

Salinas City Elementary School District

2020-21 First Interim Report

December 14, 2020



State of the Budget Highlights

➤ July 1 Approved Budget vs 1st Interim Report

1. 1st Interim analysis projects an improved Ending Fund Balance (EFB) .
2. Unrestricted EFB of \$24,064,481 vs. \$18,845,796.
3. No deficit spending in approved budget or 1st Interim budget.
4. No contribution to Fund 56 due to QSCB payoff in October 2020.
5. Declining enrollment continues to affect the district.
6. Costs associated with the reopening of schools.

Highlight of Assumptions

➤ Revenues

1. Local Control Funding Formula (LCFF) increase of \$7,233,975 due enactment of deferrals that begin in February 2021, rather than the deficit used by CDE for the July 1 Adopted Budget.
2. 2019-20 P-2 ADA (average daily attendance) of 8,150.12 is being used for the LCFF calculation. Hold harmless provision on ADA expires in 2022-23; being referred to as a “*funding cliff*” for declining enrollment districts.
3. Federal Revenues – Known increases have been incorporated into this area such as carryover and revised known entitlements, which resulted in an increase of \$11,698,218. CARES Act Funds comprise \$10,174,266 of the increase. (*see Table III in narrative*)

Highlight of Assumptions

➤ Revenues

4. State Revenues – Known increases have been incorporated in this area as well with a resulting increase of \$289,478.

The increase is mainly due to carryover from the Low Performing Student Block Grant in the amount of \$130,838 as well as the ASES Kids Coding Grant of \$102,371. The regular ASES program was allowed to carryover \$44,715 into 20/21 due to the disruption of programs in 19/20. This is a one-time situation and not allowed in a normal year. (*see Table IV in narrative*)

5. Local Revenues have been evaluated and remain status quo for the 1st Interim. (*see Table V in narrative*)

Highlight of Assumptions

➤ Expenditures

The following are significant changes in the projected expenditures budget:

1. Positions were extensively reviewed and amended accordingly in order to accurately budget based on position control. Temporary positions funded by CARES Act were also added to position control. Special Education positions needing to be contracted (difficult to fill) were updated as well.
2. All non-position based (subs, hourly, overtime, extra time, etc.) amounts were also reviewed.
3. All remaining salary related changes such as step/column and new hires have also been incorporated into the 1st Interim Budget.

Highlight of Assumptions

➤ Expenditures

5. Books and Supplies areas of the budget were changed to reflect CARES Act expenditures, mainly in technology for students and teachers. Textbook adoptions have been budgeted for 2021-22 (\$628,000) and 2022-23 (\$500,000)
6. Services and Other Operating Expenditures were also updated to reflect CARES Act expenditure for supplemental software used to support distance learning.

SALINAS CITY ELEMENTARY SCHOOL DISTRICT

1st Interim Budget
Fiscal Year 2020-21

GENERAL FUND	UNRESTRICTED	RESTRICTED	TOTAL
Total Revenues	\$ 91,714,396	\$ 28,569,230	\$ 120,283,626
Total Expenditures	\$ 72,323,098	\$ 42,383,489	\$ 114,706,587
Transfers In	\$ -	\$ -	\$ -
Transfers Out	\$ -	\$ -	\$ -
Contributions	\$ (17,911,843)	\$ 17,911,843	\$ -
Total Other Sources/Uses	\$ (17,911,843)	\$ 17,911,843	\$ -
Net.inc./(dec.) in Fund Balance	\$ 1,479,455	\$ 4,097,584	\$ 5,577,039
Beg. Bal. July 1, Unaudited	\$ 22,585,026	\$ 1,185,360	\$ 23,770,386
Ending Balance, June 30	\$ 24,064,481	\$ 5,282,944	\$ 29,347,425

SALINAS CITY ELEMENTARY SCHOOL DISTRICT

BUDGET COMPARISON

Approved Budget vs. 1st Interim

Fiscal Year 2020-21

<u>GENERAL FUND</u>	Approved Budget	1st INTERIM BUDGET	DIFFERENCE
Total Revenues	\$ 110,968,706	\$ 120,283,626	\$ 9,314,920
Total Expenditures	\$ 111,203,470	\$ 114,706,587	\$ 3,503,117
Transfers In	\$ -	\$ -	\$ -
Transfers Out	\$ -	\$ -	\$ -
Contributions	\$ -	\$ -	\$ -
Total Other Sources/Uses	\$ -	\$ -	\$ -
Net.inc./(dec.) in Fund Balance	\$ (234,764)	\$ 5,577,039	\$ 5,811,803
Beg. Bal. July 1, Unaudited	\$ 23,770,386	\$ 23,770,386	\$ -
Ending Balance, June 30	\$ 23,535,622	\$ 29,347,425	\$ 5,811,803

**Salinas City Elementary School District
MULTI – YEAR PROJECTIONS
2020-21 First Interim Report
December 14, 2020**



EXACTLY WRONG, BUT
APPROXIMATELY RIGHT



MYP Highlight of Assumptions

➤ Revenues

1. Local Control Funding Formula (LCFF) – It is being projected to decrease by \$94,313 for 2021-22.
2. For 2022-23 LCFF funding is projected to decrease by an additional \$1,942,866 for a total of \$2,037,179 over two years.
3. PY P-2 ADA for 2021-22 of 7953.90 and 2022-23 of 7766.11 is projected excluding MCOE ADA.

MYP Highlight of Assumptions

➤ Revenues

5. Federal Revenues have been projected with no reduction or increases for F.Y. 2021-22 & 2022-23 assuming that funding will remain flat. No One-Time monies are being budgeted for these two years.
6. State Revenues outside the LCFF have been projected with no increase for 2021-22 and 2022-23.
7. Local revenues are being projected to remain flat for the two subsequent fiscal years or 2021-22 and 2022-23.

MYP Highlight of Assumptions

➤ Expenditures

1. No salary increase has been budgeted for the two subsequent years. Only step and column at 1.5% movement for certificated and classified employee groups has been included.

2. Benefits are being projected with increases in the following areas:

	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
<i>CalSTRS</i>	<i>16.15%</i>	<i>16.00%</i> (-0.15%)	<i>18.10%</i> (+2.10%)
<i>CalPERS</i>	<i>20.70%</i>	<i>23.00%</i> (+2.30%)	<i>26.30%</i> (+3.30)
<i>H&W</i>	<i>0.0%</i>	<i>+0.00%</i>	<i>+0.00%</i>

3. Supplies and Services show projected increases for 2021-22 and 2022-23 due to planned textbook adoptions. F.Y. 2021-22 and 2022-23 shows a reduction of 37% restricted for a total of \$4,910,591 due to one-time grants coming to an end and the reductions of CARES Act expenditures.

MYP Highlight of Assumptions

➤ Expenditures

4. The Contracts area shows status quo in Unrestricted funds and a decrease of 12% in Restricted funds due to the close out of CARES Act funds.
5. The Capital Outlay area remains status quo across the board in all three years.

Salinas City Elementary School District
MULTI-YEAR PROJECTION - First Interim Budget

	Object Codes	2020-21 1st Interim Budget			2021-22 Projection			2022-23 Projection		
		Unrestricted	Restricted	Unr/Rest	Unrestricted	Restricted	Unr/Rest	Unrestricted	Restricted	Unr/Rest
LCFF/Property Tax	8010-8099	89,790,024		89,790,024	89,695,711		89,695,711	87,752,845		87,752,845
Federal Revenue	8100-8299		17,535,686	17,535,686		6,570,685	6,570,685		6,570,685	6,570,685
Other State Revenue	8300-8599	1,538,882	5,475,137	7,014,019	1,538,882	5,276,051	6,814,933	1,538,882	5,276,051	6,814,933
Other Local Revenue	8600-8799	385,490	5,558,407	5,943,897	385,490	5,558,408	5,943,898	385,490	5,558,408	5,943,898
TOTAL REVENUES		91,714,396	28,569,230	120,283,626	91,620,083	17,405,144	109,025,227	89,677,217	17,405,144	107,082,361
Certificated Salaries	1000-1999	31,591,754	6,452,736	38,044,490	32,065,630	6,176,837	38,242,467	32,546,615	6,269,490	38,816,105
Classified Salaries	2000-2999	9,924,898	5,206,286	15,131,184	10,073,771	5,107,295	15,181,066	10,224,878	5,183,905	15,408,783
Employee Benefits	3000-3999	20,822,755	5,753,998	26,576,753	23,820,460	6,249,918	30,070,378	24,167,528	6,384,985	30,552,513
Books & Supplies	4000-4999	3,812,491	9,350,089	13,162,580	4,440,491	4,439,498	8,879,989	4,312,491	4,439,498	8,751,989
Operating Expenses	5000-5999	6,445,824	9,000,772	15,446,596	6,445,824	7,163,738	13,609,562	6,445,824	7,163,738	13,609,562
Capital Outlay	6000-6900	68,500	89,265	157,765	68,500	89,265	157,765	68,500	89,265	157,765
	7100-7299									
Other Outgo	7400-7499	716,873	5,845,682	6,562,555	716,873	5,845,682	6,562,555	659,963	5,845,682	6,505,645
Direct/Indirect Costs	7300-7399	(1,059,997)	684,661	(375,336)	(1,037,673)	684,661	(353,012)	(1,037,673)	684,661	(353,012)
TOTAL EXPENDITURES		72,323,098	42,383,489	114,706,587	76,593,876	35,756,894	112,350,770	77,388,126	36,061,224	113,449,350
Transfers In	8900-8929	-		-			-			-
Transfers Out-Debt Service Fund	7600-7629			-			-			-
Sources	8930-8979									
Contributions to Restricted	8980-8999	(17,911,843)	17,911,843	-	(19,961,921)	19,961,921	-	(19,562,683)	19,562,683	-
TOTAL OTHER FINANCING SOURCES/USES		(17,911,843)	17,911,843	-	(19,961,921)	19,961,921	-	(19,562,683)	19,562,683	-
Increase/Decrease in Fund Balance		1,479,455	4,097,584	5,577,039	(4,935,714)	1,610,171	(3,325,543)	(7,273,592)	906,603	(6,366,989)
Beginning Fund Balance	9791	22,607,962	1,162,424	23,770,386	24,087,417	5,260,008	29,347,425	19,151,703	6,870,179	26,021,882
Non Spendable	9711	10,000		10,000	10,000		10,000	10,000		10,000
Restricted	9740		5,260,008	5,260,008		6,870,179	6,870,179		7,776,782	7,776,782
Committed	9760			-			-			-
Assigned - Economic Uncertainties	9789	3,163,243		3,163,243	3,370,523		3,370,523	3,403,480		3,403,480
Assigned - LCAP	9780	-		-						
Assigned-Deficit Spending/CalSTRS/CalPER	9780	20,914,174		20,914,174	15,771,180		15,771,180	8,464,631		8,464,631
Ending Fund Balance		24,087,417	5,260,008	29,347,425	19,151,703	6,870,179	26,021,882	11,878,111	7,776,782	19,654,893
Reserve Level %				21%			17%			10%
Recommended Reserve Level%*				17%			17%			17%

*This level of reserve is equal to 2 months of payroll and other expenses.

Summary

- ▶ Based on the State's present financial picture, the current analysis shows the District will be able to meet its obligations for the current and two subsequent years based on variable factors in place for the First Interim Report.
- ▶ Based on the projected balances shown in this review, SCESD can show a positive certification this year, and a positive certification for the following two years.
- ▶ Next Steps
 - Governor's January Budget Proposal for 2021-22
 - 2nd Interim to be presented March 2021