Ravenswood City School District

FY20-21 Unaudited Actuals Update

Business Services

Executive Summary

Last year the district ran a small deficit – in part due to deferred revenue – this year, as planned, we ran a moderate surplus to help build reserves now to ensure a smooth transition as stimulus funds phase out

Change in Revenue

- **Total revenue increase by $8m** – more than expected. Major contributions were from:
  - A significant **increase in federal stimulus funding** (+$6m)
  - A large **increase in REF's contribution** (+$4m) – although this is largely due to a timing issue, the true increase was closer to $2m
  - A one-time **increase in Title I funding**, due to funds returned from the SY19 audit (+$1.7m)
  - An increase in **rental revenue** from the Primary School (+$1.6m)
- Without the increase in REF and federal stimulus funds, **overall revenue would have fallen**

Change in Expenditure

- **Overall expenditures fell** by ~$2.8m or ~6.3% -- much less **than our total enrollment decline** (~15%), but reflects the use of stimulus money to purchase technology, hire additional staff, and prepare our district for remote-learning
- The funding source has shifted away from primary general fund expenses to other funding sources

Total Balance

- The district **shifted from a modest deficit to a modest surplus** from last year to this year
- This is part of an **essential effort to run surpluses to create the strong balance sheet necessary to maintain stimulus-funded programs after the expiration of those funds**
  - This also reflects significant work on behalf of all district staff to work on **fully maximizing grant funds**, and reallocating funding strategically
- At this time, we would caution the community against **reading this as a structural surplus**, instead this should be thought of as **using one-time funds to build up a strong reserve before a time of famine**

Revenue

Total revenue was ~$51.0m in SY21, an increase of $8.1m from SY20

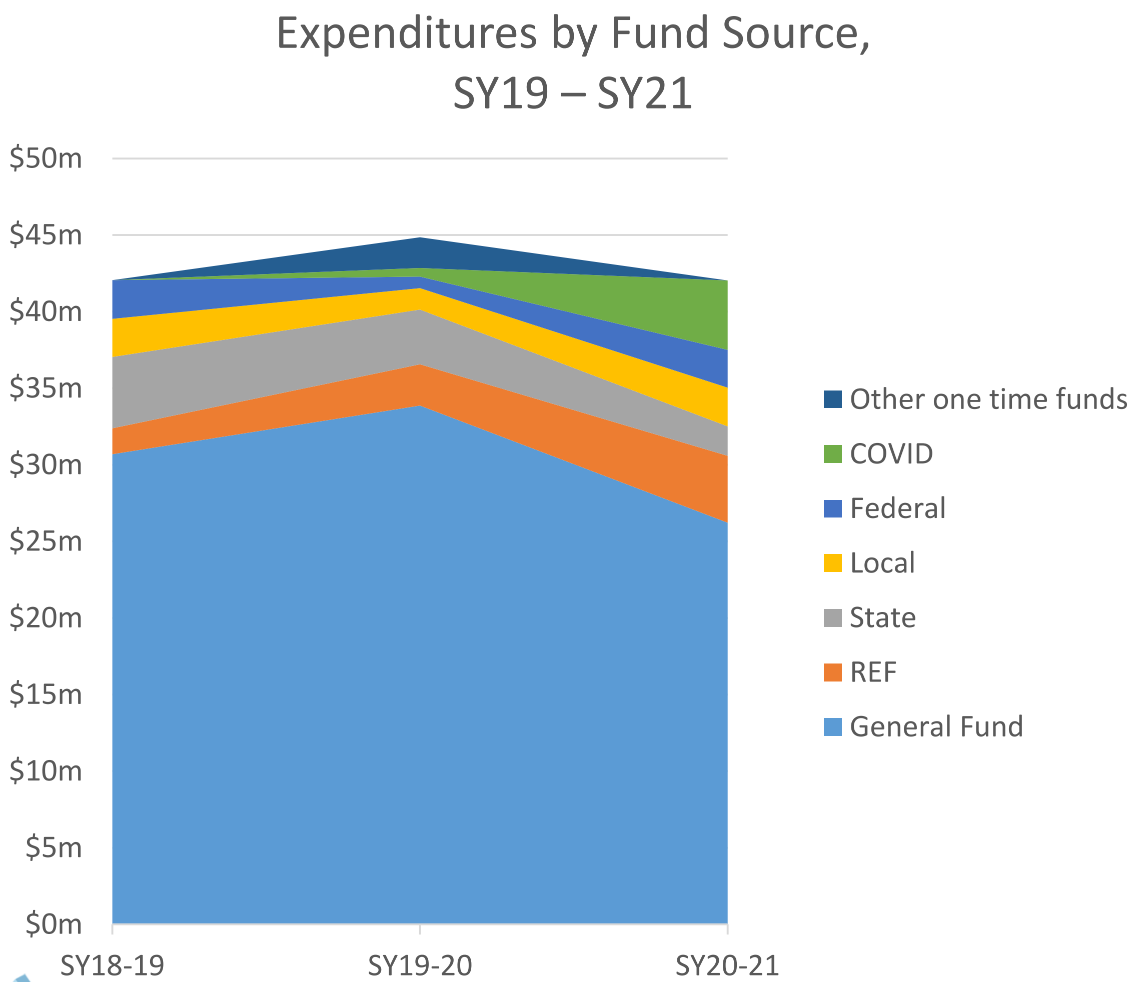
Category	FY18-19	FY19-20	FY20-21	FY20 to FY21 $ Change	Commentary
LCFF / Basic Aid	$30.7m	$27.4m	$27.9m	$0.5m	• The state's hold-harmless provision caused the district to be funded under FY20 ADA
Rental Revenue	$1.5m	$2.1m	$3.7m	$1.6m	• Rent increased due to the Primary School contract
REF	$1.7m	$2.7m	$7.0m	$4.3m	• This reflects both increased investment, and a timing quirk that should make FY19-20 $3.7m and FY20-21 $6.0m
Other State	$4.7m	$3.8m	$2.0m	-$1.8m	• We received double the STRS amounts in FY19 and SPED pre-K funds for one year in FY20
Local	$4.1m	$4.9m	$2.7m	-$2.2m	• Reflects an adjustment from the county due to a one-time adjustment due to RDA funds
Federal	$2.5m	$0.8m	$2.5m	$1.7m	• This reflects a one-time increase due to Title funds returned in FY21 post results of the SY19 audit
Stimulus (State and Federal)	$0	$.04m	$6.3m	$6.3m	• COVID-19 stimulus funds to assist with learning during the pandemic
Other One-Time Funds	$.7m	$1.1m	-$1.1m	-$2.2m	• In SY19, we received Prop39 funds, and created an accrual in SY20 for a bus purchase which was paid in SY21
Total	**$45.9m**	**$42.8m**	**$51.0m**	**$8.1m**	• Despite our declining enrollment, revenue increased in FY21 largely due to stimulus funds and the LCFF hold-harmless provision

Change of Note

Significant one-time change

Expenditures

Total overall expenditure has remained consistent over the last few year years – yet the primary funding source has changes



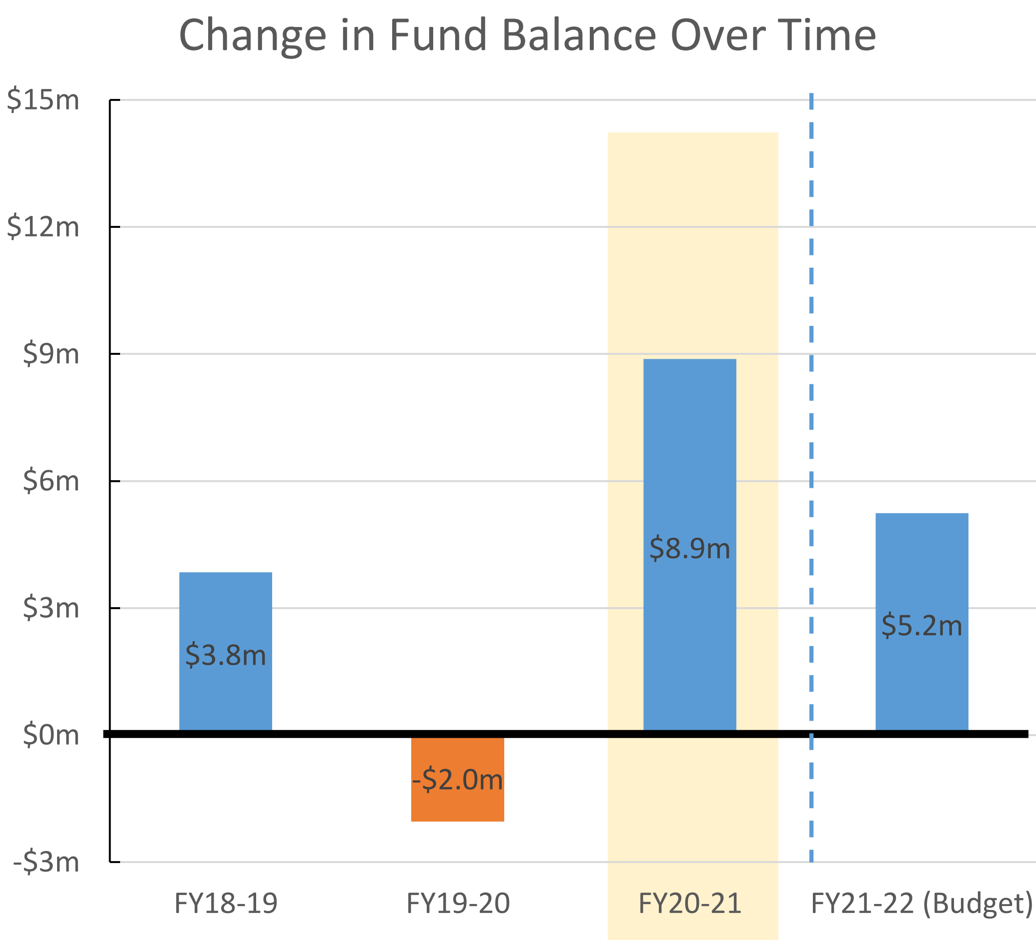
Note: General fund includes rental revenues and LCFF allocation

Comments

- Total enrollment fell by ~15%, with ADA falling by even more
- Total expenditures fell by 6% -- but our general fund expenditures dropped by 23%, reflecting our efforts to maximize our grant funds
  - Using our stimulus funds strategically
  - Strengthening our partnership with REF to fully invoice them for all eligible expenses
- We have seen an 84% increase in per-pupil expenditure since SY18-19

Overall Balance

Last year we reversed the deficit of FY19-20 and ran a moderate surplus – which we plan to do again in FY21-22 to build reserves



Comments

- The surplus in FY20-21 is slightly overstated due to:
  - $1m in REF funds that should have been on a prior year
  - $6.3m in one-time stimulus funds
- Without these changes we would have run a $1.6m surplus (effectively offsetting the FY19-20 deficit)
- Part of this is due to more effective grant management – charging indirect costs, reallocating funds strategically, etc.
- As mentioned previously, it is necessary for us to build up a strategic COVID reserve for once these funds expire

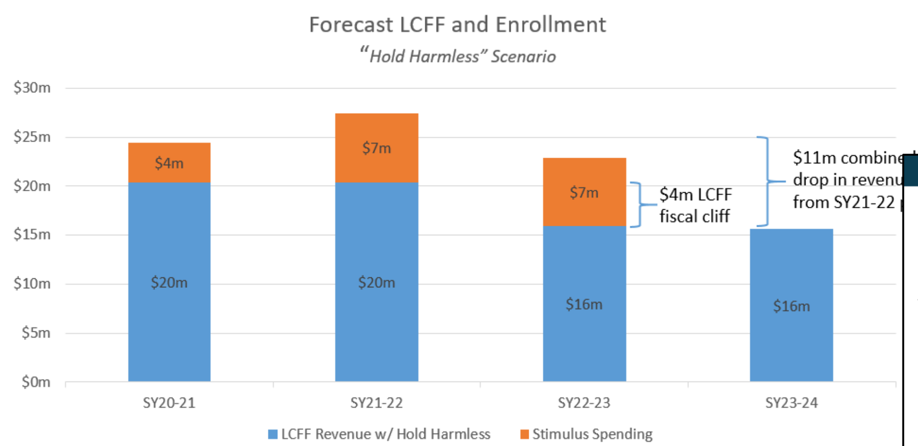
Overall Fiscal Outlook

To recap our prior budget presentation, we are preparing for the looming fiscal cliff by running strategic surpluses and deficits

Ravenswood City School District

Stimulus Funds Update

However, the timeline to spend the stimulus funds is aggressive, and creates a larger fiscal cliff *if spent over two years*



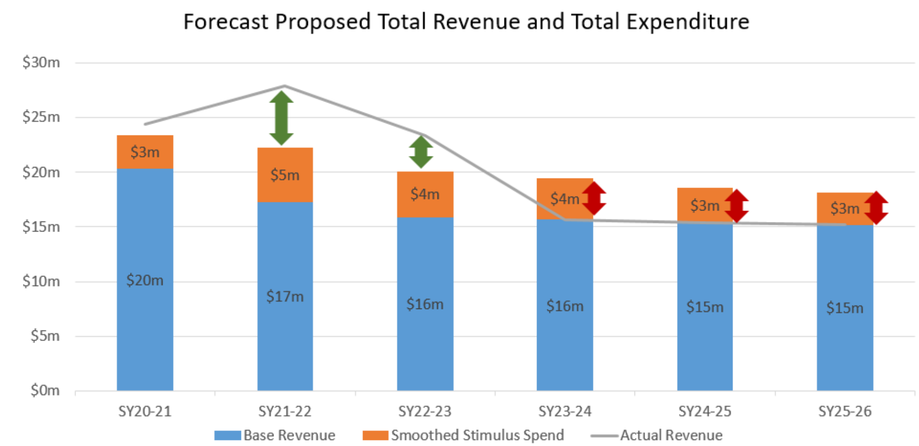
Note: This is a simplified look, excluding federal funds, REF, and other funding sources and just focused on LCFF and stimulus funds to highlight the major changes in the budget.

It is worth remembering that while we are approach a basic aid floor, we have a dual LCFF and stimulus fiscal cliff looming

Ravenswood City School District

Stimulus Funds Update

We are proposing smoothing the spending out over a few years which will result in ~3 years of surpluses, followed by ~3 years of deficits



Three years of savings (through surpluses)

Three years of planned deficits

This fiscal cliff is, in large part, why we have been proposing large surpluses