Title 5 Code 58310 requires the District to submit quarterly financial status reports to the Governing Board and to the State Chancellor’s Office. Additionally, California Government Code Section 53646 requires a report to be made to the District's governing board showing the status of the District’s investments at the end of each fiscal quarter.

BACKGROUND

The Board approved 2020-21 Second Quarter Financials in February. The third quarter financial report provides the Board an update on the budget as of March 31, 2021.

Changes in the Budget – Fund 10 (General Unrestricted Funds)

For the third quarter, the District is projecting $2,359 reduction in the revenues for Part Time faculty funding, due to adjustments in P-1 report. In terms of the expenditures, there is a projected increase of $246,657 in expenses, which represents 0.42% of the total budgeted expenditures. The projected net activity (Total Revenues – Total Expenditures) is ($654,675).

Year to date, the total expenditures is approximately 70.65% of the budgeted expenditures, which is 4.35% lower than the expected expenditures at the end of the third quarter.

Changes in the Budget – Funds 12 – 18 (Unrestricted Funds)

The COVID-19 Pandemic has an impact on a number of unrestricted fee-based programs such as Community Education, Contract Education, Smith Center and Civic Center Rentals. The full impact of COVID on the District programs is not known at this time, but will be estimated and reported to the Board by the end of current fiscal year.

Emergency Funds

The District has earmarked a total $6.24M for the COVID-19 from various sources including General Fund and Federal and State funding. As of the third quarter, a total of $1.41M has been spent and $2.1M encumbered to address the effects of the pandemic. On December 27, 2020, The District was notified to receive another $10,003,336 in HEERF III, 50% of which will be allocated to provide direct cash grant to eligible student. The other 50% will be used to address the institutional cost related to the Pandemic. The District has not received HEERF III funds yet.

Deferrals and Cash Flow
In his January 8, 2021 Budget Proposal, the Governor proposed to pay down about 77% of the 2020-21 deferrals, but will still defer about 23% of the fiscal year 2020-21 apportionment to 2021-22.

**Investment Report**

As of March 31, the District’s total cash balance with Alameda County was $40,125,758, which includes all restricted and unrestricted funds with the latest available interest rate of 0.74%. The District Retiree Health Benefit Trust ended the quarter with a balance of $6,114,153. Year-to-date interest income on the Trust balance was -0.10% while the annual interest income since inception was 6.33%. The Technology Endowment portfolio ended the quarter with a market value of $8,784,579.

**RECOMMENDATION**

The Superintendent/President recommends that the Board of Trustees accept the 2020-2021 Third Quarter Financial Report.