Simi Valley Schools

SIMI VALLEY UNIFIED SCHOOL DISTRICT

Simi Valley Unified School District 2019-2020 Second Interim Report March 17, 2020

SimiValleySchools
SIMI VALLEY UNIFIED SCHOOL DISTRICT

Budget Development Cycle

Board Approval of Second Interim	March 17, 2020
Governor's Revised Budget Released	Mid-May 2020
Public Hearing of Local Control Accountability Plan (LCAP)	June 9, 2020
Public Hearing of 2020-2021 Budget	June 9, 2020
Board Adoption of 2020-2021 Budget and LCAP	June 23, 2020

Budget Development Cycle

- State requirement to improve fiscal awareness and accountability of Public School Districts
- California Education Code, which incorporates provisions of Assembly Bill 1200 and Assembly Bill 2756, require each district to file interim reports twice each fiscal year.
- Second Interim Report reflects the financial and budgetary status of the district for the period ending January 31
- All budgetary information is annual, forecasting through June 30, 2020, is based on current law and assumes that all funds appropriated are spent as planned.

Components of the Second Interim Report

- Actual and Projected Financial and Budgetary Data
  - Revenue
  - Expenditures
  - Major Changes at Second Interim
  - Fund Balance
- Actual and Projected Cash Flows
- Multiyear Projections
- Future Considerations/Looking to the Future
- District Certification

Revenue

REVENUE	Adopted Budget	First Interim	Second Interim
LCFF	$ 148,742,732	$ 148,734,273	$ 148,747,916
Federal Revenue	$ 5,567,947	$ 6,268,609	$ 6,627,219
State Revenue	$ 12,712,119	$ 15,082,723	$ 15,850,697
Local Revenue	$ 9,994,355	$ 10,704,156	$ 14,161,144
Other Sources /Transfers In	$ 400,908	$ 837,599	$ 1,112,288
Total Revenue	$ 177,418,061	$ 181,627,360	$ 186,499,264

Expenditures – Combined Budget

EXPENDITURES	Adopted	First Interim	Second Interim
Certificated Salaries	$ 79,401,639	$ 79,583,633	$ 79,467,702
Classified Salaries	$ 29,222,842	$ 29,549,801	$ 29,775,638
Employee Benefits	$ 53,837,756	$ 53,960,796	$ 54,656,409
Books and Supplies	$ 5,904,074	$ 9,769,063	$ 6,265,876
Services & Operating	$ 15,956,611	$ 19,496,409	$ 18,515,093
Capital Outlay	$ 772,750	$ 1,436,860	$ 1,782,529
Other Outgo	$ 723,442	$ 770,355	$ 776,320
Transfer of Indirects	$ (525,000)	$ (560,296)	$ (560,296)
Other Financing Uses	$ 850,000	$ 875,000	$ 875,000
Total Expenditures	$ 186,144,114	$ 194,881,621	$ 191,554,271

Deficit Spending???

Revenue	$186,499,264
Expenditures	$ 191,554,771
Excess/(Loss)	**($5,055,507)**

One Time/EFB Spending	
0020 Discretionary	$2,778,760
1100 Lottery	$4,266,730
7510 LPSG	$831,945
Total	**$7,877,435**

Major Changes at Second Interim (From First Interim)

- Revenue
  - Local Revenue – Special Ed AB602 : $1,320,375
    Increase to COLA + Base
- Expenditures
  - Books and Supplies
    - Lottery Funds Release: $3,524,008
      - No textbook adoption
  - Special Education Funds Release: $1,786,772 (released encumbrances)
  - Transportation Funds Release: $603,294 (salaries)

General Fund - Fund Balance

	Adopted	1st Interim	Second Interim
Beginning Balance	$ 32,795,093	$ 39,065,385	$ 39,065,385
Revenues	$ 177,418,061	$ 181,627,360	$ 186,499,264
Expenditures	$ 186,144,114	$ 194,881,621	$ 191,554,271
Ending Balance	$ 24,069,040	$ 25,811,124	$ 34,010,378

Components of Ending Fund Balance

	Adopted	First Interim	Second Interim
Revolving Cash	$83,548	$83,548	$83,548
Stores	$47,957	$47,173	$47,173
Restricted	$2,343,348	$846,848	$1,198,525
Other Assigned	$11,921,740	$10,254,016	$14,844,627
Reserve for EU	$7,445,765	$7,863,265	$7,661,882
Undesignated	$2,226,682	$6,716,274	$10,174,623
TOTAL	$24,069,040	$25,811,124	$34,010,378

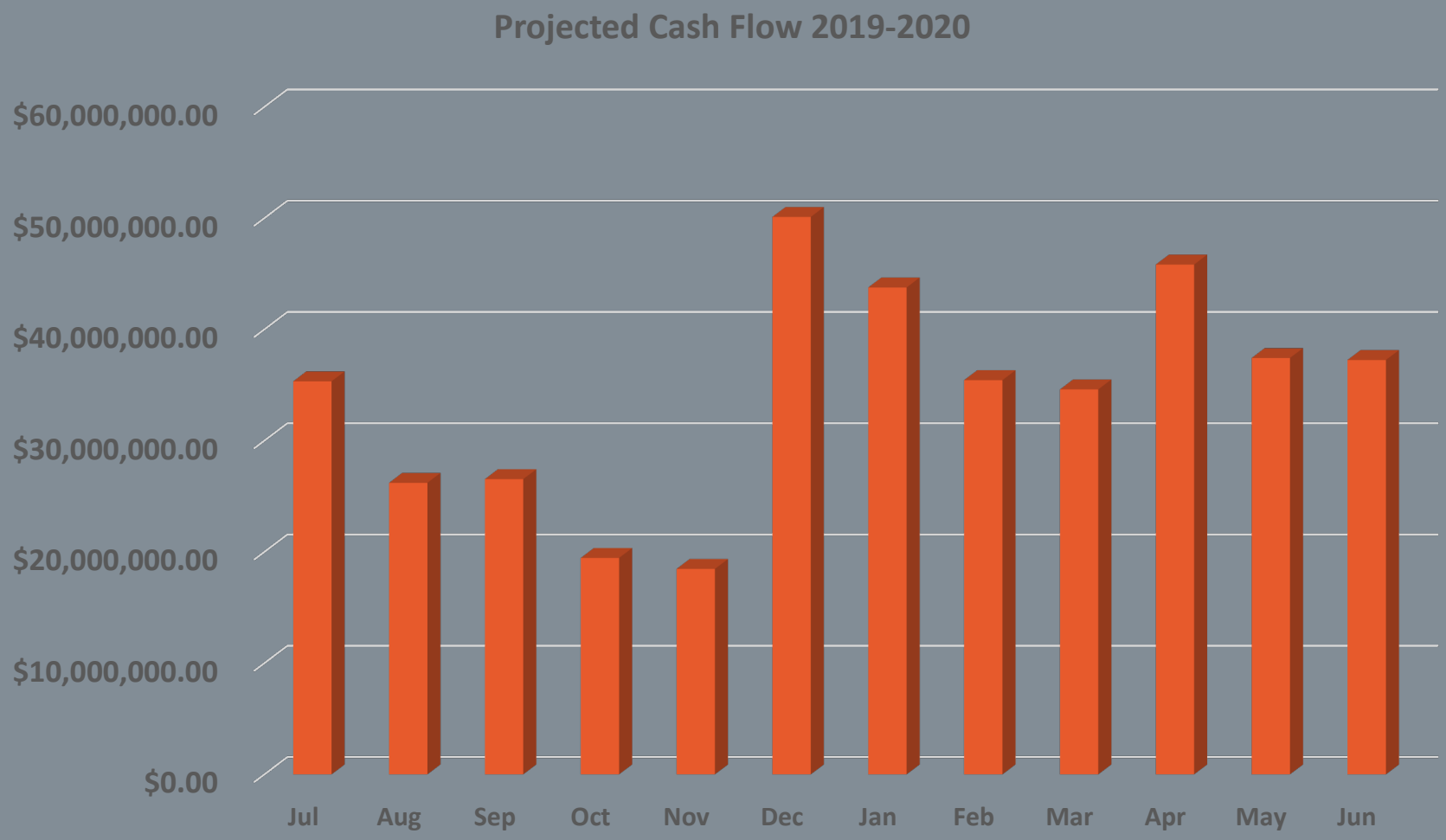
Components of Assigned Balance

Total Assigned	**$14,844,627**
Storage Tank	$10,000
One Time Discretionary	$7,653,684
Elementary Student Body	$67,557
Textbook Lottery	$7,081,543
Textbook Fines and Fees	$31,843

Cash Flow

- The Cash Flow Projection indicates the District's general fund will maintain a positive cash balance throughout the 2019-2020 year.
- June balances are critical due to the scheduling of payments throughout the year.
- Cash flow is a serious consideration and is continually monitored to ensure the District can maintain its financial obligations through a fiscal year.

Cash Flow


Projected Cash Flow 2019-2020
$60,000,000.00
$50,000,000.00
$40,000,000.00
$30,000,000.00
$20,000,000.00
$10,000,000.00
$0.00
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun

Updated Multi-Year Projection

	2019-2020	2020-2021	2021-2022
Beginning Balance	$ 39,065,385	$ 34,010,378	$ 27,211,901
Ending Balance	$ 34,010,378	$ 27,211,901	$ 22,892,820
Components			
Nonspendable	$ 130,721	$ 130,721	$ 130,721
Restricted	$ 1,198,525	$	$
Assigned	$ 14,844,627	$ 9,141,843	$ 8,986,843
Reserve for EU	$ 7,661,882	$ 7,759,853	$ 7,739,103
Unassign./Unapprop	$ 10,174,623	$ 10,179,484	$ 6,036,153

Future Considerations/ Assumptions

- Negotiations
- Governor's January Proposal
  - 2020-2021 COLA: 2.29% Proposed (2019-2020 was 3.26%)
  - Other proposals not included
    - Increase of AB 602 Funds (SPED)
- Changes to Projected Revenue:
  - 2019-2020: $700,000
  - 2020-2021: $2 million
  - Total over two years: approx. $2.7 million

Future Considerations/ Assumptions

- **Declining Enrollment**
  - 2020-2021: 70 ADA Decline
  - 2021-2022: 200 ADA Decline
- **Class Size / Staffing**
  - K-3 CSR: 24 to1
  - K-3 CSR: 22 to 1 – Title I
  - 9-12 : 180 Student Contacts
- Staffing Reductions due to Declining Enrollment
  - 2020-2021: 3 Teachers
  - 2021-2022: 17 Teachers (10 from Low Performing Student Block Grant)

Future Considerations/Assumptions

- **STRS Contribution Increases**
  - 1.3%, 0.3%, 0.0% (1.6% total increase over the next 3 years)
    - Current:17.10%
    - 2020/2021:18.40% (approx. $1 million increase)
    - 2021/2022: 18.10%
    - 2022/2023: 18.10%
- **PERS Contribution Increases**
  - 3.079%, 2.1%, 1.0% (6.179% total increase over the next 3 years)
    - Current:19.721%
    - 2020/2021: 22.80% (approx. $900,000 increase)
    - 2021/2022: 24.90%
    - 2022/2023: 25.90%

Future Considerations/Assumptions

- The main purpose of the Second Interim Report is to give the **current state** of the District's budget for 2019-2020 while projecting two subsequent years.
- The work for this Spring is in the development of an operationally efficient budget for the 2020-2021 school year.

Looking to the Future

- Yearly Revenue = Yearly Ongoing Expenditures
  - Budgeting with a "Cap"
  - One Time and Accrued Funds
- Change in Budgeting Practices
  - Average of Unaudited Actuals for Proposed Budget
- Capital Expenditures
  - Use Surplus Property
- Measure X – Facilities Bond
  - Also utilize Developer Fee Funds
  - Modernization Funds
- Reduction in Operational Costs

Certification of Financial Position

- Positive Certification: "…based upon current projections this district ***will*** meet its financial obligations for the current fiscal year and subsequent two fiscal years."
- Qualified Certification: "…based upon current projections this district ***may not*** meet its financial obligations for the current fiscal year or two subsequent fiscal years."
- Negative Certification: "…based upon current projections this district ***will be unable*** to meet its financial obligations for the remainder of the current fiscal year or for the subsequent fiscal year.