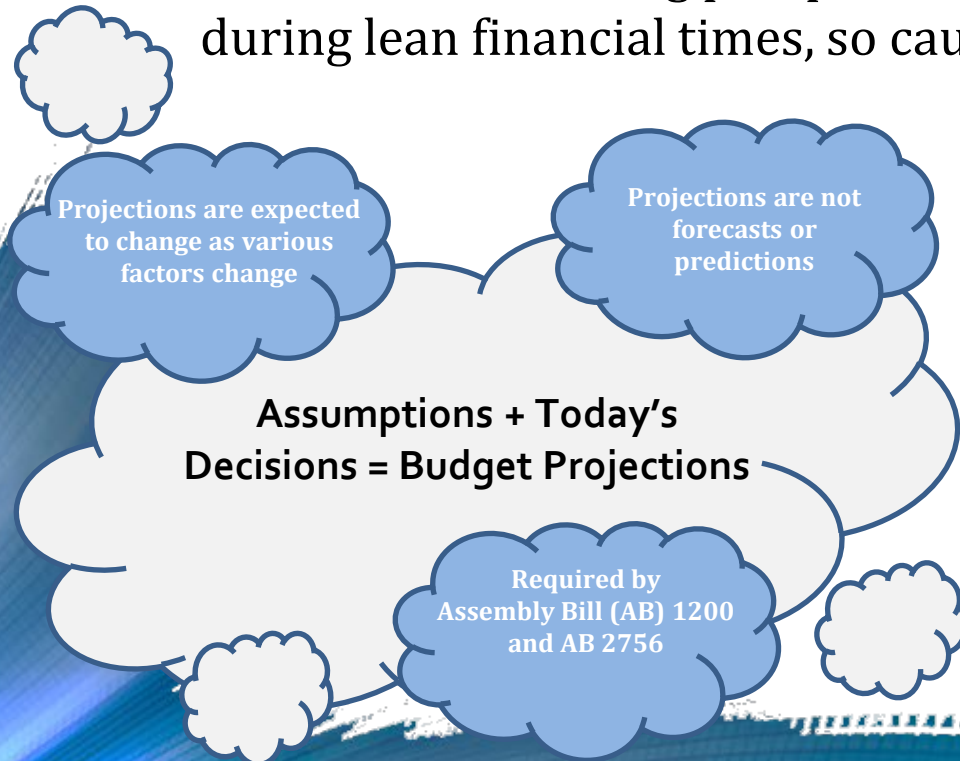


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BUDGET PROJECTIONS – SCHOOL SERVICES OF CALIFORNIA

The cause of most district insolvencies can be traced to a bad financial decision made during prosperous times that came back to bite the district during lean financial times, so caution is key.



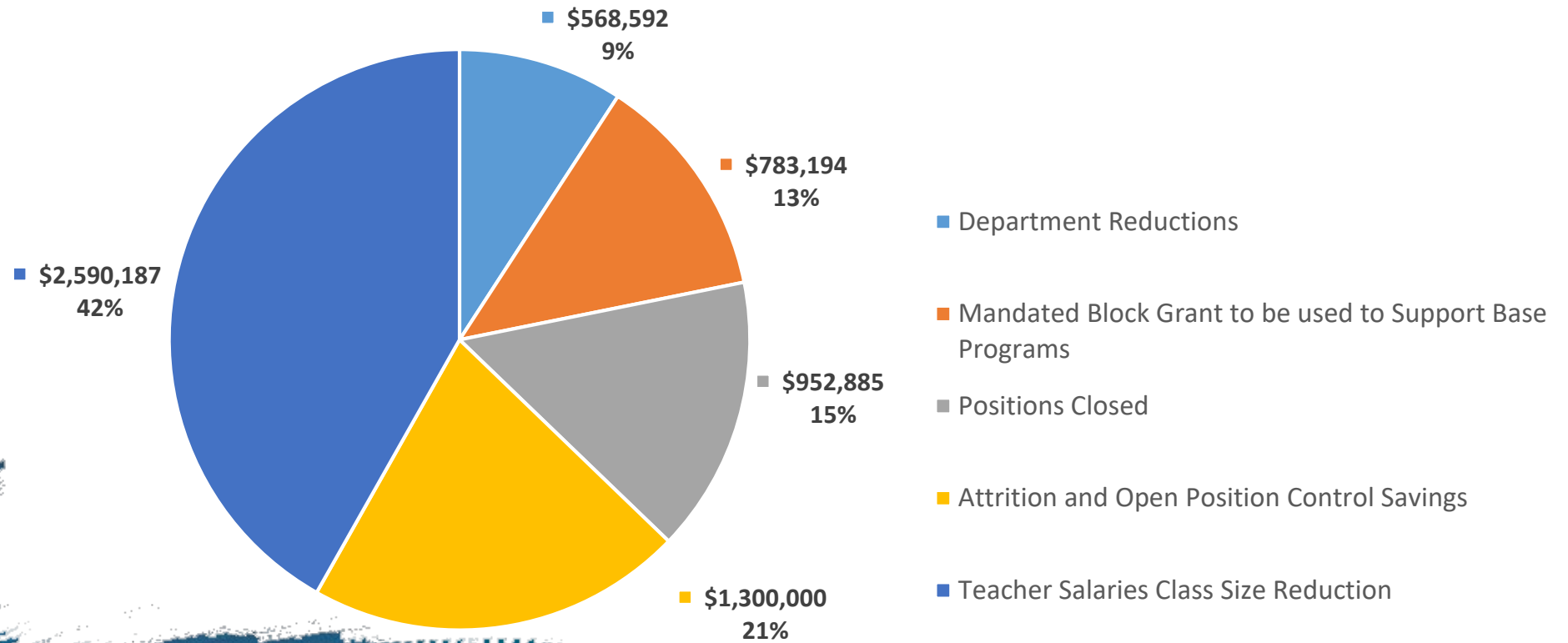
- Don't use one-time dollars to justify paying for ongoing expenditures
- Don't use future projected dollars for current year expenditures
- A future recession is predicted – the timing is unknown
- Low-COLA environment on programs that require contributions (Special Education)
- Increasing retirement/pension (STRS and PERS) obligations

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BUDGET REDUCTIONS

2018-2019 Budget Reductions - \$7.2 million

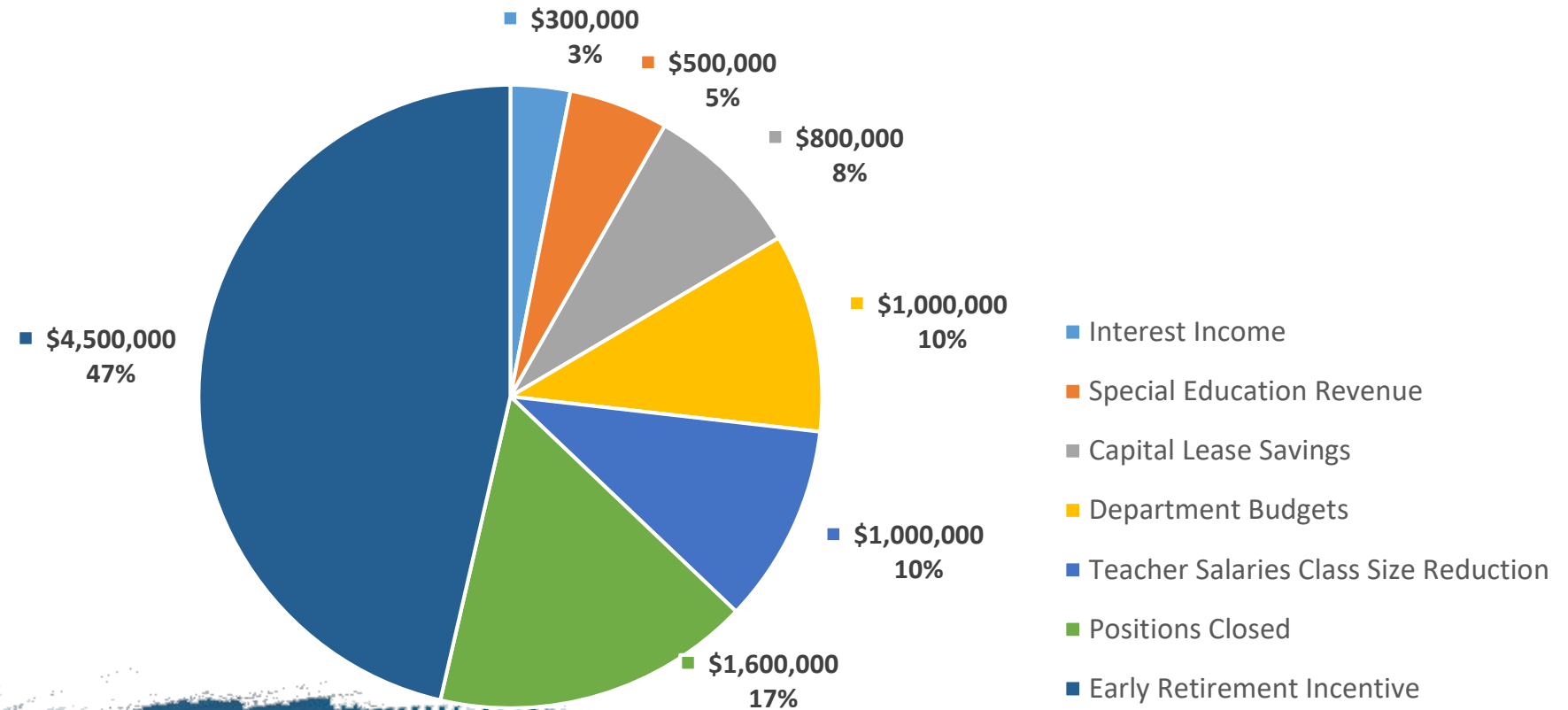


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BUDGET REDUCTIONS

2019-2020 Budget Reductions - \$9.7 million



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BUDGET REDUCTION TIMELINE

Budget Reduction Timeline:

- January, 2020 – Board budget workshop; review, analyze, reductions identified
- March 10, 2020 – Take action on budget reductions



2020/2021 Reductions needed:

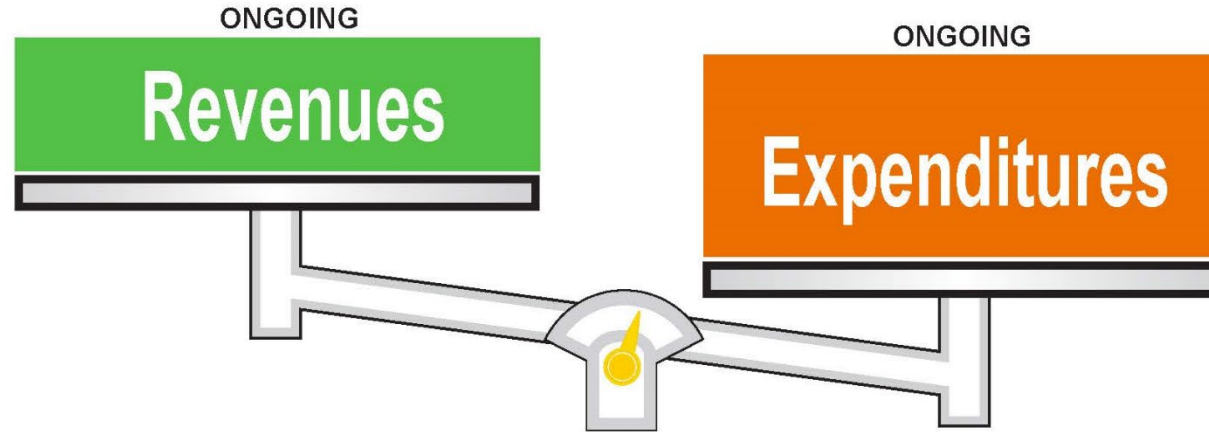
- \$5.4 million @ 2018/19 Second Interim
- \$3.8 million @ 2019/20 Adopted (additional reductions were implemented)
- \$6.7 million @ 2019/20 First Interim (LCFF decreased from 3.0% to 1.79%)

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Twin Rivers Unified School District Structural Deficit

First Interim December 2019



Budget	\$ 367,712,076
Ongoing	- 2,900,000
Balance	\$ 364,812,076

2019 - 2020
No Structural Deficit
+ \$400 thousand

Budget	\$ 385,117,260
Ongoing	- 20,700,000
Balance	\$ 364,417,260

Budget
Ongoing
Balance

Budget	\$ 353,555,398
Adjustment	0
Balance	\$ 353,555,398

2020 - 2021
Structural Deficit
\$6.7 million

Budget	\$ 360,214,490
Adjustment	0
Balance	\$ 360,214,490

Budget
Adjustment
Balance

Budget	\$ 358,316,582
Adjustment	0
Balance	\$ 358,316,582

2021 - 2022
Structural Deficit
\$6.2 million

Budget	\$ 364,540,774
Adjustment	0
Balance	\$ 364,540,774

Budget
Adjustment
Balance

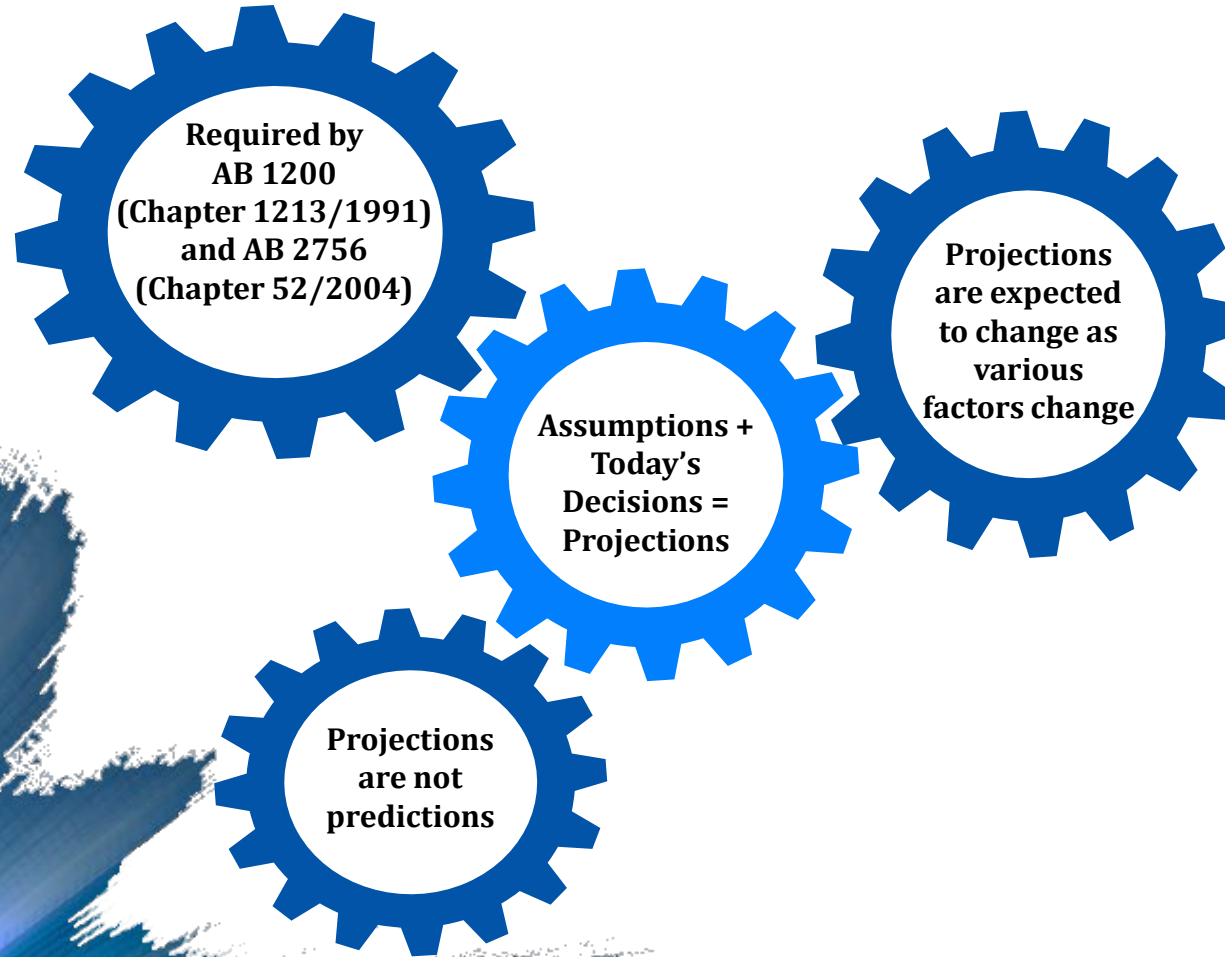
Structural deficit refers to deficits that are ongoing. Deficit is the amount by which spending exceeds revenue over a particular period of time.

Note: 2020-2021 and 2021-2022 do not include salary schedule increases.

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BUDGET PROJECTIONS



- Key Factors

- Enrollment
- Attendance
- Unduplicated Pupil Percentage (UPP)
- LCFF Increase
- Position Control/hiring
- STRS/PERS increases
- Special Education Increases
- Collective Bargaining negotiations
- A slowing economy and rising costs pose challenges in the multiyear projection

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SACS BUDGET FORMS

- Interim Certification – Positive
- Executive Summary and Internal Budget Documents for all Funds
- Interim Reports for all Funds – Statement of Revenues, Expenditures and Changes in Fund Balance
- Cash Flow Projection
- Average Daily Attendance
- Multi-Year Projection Assumptions – General Fund
- Multi-Year Projections – General Fund
- Multi-Year Projections and Assumptions – Other Funds
- Criteria and Standards

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2019/20 GENERAL FUND

Estimated Beginning Fund Balance	\$ 48,809,343
Revenues	\$ 367,712,076
Expenditures	\$ 385,117,260
Net Increase/(Decrease) Fund Balance	\$ (17,405,184)
Ending Fund Balance	\$ 31,404,159
Components of Ending Fund Balance:	
Nonspendable	\$ 1,556,949
Restricted	\$ 1
Assigned	\$ 6,000,000
Unassigned - Economic Uncertainties	\$ 19,000,000
Unassigned	\$ 4,847,209

State minimum reserve for Economic Uncertainties \$ 11,553,518

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2019/20 CHANGE IN ENDING FUND BALANCE

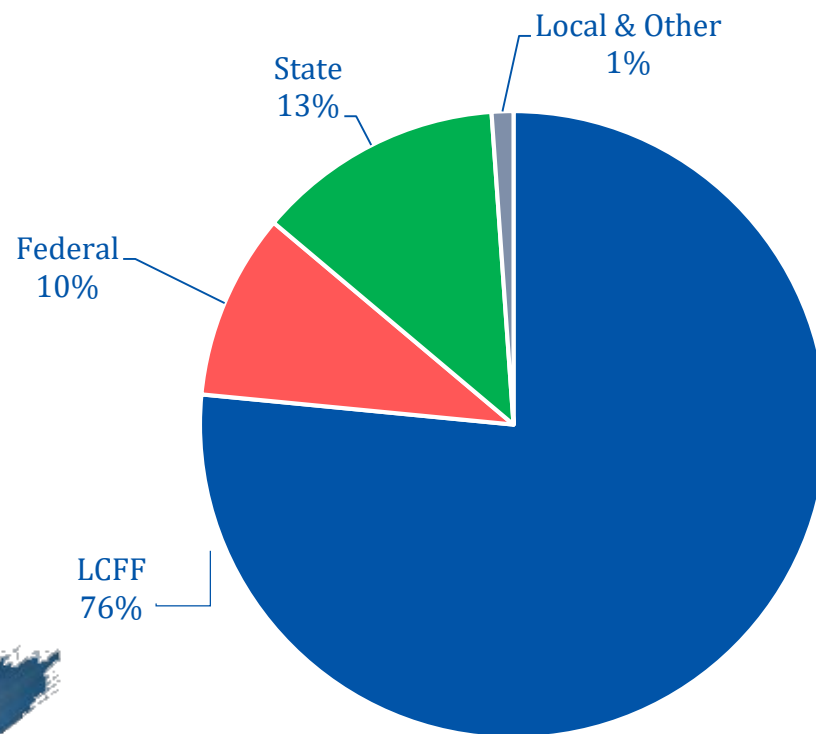
Net Increase/(Decrease) Fund Balance	\$ (17,405,184)
Restricted budgeted expenditures (one-time from prior year carryover)	9,102,884
Assigned budgeted expenditures (one-time from prior year carryover; i.e. Instructional Materials, Site Base, Charter S/C	\$ 11,606,547
<i>Surplus/(Deficit) spending</i>	\$ 3,304,247
One-time revenue in the budget	\$ (2,923,190)
One-time expenditures in the budget	\$ 0
On-going District cost in Ending Fund Balance reserve (not in budgeted expenditures)	\$ 0
<i>On-going 2019/20 Surplus/(Deficit) spending</i>	\$ 381,057

Note: Budget includes \$16.9 million in reductions
(\$7.2 million 2018/19 plus \$9.7 million 2019/20)

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2019/20 GENERAL FUND REVENUES



LCFF	\$ 281,435,280
State Aid	202,311,986
Property Tax	37,581,982
Education Protection Account	43,437,692
LCFF Transfer to Fund 14	(1,896,380)
Federal	35,308,014
State	46,844,411
Local & Other	4,124,371

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2019/20 LCFF REVENUE

	Twin Rivers Estimated 2019/20	Creative Connections Estimated 2019/20	Smythe Academy Estimated 2019/20	Westside Prep Charter Estimated 2019/20	Total
2019/20 Estimated LCFF Entitlement	\$ 259,998,131	\$ 6,991,404	\$ 12,065,976	\$ 4,276,149	\$ 283,331,660
Base Funding	\$ 197,387,925	\$ 5,833,219	\$ 9,031,419	\$ 3,493,700	\$ 215,746,263
Supplemental/Concentration	\$ 62,610,206	\$ 1,158,185	\$ 3,034,557	\$ 782,449	\$ 67,585,397
Estimated Unduplicated Pupil % (3 year rolling average; EL, low income and/or foster youth)	87.00%	67.65%	88.00%	71.28%	

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REVENUES

- LCFF SOURCES INCREASE \$184 THOUSAND:
 - Decrease in ADA of 447; funded decrease is 514 ADA
 - Increase in ADA of 63 (Dependent Charters)
- FEDERAL REVENUE INCREASE \$10.9 MILLION:
 - Increase \$10.6 million; one-time carryover funds
 - \$6.5 million increase; Title I, Part A
 - \$1.5 million increase; Title II, Teacher Quality
 - \$1 million increase; Student Support & Academic Enrichment
 - \$148 thousand increase; Title III, Language Instruction for Limited English Proficient and Immigrant Students
 - Updated awards; increase \$300 thousand

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REVENUES CONTINUED

- STATE REVENUE INCREASE \$5.8 MILLION:
 - \$76 thousand increase; one-time carryovers
 - \$5.7 million increase; updated awards
 - \$2.9 million **one-time increase** to special education (decreased the District's contribution to the program; for this year only)
 - \$1.1 million increase; Career Tech Ed (CTE) Incentive grant
 - \$774 thousand increase; K-12 Strong Workforce
 - \$415 thousand increase; unearned revenue carryover in ASES (After School Education & Safety)
- LOCAL REVENUE INCREASE \$602 THOUSAND:
 - \$569 thousand increase; Safe Zone Squad
- OTHER FINANCING SOURCES:
 - \$43 thousand increase; Interfund Transfers In
 - Contributions from unrestricted to restricted increase \$234 thousand
 - would have been more if didn't receive one-time revenue increase

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2019/20 GENERAL FUND EXPENDITURES



Certificated	\$142,511,937
Classified	50,276,990
Employee Benefits	81,760,631
Books & Supplies	35,775,999
Services	56,352,974
Capital & Other	8,438,729
Interfund Transfers Out	10,000,000

Certificated Salaries
37%

Classified Salaries
13%

Employee Benefits
21%

Books and Supplies
9%

Services & Other Operating
15%

Capital Outlay & Other
2%

Interfund Transfers Out
3%

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EXPENDITURES

- SALARIES AND BENEFITS:
 - Certificated increase \$2.5 million
 - \$2.6 million increase – restricted
 - \$510 thousand increase; special education teachers (6 FTE)
 - \$85 thousand increase; speech teacher (1 FTE)
 - \$104 thousand increase; special education coordinator (1 FTE)
 - \$355 thousand increase; ESSA School Improvement extra duty
 - \$121 thousand increase; CTE extra duty
 - \$620 thousand increase; Title I carry over funds
 - \$140 thousand decrease - unrestricted
 - \$103 thousand increase; elementary vice principal (1 FTE)
 - \$165 thousand increase; additional substitutes and 6th periods
 - \$400 thousand decrease; to salaries for overuse of sick and/or vacation days

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EXPENDITURES CONTINUED

- SALARIES AND BENEFITS:
 - Classified increase \$2 million
 - \$925 thousand increase – restricted
 - 2% salary increase 2018/19 plus 2% salary increase 2019/20
 - \$543 thousand increase; special education para educators (13.5 FTE)
 - \$132 thousand increase; Title I carry over funds
 - \$1.1 million increase - unrestricted
 - 2% salary increase 2018/19 plus 2% salary increase 2019/20
 - \$64 thousand increase; campus safety specialist positions, GHS (1.75 FTE)
 - \$40 thousand increase; substitutes
 - \$108 thousand increase; one-time vacation pay for custodial retirements
 - \$300 thousand decrease; to salaries for overuse of sick and/or vacation days

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EXPENDITURES CONTINUED

- SALARIES AND BENEFITS:
 - \$1.5 million increase; corresponding salary increases
- BOOKS AND SUPPLIES:
 - \$20.5 million increase
 - \$11.7 million increase – Restricted
 - \$6.9 million increase; Lottery instructional materials
 - \$3.4 million; Title I
 - \$8.9 million increase – Unrestricted
 - \$8.5 million increase; carryover balances
 - \$7.2 million increase; instructional materials
 - \$383 thousand increase; Site Base Allocation

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EXPENDITURES CONTINUED

- SERVICES AND OTHER OPERATING:
 - \$11.2 million increase
 - \$7.3 million increase – Restricted
 - \$3.9 million increase – Unrestricted
 - \$2.8 million increase; carryover funds
 - \$300 thousand increase; legal fees
 - \$50 thousand increase; human resources
 - \$215 thousand increase; utilities
- CAPITAL OUTLAY:
 - \$195 thousand increase
 - \$181 thousand increase – Restricted
 - \$14 thousand increase – Unrestricted
- OTHER OUTGO:
 - \$50 thousand increase

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OTHER FUNDS

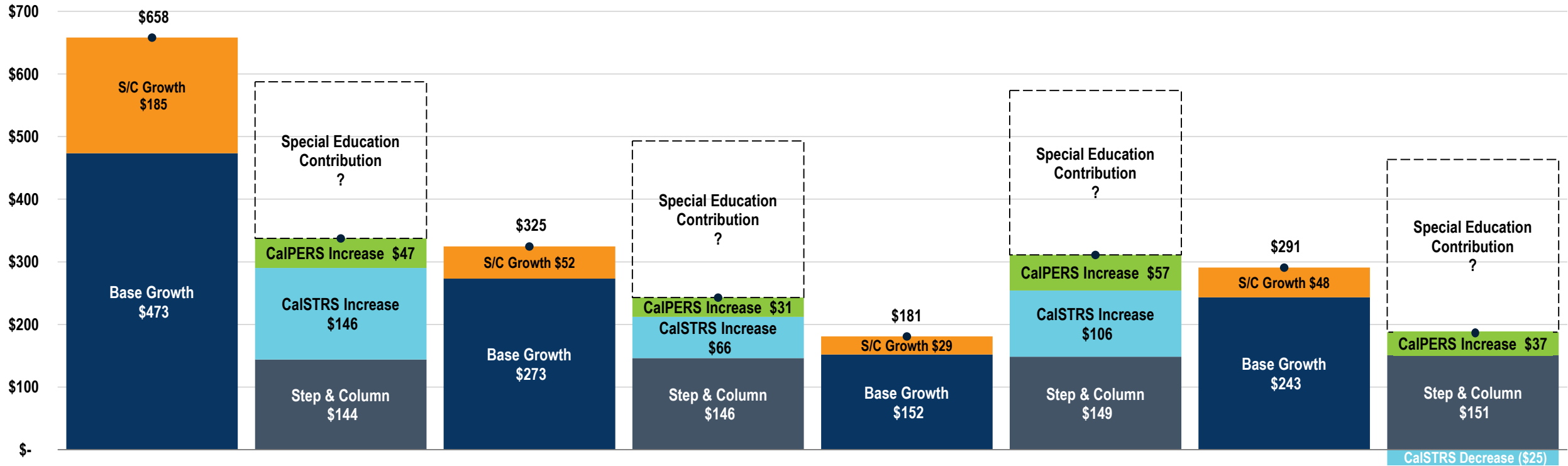
- Adult Education Fund*
- Child Development Fund*
- Special Reserve Fund for Post-Employment
- Cafeteria Fund
- Deferred Maintenance Fund
- Building Fund
- Capital Facilities Fund-Developer Fees
- County School Facilities Fund
- Special Reserve Capital Outlay Fund

* The Adult Education Fund and Child Development Fund have minimal to no deficit spending. However, the multiyear projections are deficit spending due to the automatic step/column increases, STRS & PERS increases, salary schedule increases and health contribution increases. Deficits will be greatly reduced or eliminated with the 2020/21 Adopted budget.

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MULTIYEAR PROJECTIONS



\$(100)	LCFF Growth Revenues 3.7% COLA+Gap Funding	Expenditures	LCFF Growth Revenues 3.26% COLA	Expenditures	LCFF Growth Revenues 1.79% COLA	Expenditures	LCFF Growth Revenues 2.80% COLA	Expenditures
	2018–19		2019–20		2020–21		2021–22	

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2020/21 GENERAL FUND PROJECTIONS

Beginning Fund Balance	\$ 31,404,159
Revenues	\$ 353,555,398
Expenditures	\$ 360,214,490
Net Increase/(Decrease) Fund Balance	\$ (6,659,092)
Ending Fund Balance	\$ 24,745,067
Components of Ending Fund Balance:	
Nonspendable	\$ 430,989
Restricted	\$ -
Assigned	\$ 5,000,000
Unassigned - Economic Uncertainties	\$ 19,000,000
Unassigned	\$ 314,078

Structural Deficit

State minimum reserve for Economic Uncertainties \$ 10,806,435

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2020/21 GENERAL FUND – KEY ASSUMPTIONS

- LCFF Revenue decrease \$435 thousand; Base \$800 thousand increase and supplemental/concentration \$1.2 million decrease
 - 1.79% increase
 - 365 ADA decrease (funded); actual projected decrease 268 ADA
- No one-time funds; decrease revenue \$2.9 million
- Salary and benefits
 - Step/column increase – unrestricted \$2.5 million
 - STRS + 1.85%; unrestricted increase \$1.4 million
 - PERS + 2.867%; unrestricted increase \$1.1 million
 - Increased contribution for SpecEd and RRMA - \$438 thousand
 - Teacher positions; unrestricted decrease \$441 thousand
- Use of 2019/20 ongoing surplus of \$400 thousand

\$0.8 million	New Base Revenue
- \$2.9 million	One-time Revenue
- \$5.0 million	Salaries & Benefits Budget
<u>\$0.4 million</u>	PY Surplus
(\$6.7 million)	Deficit Spending

\$5.0 million

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2021/22 GENERAL FUND PROJECTIONS

Beginning Fund Balance	\$ 24,745,067
Revenues	\$ 358,316,582
Expenditures	\$ 364,540,774
Net Increase/(Decrease) Fund Balance	\$ (6,224,192)
Ending Fund Balance	\$ 18,520,875
Components of Ending Fund Balance:	
Nonspendable	\$ 430,989
Restricted	\$ -
Assigned	\$ 5,000,000
Unassigned - Economic Uncertainties	\$ 13,089,886
Unassigned	\$ -

Structural Deficit

State minimum reserve for Economic Uncertainties \$ 10,936,223

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2021/22 GENERAL FUND – KEY ASSUMPTIONS

- LCFF Revenue increase \$4.8 million; Base \$3.9 million increase and supplemental/concentration \$900 thousand increase
 - 2.80% increase
 - 241 ADA decrease (funded); actual projected decrease 188 ADA
- Salary and benefits
 - Step/column increase – unrestricted \$2.8 million
 - STRS (0.30%); unrestricted decrease \$300 thousand
 - PERS + 1.30%; unrestricted increase \$500 thousand
 - Increased contribution for SpecEd and RRMA - \$440 thousand
- Prior year on-going deficit spending \$6.7 million

\$3.9 million	New Base Revenue
- \$3.4 million	Salaries & Benefits
- \$6.7 million	PY Deficit Spending
(\$6.2 million)	Deficit Spending

\$3.4 million

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NEXT STEPS

- January – Governor’s 2020-21 State budget proposal
- January 14, 2020 – Board of Trustees Budget Workshop
 - Review, analyze, reductions identified
- The Second Interim report will be presented at the March 24, 2020 Board meeting with 2020-21 Budget reductions.
- Any questions?

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