

Mt. Diablo Unified School District

2019-2020 Second Interim Budget Report

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California School District Financial Reporting Requirements

- Education Code 42130 – requires the school district to file their fiscal condition for TWO reporting periods, October 31 and January 31, including projections of the budget through June 30.
- Education Code 42131 – requires the Board of Education to certify, based on current projections, whether or not the school district is able to meet its financial obligations for the current fiscal year and subsequent two fiscal years.
- Education Code 33127 – requires a district that has received a negative certification of its interim report(s) to file a third report as of April 30.

Financial Reporting Certifications

There are three types of certification based on the multi-year projections at each reporting period.

- Positive Certification ~ District can meet its financial obligations for the current and two subsequent years.
- Qualified Certification ~ borderline, may not meet financial obligations during one of the three years of the MYP.
- Negative Certification ~ cannot meet financial obligations in two or more of the three years as shown by negative fund balance, insufficient Reserves for Economic Uncertainty.

2nd Interim Summary GF Multi Year Projection

MYP General Fund 01 (excludes all other funds)	2019-20	2020-21	2021-22
	Unrestricted & Restricted		
Revenues	368,468,389	366,129,957	372,445,099
Expenditures	384,338,363	376,865,033	380,059,751
Increases (Decrease to Fund Balance)	(15,869,974)	(10,735,076)	(7,614,652)
BEGINNING BALANCE:	49,490,107	33,620,133	22,885,057
ENDING BALANCE:	33,620,133	22,885,057	15,270,404
COMPONENTS OF ENDING BALANCE:			
Nonspendable	712,000	712,000	712,000
Legally Restricted	7,534,467	7,425,047	6,617,216
Assigned/Committed	13,843,575	3,442,059	(3,457,514)
REQUIRED RESERVE	11,530,151	11,305,951	11,398,703

Notable Changes Since Adoption

- Adjustments made for increases in state and local grants due to awards and donations
- Adjustments made to MYPs for enrollment, revenue & expense projections
- Reduced 'cost of living adjustment' (COLA) for 2020/2021 and 2021/2022
- Negotiated agreement with CSEA in November 2019
- CalPERS rate increased by 1.01% (\$327,000)
- The Second Interim does not include the tentative agreement with MDEA and the "me too" clause for other bargaining groups
- It was realized that reductions from last year did not take place, contributing to notable year after year deficit spending

Schedules Included in the Report

- Form AI: Average Daily Attendance estimated to decrease. More updated numbers will be known after P-1 ADA count in January.
- Form CASH: Cash Flow – Ending General Fund cash will be positive.
- Form MYP: Multi-Year Projection – General Fund projections for the current year and two subsequent years.
- Form CSI: Criteria and Standards Review includes additional information that impacts the fiscal condition of the district.

Qualified Certification

- Form CI: Certification to sign summarizes Criteria and Standards. The multi-year projections show that we can meet our financial obligations for the current fiscal year **but not in subsequent fiscal years.**

Future Considerations/Risk

- Uncertainty in Future State Budget, LAO's warning of downward adjust for K-14 funding in May Revise
- Uncertainty in Revenue Increases: LCFF 100% implemented, COLAs are unstable
- Declining enrollment and ADA (average daily attendance)
- Zero unrestricted one-time funding
- Continued cost increases associated with pension & operating increases and less reliance on revenue increases
- Tentative agreement with MDEA and "me too clause" with other groups
- Maintaining adequate reserves to satisfy obligations in all years