

2020-21 Second Interim Report

March 3, 2021

Presented by:

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Business & Fiscal Services
and

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2020-21 SECOND INTERIM REPORT

The 2020-21 Second Interim Report is presented for the Board's consideration of the filing of a Positive Certification with the Ventura County Office of Education, which will only be possible if the Board approves an action/reduction plan to align expenditures with revenues for future years.

CERTIFICATION OF FINANCIAL CONDITION

There are four times in the year that the Board of Trustees will be presented with a full budget/financial activity review for approval/certification:

- 1) Budget Adoption (by July 1st):** Must hold a public hearing on the budget to be adopted. This must follow the adoption of the LCAP (Local Control Accountability Plan) and must be aligned with the LCAP.
- 2) 1st Interim (by December 15th):** The board must certify the report with a Positive, Qualified or Negative Certification (defined below).
- 3) 2nd Interim (by March 15th):** The board must certify the report with a Positive, Qualified or Negative Certification (defined below).
- 4) Unaudited Actuals (by September 15th):** Approve the actual financial activity for the school year that ended June 30th, pending audit review.

CERTIFICATION OF FINANCIAL CONDITION (cont.)

- **POSITIVE CERTIFICATION** - The Board certifies that, based upon current projections, the district will meet its financial obligations for the current fiscal year and subsequent two fiscal years. In meeting this designation, the Multi-Year Projections report must show a positive Unrestricted ending fund balance for all three years no less than the state minimum required level.
- **QUALIFIED CERTIFICATION** - The Board certifies that, based upon current projections, the district may not meet its financial obligations for the current fiscal year or two subsequent fiscal year. In meeting this designation, the Multi-Year Projections report will show an Unrestricted ending fund balance less than the state minimum required level.
- **NEGATIVE CERTIFICATION** - The Board certifies that, based on current projections, the district will be unable to meet its financial obligations for the remainder of the current fiscal year or for the subsequent fiscal year.

WHAT IS A MULTI-YEAR PROJECTION?

- A Multi-Year Projection (MYP) is only a projection, not a forecast, based on solid assumptions.
- School Services of California outlines many of the assumptions used in the MYP.
- The MYP reports current year budget and projects two years out.
- The MYP is part of the financial packet presented to the board during Budget Adoption, 1st Interim, and 2nd Interim. After the Board meeting, the MYP and the financial report are submitted to the County Office of Education for review.
- Certification of the district's financial condition is based on the MYP and the cash flow report. The Board is responsible for this certification.
- The MYP is broken out into three parts: Unrestricted, Restricted and Combined.
- The Unrestricted side of the report determines the district's financial condition and certification.
- The MYP is used as a tool for planning budget cuts and is used by the County Office of Education to determine if the district can afford its financial obligations, including negotiated Tentative Agreements with the bargaining units.

COLA

WHAT A DIFFERENCE A YEAR MAKES

- The pandemic did not have the draconian financial impacts projected in June 2020, but local educational agencies (LEAs) still have not been made whole
 - The zero cost-of-living adjustment (COLA) in 2020–21 has likely fallen into a black hole as a one-time loss for the Local Control Funding Formula (LCFF), and an ongoing loss for other categorical programs

| Comparison of Statutory and Funded COLA 2020–21 and 2021–22 | | | |
|---|---------|---------|---|
| | 2020–21 | 2021–22 | Applied to |
| Statutory COLA | 2.31% | 1.50% | • 3.84% applied to LCFF |
| Funded COLA | 0.00 | 3.84% | • 1.50% applied to special education and other categorical programs (e.g., Mandate Block Grant) |

BUDGET FACTORS/ASSUMPTIONS - SSC

SSC School District and Charter School Financial Projection Dartboard 2021–22 Governor’s Budget

This version of School Services of California Inc.’s (SSC) Financial Projection Dartboard is based on the 2021–22 Governor’s Budget proposal. We have updated the cost-of-living adjustment (COLA), Consumer Price Index (CPI), and ten-year T-bill planning factors per the latest economic forecasts. We have also updated the Local Control Funding Formula (LCFF) factors. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are general guidelines.

| LCFF PLANNING FACTORS | | | | | |
|--|---------|--------------------|---------|---------|---------|
| Factor | 2020–21 | 2021–22 | 2022–23 | 2023–24 | 2024–25 |
| Department of Finance (DOF) Estimated Statutory COLA | 2.31% | 1.50% ¹ | 2.98% | 3.05% | N/A |
| DOF Estimated Funded COLA | 0.00% | 3.84% ² | 2.98% | 3.05% | N/A |
| SSC Estimated Statutory COLA ³ | 0.00% | 3.84% | 1.28% | 1.61% | 1.90% |

| LCFF GRADE SPAN FACTORS FOR 2021–22 | | | | |
|---|---------|---------|---------|---------|
| Entitlement Factors per ADA* | K–3 | 4–6 | 7–8 | 9–12 |
| 2020–21 Base Grants | \$7,702 | \$7,818 | \$8,050 | \$9,329 |
| Compounded COLA at 3.84% | \$296 | \$300 | \$309 | \$358 |
| 2021–22 Base Grants | \$7,998 | \$8,118 | \$8,359 | \$9,687 |
| Grade Span Adjustment Factors | 10.4% | — | — | 2.6% |
| Grade Span Adjustment Amounts | \$832 | — | — | \$252 |
| 2021–22 Adjusted Base Grants ⁴ | \$8,830 | \$8,118 | \$8,359 | \$9,939 |

*Average daily attendance (ADA)

| OTHER PLANNING FACTORS | | | | | | |
|---------------------------------------|----------------------|---------|---------|---------|---------|---------|
| Factors | | 2020–21 | 2021–22 | 2022–23 | 2023–24 | 2024–25 |
| California CPI | | 1.44% | 1.57% | 1.82% | 2.12% | 2.40% |
| California Lottery | Unrestricted per ADA | \$150 | \$150 | \$150 | \$150 | \$150 |
| | Restricted per ADA | \$49 | \$49 | \$49 | \$49 | \$49 |
| Mandate Block Grant (District) | Grades K–8 per ADA | \$32.18 | \$32.66 | \$33.08 | \$33.61 | \$34.25 |
| | Grades 9–12 per ADA | \$61.94 | \$62.87 | \$63.67 | \$64.70 | \$65.93 |
| Mandate Block Grant (Charter) | Grades K–8 per ADA | \$16.86 | \$17.11 | \$17.33 | \$17.61 | \$17.94 |
| | Grades 9–12 per ADA | \$46.87 | \$47.57 | \$48.18 | \$48.96 | \$49.89 |
| Interest Rate for Ten-Year Treasuries | | 0.98% | 1.48% | 1.65% | 1.90% | 2.10% |
| CalSTRS Employer Rate ⁵ | | 16.15% | 15.92% | 18.00% | 18.00% | 18.00% |
| CalPERS Employer Rate ⁵ | | 20.70% | 23.00% | 26.30% | 27.30% | 27.80% |

| STATE MINIMUM RESERVE REQUIREMENTS | |
|------------------------------------|--------------------|
| Reserve Requirement | District ADA Range |
| The greater of 5% or \$71,000 | 0 to 300 |
| The greater of 4% or \$71,000 | 301 to 1,000 |
| 3% | 1,001 to 30,000 |
| 2% | 30,001 to 400,000 |
| 1% | 400,001 and higher |

BUDGET FACTORS/ASSUMPTIONS - OSD

| Planning Factor | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|--------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Estimated Funded ADA (Average Daily Attendance) | 15,247.90 | 15,247.90 | 14,408.93 | 13,977.87 |
| Funded UPP (Unduplicated Pupil Percentage) | 87.73% | 90.24% | 90.33% | 89.42% |
| LCAP Percentage to Increase or Improve Services | 33.91% | 35.67% | 35.73% | 35.09% |
| LCFF Estimated Supplemental & Concentration Funds | \$42,218,058 | \$46,111,218 | \$44,201,890 | \$42,792,166 |
| Step & Column | 1.50% | 1.50% | 1.50% | 1.50% |
| Statutory COLA (Planning COLA) | 0.00% | 3.84% | 1.28% | 1.61% |
| STRS Employer Statutory Rates | 16.15% | 15.92% | 18.00% | 18.00% |
| PERS Employer Projected Rates | 20.70% | 23.00% | 26.30% | 27.30% |
| Lottery - Unrestricted per ADA | \$150 | \$150 | \$150 | \$150 |
| Lottery - Prop 20 per ADA | \$49 | \$49 | \$49 | \$49 |
| Mandated Block Grant per ADA | \$32.18 | \$32.66 | \$33.08 | \$33.61 |
| CPI | 1.44% | 1.57% | 1.82% | 2.12% |
| Routine Restricted Maintenance Account | 3% of total GF expenditures | 3% of total GF expenditures | 3% of total GF expenditures | 3% of total GF expenditures |
| Health Benefits | Hard Cap with no anticipated changes | | | |
| Reduction in Classroom Teachers due to Declining Enrollment | | 20 FTE | 12 FTE | 12 FTE |
| Additional Reductions Required to Maintain Positive Certification | | | \$7,000,000 | \$12,000,000 |

RESERVES

- Per CDE: “Available reserves are the Unrestricted amounts in the Reserve for Economic Uncertainties and the Unassigned/Unappropriated accounts in the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects...”
 - Oxnard School District Minimum requirement is 3% (this is governed by the State and by the size of the District)
 - Adequate reserves are one of the most significant methods school districts use to maintain fiscal health and help mitigate changes in school funding.

RESERVES (cont.)

Local Agency Reserves

- Reserves provide local school agency governance teams with the ability to be more strategic in reducing expenditures when faced with a financial crisis
 - Reserves protect students, employees, and the public
- Current state financial projections show a deficit beginning in 2022–23, and the PSSSA balance will not last long
 - LEAs with higher reserves are better equipped to protect the community they serve

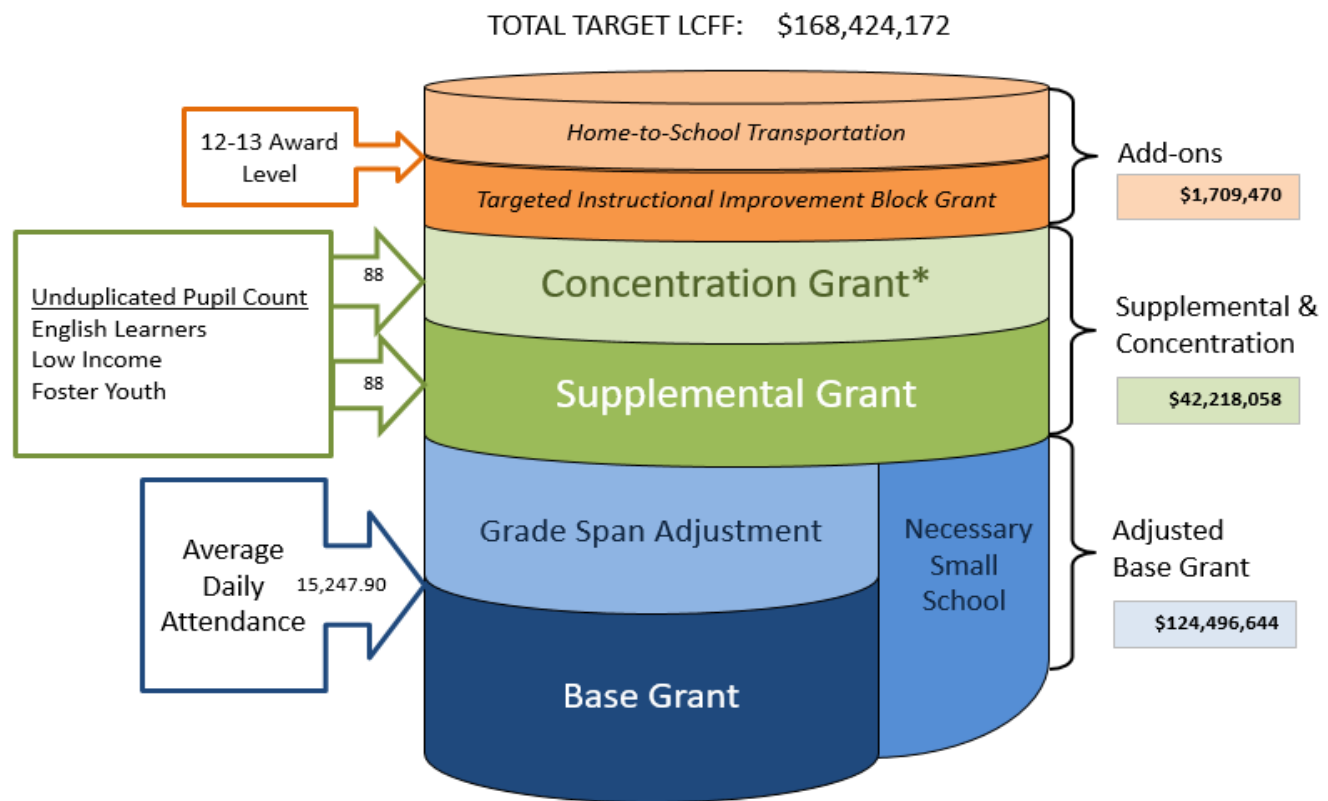


LOCAL CONTROL FUNDING FORMULA (LCFF)

2020-21 Funding

Components of LCFF Target Entitlement

| | 2020-21 | |
|-------------------------------------|-----------------------|---------------|
| Base Grant / Necessary Small School | \$ 119,272,691 | 15,247.90 ADA |
| Grade Span Adjustment | \$ 5,223,953 | |
| Supplemental Grant | \$ 21,844,182 | 88% |
| Concentration Grant | \$ 20,373,876 | 88% |
| Add-ons (TIIBG & Transportation) | \$ 1,709,470 | |
| Total | \$ 168,424,172 | |



*Unduplicated Pupil Percentage must be above 55% to receive Concentration Grant funding

MULTI-YEAR PROJECTIONS

| | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|--------------------|--------------------|----------------------|-----------------------|
| | 2nd Interim Budget | Projections | Projections | Projections |
| Revenues | \$223,638,735 | \$208,358,516 | \$200,919,486 | \$197,791,539 |
| Expenditures | \$220,892,711 | \$205,688,762 | \$208,701,296 | \$210,500,422 |
| Budget Reductions Needed | | | (\$7,000,000) | (\$12,000,000) |
| Total Adjusted Expenditures | \$220,892,711 | \$205,688,762 | \$201,701,296 | \$198,500,422 |
| Excess (Deficiency) of Revenue over Expenditures | \$2,746,024 | \$2,969,754 | (\$481,810) | (\$408,883) |
| Transfers from Other Funds | 0 | 0 | 0 | 0 |
| Transfers to Other Funds | \$1,000,000 | \$300,000 | \$300,000 | \$300,000 |
| Net Increase (Decrease) in Fund Balance | \$1,746,024 | \$2,669,754 | (\$781,810) | (\$708,883) |
| Beginning Fund Balance | \$17,539,223 | \$19,285,247 | \$21,955,001 | \$21,173,191 |
| Components of Ending Fund Balance | | | | |
| Total Ending Fund Balance | \$19,285,247 | \$21,955,001 | \$21,173,191 | \$20,464,308 |
| 3% Reserve for Economic Uncertainty | \$6,656,782 | \$6,170,663 | \$6,261,039 | \$6,315,013 |
| Non-Spendable (Stores & Revolving Cash) | \$120,000 | \$120,000 | \$120,000 | \$120,000 |
| Legally Restricted | \$4,587,013 | \$0 | \$0 | (\$0) |
| Other Assignments | \$6,928,850 | \$14,688,850 | \$13,828,850 | \$13,080,850 |
| Undesignated/Unappropriated Fund Balance | \$992,602 | \$975,488 | \$963,302 | \$948,446 |

MULTI-YEAR PROJECTIONS (cont.)

| General Fund (Unrestricted & Restricted) | | 2020-21 (1st Interim) | 2021-22 (projected) | 2022-23 (projected) | 2023-24 (projected) |
|---|--|-----------------------|---------------------|---------------------|---------------------|
| REVENUES: | | | | | |
| 1 | Total LCFF Funding | \$167,424,172 | \$176,099,645 | \$168,618,755 | \$165,437,483 |
| 2 | Federal Revenues | \$35,612,722 | \$14,382,638 | \$14,382,638 | \$14,382,638 |
| 3 | Other State Revenues | \$10,065,098 | \$8,651,215 | \$8,693,075 | \$8,746,400 |
| 4 | Other Local Revenues | \$10,536,743 | \$9,225,018 | \$9,225,018 | \$9,225,018 |
| 5 a | Transfers In | \$0 | \$0 | \$0 | \$0 |
| 5 c | Contributions/Encroachments | \$37,863,259** | \$36,675,267** | \$42,116,060** | \$44,166,483** |
| TOTAL REVENUES | | \$223,638,735 | \$208,358,516 | \$200,919,486 | \$197,791,539 |
| EXPENDITURES | | | | | |
| 1 a | Base Certificated Salaries | \$87,683,535 | \$87,683,535 | \$86,365,379 | \$86,564,659 |
| b | Step & Column (1.5%) | \$0 | \$1,276,336 | \$1,279,281 | \$1,282,270 |
| c | Cost-of-Living Adjustment | \$0 | \$0 | \$0 | \$0 |
| d | Other Adjustments | \$0 | (\$2,594,492) | (\$1,080,000) | (\$1,080,000) |
| Total Certificated Salaries | | \$87,683,535 | \$86,365,379 | \$86,564,659 | \$86,766,929 |
| 2 a | Base Classified Salaries | \$28,647,238 | \$28,647,238 | \$28,719,682 | \$29,150,477 |
| b | Step (1.5%) | \$0 | \$424,429 | \$430,795 | \$437,257 |
| Total Classified Salaries | | \$28,647,238 | \$28,719,682 | \$29,150,477 | \$29,587,734 |
| 3 | Employee Benefits | \$44,499,479 | \$44,518,541 | \$46,430,771 | \$46,711,741 |
| 4 | Books & Supplies | \$25,802,602 | \$15,551,090 | \$15,728,132 | \$16,044,641 |
| 5 | Services & Other Operating Exp. | \$31,012,049 | \$27,828,697 | \$28,121,883 | \$28,684,002 |
| 6 | Capital Outlay | \$1,007,435 | \$165,000 | \$165,000 | \$165,000 |
| 7 | Other Outgo (excl. trxf of indirect costs) | \$2,685,017 | \$2,685,017 | \$2,685,017 | \$2,685,017 |
| 8 | Other Outgo - Trxf of Indirect Costs | (\$444,644) | (\$444,644) | (\$444,644) | (\$444,644) |
| 9 | Other Financing Uses | \$0 | \$0 | \$0 | \$0 |
| a | Transfers Out | \$1,000,000 | \$300,000 | \$300,000 | \$300,000 |
| b | Other Uses | \$0 | \$0 | \$0 | \$0 |
| 10 | Other Adjustments (Budget Reductions) | \$0 | \$0 | (\$7,000,000) | (\$12,000,000) |
| TOTAL EXPENDITURES | | \$221,892,711 | \$205,688,762 | \$201,701,296 | \$198,500,422 |
| INCREASE/(DECREASE) IN FUND BALANCE | | \$1,746,024 | \$2,669,754 | (\$781,810) | (\$708,883) |
| FUND BALANCE | | | | | |
| 1 | Net Beginning Fund Balance | \$17,539,223 | \$19,285,247 | \$21,955,001 | \$21,173,191 |
| 3 a | Non-Spendable Balance | \$120,000 | \$120,000 | \$120,000 | \$120,000 |
| b | Restricted Balance | \$4,587,013 | \$0 | \$0 | (\$0) |
| c | Committed | \$0 | \$0 | \$0 | \$0 |
| d | Assigned Balance | \$6,928,850 | \$14,688,850 | \$13,828,850 | \$13,080,850 |
| e | Reserved for Economic Uncertainties 3% | \$6,656,782 | \$6,170,663 | \$6,261,039 | \$6,315,013 |
| UNASSIGNED ENDING BALANCE | | \$992,602 | \$975,488 | \$963,302 | \$948,446 |
| TOTAL ENDING FUND BALANCE | | \$19,285,247 | \$21,955,001 | \$21,173,191 | \$20,464,308 |
| Unassigned Ending Balance % of Total Expenditures | | 0.45% | 0.47% | 0.48% | 0.48% |
| **Contribution from Unrestricted to Restricted nets to zero | | | | | |

CASH FLOW

2020-21 Estimated Cash Flow Report as of January 31, 2021 - 2nd Interim Budget

| | Actual July | Actual August | Actual Sept | Actual October | Actual November | Actual December | Actual January | Estimated February | Estimated March | Estimated April | Estimated May | Estimated June |
|---|----------------|------------------|----------------|-------------------|--------------------|--------------------|-------------------|-----------------------|--------------------|--------------------|------------------|--------------------|
| Beg Cash Balance | \$10,109,870 | \$26,842,973 | \$16,999,635 | \$41,983,148 | \$38,733,953 | \$34,282,411 | \$49,820,018 | \$49,182,490 | \$38,249,714 | \$32,683,274 | \$29,028,972 | \$13,203,181 |
| Revenue: | | | | | | | | | | | | |
| State Apportionment* | \$ 5,806,298 | \$ 5,806,298 | \$ 10,451,337 | \$ 10,451,337 | \$ 10,451,337 | \$ 10,451,337 | \$ 10,451,337 | \$ 4,774,589 | \$ 1,828,566 | \$ 1,828,566 | \$ 1,828,566 | \$ - |
| EPA | \$ - | \$ - | \$ 7,264,190 | \$ - | \$ - | \$ 7,264,190 | \$ - | \$ - | \$ 7,264,190 | \$ - | \$ - | \$ 6,468,868 |
| Property Tax | \$ 297,953 | \$ 7,997 | \$ 94,169 | \$ - | \$ 927,743 | \$ 13,913,335 | \$ 1,639,264 | \$ 202,794 | \$ 159,944 | \$ 9,255,514 | \$ 242,938 | \$ (1,377,410) |
| Apportionment Transfers | \$ - | \$ - | \$ - | \$ (1,000,000) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Federal | \$ 120,922 | \$ 795,131 | \$ 17,851,873 | \$ 608,529 | \$ 12,680 | \$ 791,733 | \$ 741,912 | \$ - | \$ 826,903 | \$ 563,387 | \$ - | \$ 13,299,652 |
| Other State | \$ 18,638 | \$ 18,638 | \$ 2,891,263 | \$ 185,518 | \$ (265,909) | \$ 799,245 | \$ 2,121,782 | \$ 62,878 | \$ 832,473 | \$ 1,102,890 | \$ 63,054 | \$ 2,234,628 |
| Local | \$ 2,247,413 | \$ 494,764 | \$ 885,785 | \$ 1,195,622 | \$ 848,919 | \$ 846,149 | \$ 888,764 | \$ 511,271 | \$ 514,868 | \$ 630,246 | \$ 591,065 | \$ 882,378 |
| Interfund Transfers | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Revenue | \$ 8,491,224 | \$ 7,122,827 | \$ 39,438,617 | \$ 11,441,005 | \$ 11,974,271 | \$ 34,065,988 | \$ 15,843,059 | \$ 5,551,532 | \$ 11,426,943 | \$ 13,380,603 | \$ 2,725,623 | \$ 21,508,117 |
| Expenditures: | | | | | | | | | | | | |
| Certificated Salaries | \$ 154,640 | \$ 7,614,949 | \$ 7,619,931 | \$ 7,476,973 | \$ 7,577,290 | \$ 7,494,645 | \$ 7,659,462 | \$ 7,429,707 | \$ 7,529,707 | \$ 7,529,707 | \$ 7,709,873 | \$ 11,886,650 |
| Classified Salaries | \$ 1,068,007 | \$ 2,450,289 | \$ 2,474,248 | \$ 2,382,949 | \$ 2,391,040 | \$ 2,395,349 | \$ 2,319,864 | \$ 2,539,337 | \$ 2,522,647 | \$ 2,436,002 | \$ 2,422,647 | \$ 3,244,859 |
| Benefits | \$ 594,846 | \$ 3,829,684 | \$ 3,859,290 | \$ 3,780,446 | \$ 3,795,979 | \$ 4,364,492 | \$ 3,778,412 | \$ 4,003,296 | \$ 4,040,869 | \$ 4,020,869 | \$ 4,010,869 | \$ 4,420,429 |
| Books & Supplies | \$ 49,031 | \$ 204,070 | \$ 308,997 | \$ 1,610,988 | \$ 897,829 | \$ 3,796,759 | \$ 1,049,046 | \$ 682,595 | \$ 790,033 | \$ 1,460,586 | \$ 1,507,348 | \$ 13,445,320 |
| Services & Operating | \$ 222,746 | \$ 1,881,202 | \$ 888,101 | \$ 2,556,607 | \$ 1,743,407 | \$ 1,585,360 | \$ 2,241,958 | \$ 2,408,643 | \$ 2,410,540 | \$ 2,572,081 | \$ 3,035,539 | \$ 9,465,864 |
| Capital Outlay | \$ - | \$ - | \$ - | \$ - | \$ 105,272 | \$ 411,677 | \$ 89,190 | \$ - | \$ - | \$ 56,892 | \$ 63,568 | \$ 280,836 |
| Other Outgo | \$ 233,074 | \$ 29,566 | \$ 53,219 | \$ 53,219 | \$ 53,219 | \$ 53,219 | \$ 279,257 | \$ 46,030 | \$ 324,986 | \$ 86,769 | \$ 426,769 | \$ 601,045 |
| Total Expenses | \$ 2,322,344 | \$ 16,009,761 | \$ 15,203,787 | \$ 17,861,182 | \$ 16,564,036 | \$ 20,101,501 | \$ 17,417,189 | \$ 17,109,608 | \$ 17,618,783 | \$ 18,162,906 | \$ 19,176,614 | \$ 43,345,002 |
| Net Monthly | \$ 6,168,880 | \$ (8,886,934) | \$ 24,234,830 | \$ (6,420,177) | \$ (4,589,765) | \$ 13,964,487 | \$ (1,574,130) | \$ (11,558,076) | \$ (6,191,839) | \$ (4,782,303) | \$ (16,450,991) | \$ (21,836,886) |
| Prior Year Transactions: | | | | | | | | | | | | |
| PY Audit Adjustment | | | | | | | | | | | | |
| Accounts Receivable | \$ 21,147,391 | \$ 220,760 | \$ 1,441,474 | \$ 3,122,514 | \$ (103,894) | \$ 62,042 | \$ 12,280 | \$ - | \$ - | \$ 502,900 | \$ (10,200) | \$ 1,120,500 |
| Accounts Payable* | \$ 10,583,169 | \$ 1,177,164 | \$ 692,791 | \$ (48,468) | \$ (242,117) | \$ (1,511,078) | \$ (924,322) | \$ (625,300) | \$ (625,400) | \$ (625,100) | \$ (635,400) | \$ (15,575,400) |
| Net Prior Year | \$ 10,564,222 | \$ (956,405) | \$ 748,683 | \$ 3,170,982 | \$ 138,222 | \$ 1,573,120 | \$ 936,602 | \$ 625,300 | \$ 625,400 | \$ 1,128,000 | \$ 625,200 | \$ 16,695,900 |
| Net Monthly Increase/(Decrease)* | \$ 16,733,102 | \$ (9,843,338) | \$ 24,983,513 | \$ (3,249,195) | \$ (4,451,542) | \$ 15,537,607 | \$ (637,528) | \$ (10,932,776) | \$ (5,566,439) | \$ (3,654,303) | \$ (15,825,791) | \$ (5,140,986) |
| Tran Activity | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Ending Cash | \$26,842,973 | \$16,999,635 | \$41,983,148 | \$38,733,953 | \$34,282,411 | \$49,820,018 | \$49,182,490 | \$38,249,714 | \$32,683,274 | \$29,028,972 | \$13,203,181 | \$8,062,195 |

*Plan to borrow \$20m cash from other Funds in June; estimated repayment within 120 days, upon receipt of deferred apportionment.

EXPLANATION OF CHANGES

1st Interim to 2nd Interim – Unrestricted/Restricted

| Object | 1st Interim | 2nd Interim | Difference | Explanation |
|----------------------|-----------------|-----------------|--------------|--|
| Revenue: | | | | |
| 8010-8099 | \$ 166,360,970 | \$ 167,424,172 | \$ 1,063,202 | Increase due to higher actual Unduplicated Pupil Percentage. |
| 8100-8299 | \$ 35,586,780 | \$ 35,612,722 | \$ 25,942 | Increase in Federal grant award amounts. |
| 8300-8599 | \$ 10,065,098 | \$ 10,065,098 | \$ - | |
| 8600-8799 | \$ 10,524,051 | \$ 10,536,743 | \$ 12,692 | Increases in Local revenues such as APCD grant. |
| Expenditures: | | | | |
| 1000-1999 | \$ 87,879,259 | \$ 87,683,535 | \$ (195,724) | Decrease due to unfilled vacancies. |
| 2000-2999 | \$ 29,127,852 | \$ 28,647,238 | \$ (480,614) | Decrease due to unfilled vacancies. |
| 3000-3999 | \$ 44,795,324 | \$ 44,499,479 | \$ (295,845) | Decrease due to unfilled vacancies. |
| 4000-4999 | \$ 26,497,805 | \$ 25,802,602 | \$ (695,203) | Budget shifts from Supplies to Services. |
| 5000-5999 | \$ 29,333,933 | \$ 31,012,049 | \$ 1,678,116 | Budget shifts from Supplies to Services, and increase in COVID-related expenditures. |
| 6000-6999 | \$ 918,035 | \$ 1,007,435 | \$ 89,400 | Increase in COVID-related expenditures. |
| 7100-7499 | \$ 2,685,017 | \$ 2,685,017 | \$ - | |
| 7300-7399 | \$ (447,269) | \$ (444,644) | \$ 2,625 | Increase in Indirect Costs due to increase in budgeted expenditures. |
| 7600-7629 | \$ - | \$ 1,000,000 | \$ 1,000,000 | One-time additional contribution to Deferred Maintenance Fund |
| 8980-8999 | \$ (37,863,259) | \$ (37,863,259) | \$ - | |

BUDGET CHALLENGES

- Declining Enrollment
- Cash Deferrals
- Continued STRS/PERS Increases
- Minimum Wage Increases
- Special Education enrollment increasing
- Special Education funding remains fairly flat

RECOMMENDATION

- Staff recommends that the Board of Trustees approve the 2020-21 Second Interim Report and the filing of a Positive Certification with VCOE.
- Staff recommends that the Board of Trustees develop a budget action/reduction plan to align expenditures with revenues for future years.

