

**LUCERNE VALLEY UNIFIED SCHOOL DISTRICT
BUSINESS SERVICES**

ADOPTED BUDGET 2020-2021 SCHOOL YEAR

As required by Education Code Section 42127(i), a District electing to follow the single budget adoption process must adopt and submit, by July 1, a “final” budget which subsequently may be amended within 45 days after the State budget is adopted and when necessary in response to disapproval of the budget by the County Superintendent of Schools.

This information will be presented at the regular Board Meeting on June 11, 2020.

Adopted Budget & Estimated Actuals reflects data incorporated from the following:

- State Adopted Budget
- May Revise
- Dart Boards from School Services of California

This report has been divided into the following sections in an effort to explain our financial situation using a streamlined format:

Section 1: Summary of the General Fund portion of our budget based on the Estimated Actuals and Adopted Budget

Section 2: Summary of all other funds

Section 3: A multi-year projection of our financial condition, through June 30, 2023

Section 4: Summary and recommendations regarding financial issues over the next three years

SECTION 1: GENERAL FUND BUDGET

Revenues

ESTIMATED ACTUALS & ADOPTED BUDGET

	Estimated Actuals	Adopted Budget
LCFF Revenue	9,305,090	8,559,669
Federal Revenues	743,482	1,314,129
Other State	908,467	860,249
Other Local	3,065,843	2,482,728
Total	14,022,882	13,216,775

Expenditures

ESTIMATED ACTUALS & ADOPTED BUDGET

	Estimated Actuals	Adopted Budget
Certificated Salaries	4,595,264	4,904,480
Classified Salaries	2,140,836	2,344,194
Employee Benefits	2,921,194	3,192,580
Books and Supplies	652,780	554,478
Services and Operating Expenses	1,396,170	1,484,129
Capital Outlay	260,000	0
Other	895,602	725,134
Total Expenditures	12,861,846	13,204,995

ESTIMATED ACTUALS & ADOPTED BUDGET SUMMARY

	Estimated Actuals	Adopted Budget
Beginning Balance	1,457,042	2,618,078
Income	14,022,882	13,216,775
Transfers In	0	0
Expenditures	12,651,846	13,110,596
Transfers Out	210,000	94,399
Other Sources/Use	0	0
Total Expenditures	12,861,456	13,204,995
Ending Balance	2,618,078	2,629,858

Transfers In/Out

Transfers are a separate item shown in the budget. They are not included in revenues or expenditures because these are dollars, which are transferred to or from other funds.

Other Sources/Use

No Activity

Summary

These projections yield an Ending Balance Projection of **\$2,629,858** in 2020/21. The components of this Ending Balance are delineated on the next page in section entitled "Fund Balance."

Fund Balance

PROJECTED FUND BALANCES FOR 2019/20 & 2020/21

	Estimated Actuals	Adopted Budget
Ending Balance	2,618,078	2,629,858
Revolving Cash	19,100	19,100
Legally Restricted	25,987	37,693
Prepaid Expenditures	0	0
Designated Reserve for Economic Uncertainty	575,000	575,000
Designations	1,925,000	1,925,000
Unassigned	72,991	73,065

Designations from Projected Fund Balance above include:

- Deferred Maintenance, Technology \$550,000
- Transportation \$300,000
- Debt Service \$700,000
- Additional COP payment \$375,000

SECTION 2: OTHER FUNDS

Fund 11: Adult Education

Adult Education funding is included in a portion of the State Budget which has proposed cuts entailed within the May Revise. This program will need to be downsized in an effort to meet proposed funding. District is investigating new ways and means of increasing funds and programs. At this time, the program has balanced revenues and expenditures.

Fund 13: Cafeteria

Increased enrollment has had a positive impact on the Child Nutrition program. However, increased costs to salary and benefits are outpacing available reimbursements that fund the program. The General Fund continues to contribute to the program to meet the needs of the students. At this time, the program has balanced revenues and expenditures.

Fund 14: Deferred Maintenance

By placing a portion of our maintenance salaries into the Deferred Maintenance fund, this helps exclude expenditures from the calculation for CEA (Classroom Expenditures Actuals). The District is currently meeting its CEA requirement of fifty-five percent. At this time, the program has balanced revenues and expenditures.

Funds 21, 25, 30 & 35: Building & Capital Outlay

At this time, new school buildings or modernization is not required.

SECTION 3: MULTI-YEAR PROJECTIONS

A final requirement for the Adopted Budget is a multi-year financial forecast. The Board of Education must certify that it can meet its financial obligations in both the current year and the two succeeding fiscal years.

In order to complete future projections, some assumptions must be made. Those assumptions are listed below.

ASSUMPTIONS FOR THE 2020-2023 FISCAL YEARS

Fiscal Year	2020-2021	2021-2022	2022-2023
Estimated P-2 ADA	767	767	767
Projected Enrollment	831	831	831
Deficit Factor	-10.00%		
DOF Statutory COLA	2.31%	2.48%	3.26%
Step & Column Certificated		\$125,852	\$73,941
Step Classified		\$64,062	\$61,459
Statutory & Retirement		\$85,475	\$207,156
Lottery (Prop 20) per ADA	\$54.00	\$54.00	\$54.00
Lottery Unrestricted per ADA	\$153.00	\$153.00	\$153.00

MULTI-YEAR PROJECTIONS

Description	2020-2021	2021-2022	2022-2023
Revenues	13,216,775	13,077,951	13,358,877
Expenditures	13,204,995	13,496,987	13,857,504
Net Increase / Decrease	11,780	(419,036)	(498,627)
Beginning Fund Balance	2,618,078	2,629,858	2,210,822
Projected Ending Fund Balance	2,629,858	2,210,822	1,712,195
Non-spendable	19,100	19,100	19,100
Restricted	37,693	37,693	37,693
Assigned	1,925,000	1,525,000	1,025,000
Economic Uncertainty	575,000	575,000	575,000
Unassigned	73,065	54,029	55,402

SECTION 4: SUMMARY AND RECOMMENDATIONS

During the 2020-2023 school years, the Lucerne Valley Unified School District will be able to meet its financial obligations. However, the District is projecting to deficit spend in the second and third year. The deficits can be attributed to the loss of on-going monies from the State and one-time monies from the Federal government. Additional deficits can be attributed to the on-going costs of the District's long-term debt obligations, increased statutory and retirement costs as well as the increasing costs of health and welfare. It is imperative that the District continues to investigate ways of either increasing revenues or decreasing costs.

COLA is not budgeted for employees' salaries, beyond step and column, for the two future years where applicable.

Services and operating expenses as well as capital outlay have been reduced as much as possible to maintain an acceptable level of expenditures for continued academic success.

Further Recommendations

This budget was completed with a 4.91% reserve. While the District is only required to have a 4% reserve, the County has recommended an 8% reserve based on our financial situation. The District has assigned a COP Payment which satisfies the County recommendation.

It is imperative that the District creates a balanced budget as soon as possible to help maintain both its fund and cash balance.

Again, we must remain prudent in our spending to ensure that we are able to continue our momentum towards academic excellence.