

# Salinas City Elementary School District

## 2020-21 Second Interim Report

March 8, 2021



# State of the Budget Highlights

## ➤ 1<sup>st</sup> Interim Report vs 2<sup>nd</sup> Interim Report

1. 2nd Interim analysis projects an improved Ending Fund Balance (EFB) .
2. Unrestricted EFB of \$25,233,689 vs. \$ 24,064,481.
3. No deficit spending in 1<sup>st</sup> Interim or 2<sup>nd</sup> Interim budget.
4. Declining enrollment continues to affect the district.
5. Costs associated with the reopening of schools.

# Highlight of Assumptions

## ➤ Revenues

1. Local Control Funding Formula (LCFF) decrease of \$313,208 due to a decline in the Unduplicated Pupil Percentage (UPP).
2. 2019-20 P-2 ADA (average daily attendance) of 8,156.43 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 \$32,693. (*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 \$773,375.

The increase is due to the recognition of Learning Loss Mitigation funds. (*see Table IV in narrative*)

5. Local Revenues have been evaluated and reduced by \$819,024. (*see Table V in narrative*)

The AB-605 funds for the Special Education County Transfer have been reduced based on ADA corrections for 2019-20.

# 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 2nd 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

## 2nd Interim Budget

Fiscal Year 2020-21

| <u>GENERAL FUND</u>                 | <u>UNRESTRICTED</u>  | <u>RESTRICTED</u>   | <u>TOTAL</u>         |
|-------------------------------------|----------------------|---------------------|----------------------|
| Total Revenues                      | \$ 91,404,188        | \$ 28,568,274       | \$ 119,969,462       |
| Total Expenditures                  | \$ 72,781,115        | \$ 40,574,433       | \$ 113,355,548       |
| Transfer In                         | \$ -                 | \$ -                | \$ -                 |
| Transfers Out                       | \$ -                 | \$ -                | \$ -                 |
| Contributions                       | \$ (15,994,346)      | \$ 15,994,346       | \$ -                 |
| Total Other Sources/Uses            | \$ (15,994,346)      | \$ 15,994,346       | \$ -                 |
| Net. Incr./ (Decr.) in Fund Balance | \$ 2,625,727         | \$ 3,988,187        | \$ 6,613,914         |
| Beg. Bal. July 1, Unaudited         | \$ 22,607,962        | \$ 1,162,424        | \$ 23,770,386        |
| <b>Ending Balance, June 30</b>      | <b>\$ 25,233,689</b> | <b>\$ 5,150,611</b> | <b>\$ 30,384,300</b> |

# SALINAS CITY ELEMENTARY SCHOOL DISTRICT

## BUDGET COMPARISON

1st Interim vs. 2nd Interim Budget

Fiscal Year 2020-21

| <u>GENERAL FUND</u>                 | <u>1st Interim Budget</u> | <u>2nd Interim Budget</u> | <u>DIFFERENCE</u>   |
|-------------------------------------|---------------------------|---------------------------|---------------------|
| Total Revenues                      | \$ 120,283,626            | \$ 119,969,462            | \$ (314,164)        |
| Total Expenditures                  | \$ 114,706,587            | \$ 113,355,548            | \$ (1,351,039)      |
| Transfer In                         | \$ -                      | \$ -                      | \$ -                |
| Transfers Out                       | \$ -                      | \$ -                      | \$ -                |
| Contributions                       | \$ -                      | \$ -                      | \$ -                |
| Total Other Sources/Uses            | \$ -                      | \$ -                      | \$ -                |
| Net. Incr./ (Decr.) in Fund Balance | \$ 5,577,039              | \$ 6,613,914              | \$ 1,036,875        |
| Beg. Bal. July 1, Unaudited         | \$ 23,770,386             | \$ 23,770,386             | \$ -                |
| <b>Ending Balance, June 30</b>      | <b>\$ 29,347,425</b>      | <b>\$ 30,384,300</b>      | <b>\$ 1,036,875</b> |



**Salinas City Elementary School District  
MULTI – YEAR PROJECTIONS  
2020-21 Second Interim Report  
March 8, 2021**



EXACTLY WRONG, BUT  
APPROXIMATELY RIGHT



# MYP Highlight of Assumptions

## ➤ Revenues

1. Local Control Funding Formula (LCFF) – It is being projected to increase by \$2,887,904 for 2021-22.
2. For 2022-23 LCFF funding is projected to increase by an additional \$145,223 for a total of \$3,033,127 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>15.92% (-0.23%)</i> | <i>18.00% (+2.08%)</i> |
| <i>CalPERS</i> | <i>20.70%</i>  | <i>23.00% (+2.30%)</i> | <i>26.30% (+3.30)</i>  |
| <i>H&amp;W</i> | <i>0.0%</i>    | <i>+0.00%</i>          | <i>+0.00%</i>          |

3. Materials and Supplies show projected increases for 2021-22 and 2022-23 due to planned textbook adoptions. F.Y. 2021-22 and 2022-23 shows a reduction in restricted for a total of \$6,747,625 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 20% 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 - Second Interim Budget

|   |              | 2020-21 2nd Interim Budget |                   |                    | 2021-22 Projection  |                   |                    | 2022-23 Projection  |                   |                    |
|---|--------------|----------------------------|-------------------|--------------------|---------------------|-------------------|--------------------|---------------------|-------------------|--------------------|
|   | Object Codes | Unrestricted               | Restricted        | Unr/Rest           | Unrestricted        | Restricted        | Unr/Rest           | Unrestricted        | Restricted        | Unr/Rest           |
|   |              | LCFF/Property Tax          | 8010-8099         | 89,476,816         |                     | 89,476,816        | 92,364,720         |                     | 92,364,720        | 92,509,943         |
| Federal Revenue                           | 8100-8299    |                            | 17,580,379        | 17,580,379         |                     | 6,603,378         | 6,603,378          |                     | 6,603,378         | 6,603,378          |
| Other State Revenue                       | 8300-8599    | 1,538,882                  | 6,248,512         | 7,787,394          | 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                    | 4,739,383         | 5,124,873          | 385,490             | 4,739,384         | 5,124,874          | 385,490             | 4,739,384         | 5,124,874          |
| <b>TOTAL REVENUES</b>                     |              | <b>91,401,188</b>          | <b>28,568,274</b> | <b>119,969,462</b> | <b>94,289,092</b>   | <b>16,618,813</b> | <b>110,907,905</b> | <b>94,434,315</b>   | <b>16,618,813</b> | <b>111,053,128</b> |
| Certificated Salaries                     | 1000-1999    | 32,448,254                 | 6,344,889         | 38,793,143         | 32,934,978          | 6,067,372         | 39,002,350         | 33,429,002          | 6,158,383         | 39,587,385         |
| Classified Salaries                       | 2000-2999    | 9,144,977                  | 4,920,278         | 14,065,255         | 9,282,152           | 4,816,997         | 14,099,149         | 9,421,384           | 4,889,252         | 14,310,636         |
| Employee Benefits                         | 3000-3999    | 20,531,079                 | 5,377,312         | 25,908,391         | 20,880,948          | 5,085,719         | 25,966,667         | 22,061,467          | 5,416,622         | 27,478,089         |
| Books & Supplies                          | 4000-4999    | 3,924,381                  | 10,053,719        | 13,978,100         | 4,552,381           | 5,143,128         | 9,695,509          | 4,424,381           | 5,143,128         | 9,567,509          |
| Operating Expenses                        | 5000-5999    | 6,949,408                  | 9,081,268         | 16,030,676         | 6,949,408           | 7,244,234         | 14,193,642         | 6,949,408           | 7,244,234         | 14,193,642         |
| Capital Outlay                            | 6000-6900    | 63,500                     | 89,265            | 152,765            | 63,500              | 89,265            | 152,765            | 63,500              | 89,265            | 152,765            |
|   | 7100-7299    |                            |                   |                    |                     |                   |                    |                     |                   |                    |
| Other Outgo                               | 7400-7499    | 779,513                    | 4,023,041         | 4,802,554          | 779,513             | 4,023,041         | 4,802,554          | 659,963             | 4,023,041         | 4,683,004          |
| 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)          |
| <b>TOTAL EXPENDITURES</b>                 |              | <b>72,781,115</b>          | <b>40,574,433</b> | <b>113,355,548</b> | <b>74,405,207</b>   | <b>33,154,417</b> | <b>107,559,624</b> | <b>75,971,432</b>   | <b>33,648,586</b> | <b>109,620,018</b> |
| Transfers In                              | 8900-8929    | -                          |                   | -                  |                     |                   | -                  |                     |                   | -                  |
| Transfers Out-Debt Service Fund Sources   | 7600-7629    |                            |                   | -                  |                     |                   | -                  |                     |                   | -                  |
|   | 8930-8979    |                            |                   |                    |                     |                   |                    |                     |                   |                    |
| Contributions to Restricted               | 8980-8999    | (15,994,346)               | 15,994,346        | -                  | (19,961,921)        | 19,961,921        | -                  | (19,562,683)        | 19,562,683        | -                  |
| <b>TOTAL OTHER FINANCING SOURCES/USES</b> |              | <b>(15,994,346)</b>        | <b>15,994,346</b> | <b>-</b>           | <b>(19,961,921)</b> | <b>19,961,921</b> | <b>-</b>           | <b>(19,562,683)</b> | <b>19,562,683</b> | <b>-</b>           |
| <b>Increase/Decrease in Fund Balance</b>  |              | <b>2,625,727</b>           | <b>3,988,187</b>  | <b>6,613,914</b>   | <b>(78,036)</b>     | <b>3,426,317</b>  | <b>3,348,281</b>   | <b>(1,099,800)</b>  | <b>2,532,910</b>  | <b>1,433,110</b>   |
| Beginning Fund Balance                    | 9791         | <b>22,607,962</b>          | <b>1,162,424</b>  | <b>23,770,386</b>  | <b>25,233,689</b>   | <b>5,150,611</b>  | <b>30,384,300</b>  | <b>25,155,653</b>   | <b>8,576,928</b>  | <b>33,732,581</b>  |
| Non Spendable                             | 9711         | 10,000                     |                   | 10,000             | 10,000              |                   | 10,000             | 10,000              |                   | 10,000             |
| Restricted                                | 9740         | -                          | 5,150,611         | 5,150,611          |                     | 8,576,928         | 8,576,928          |                     | 11,109,838        | 11,109,838         |
| Committed                                 | 9760         |                            |                   | -                  |                     |                   | -                  |                     |                   | -                  |
| Assigned - Economic Uncertainties         | 9789         | 3,441,798                  |                   | 3,441,798          | 3,370,523           |                   | 3,370,523          | 3,403,480           |                   | 3,403,480          |
| Assigned - LCAP                           | 9780         | -                          |                   | -                  |                     |                   |                    |                     |                   |                    |
| Assigned-Deficit Spending/CalSTRS/CalPER  | 9780         | 21,781,891                 |                   | 21,781,891         | 21,775,130          |                   | 21,775,130         | 20,642,373          |                   | 20,642,373         |
| <b>Ending Fund Balance</b>                |              | <b>25,233,689</b>          | <b>5,150,611</b>  | <b>30,384,300</b>  | <b>25,155,653</b>   | <b>8,576,928</b>  | <b>33,732,581</b>  | <b>24,055,853</b>   | <b>11,109,838</b> | <b>35,165,691</b>  |
| Reserve Level %                           |              |                            |                   | 22.26%             |                     |                   | 23.39%             |                     |                   | 21.94%             |
| 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 Second 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 May Budget Revision for 2021-22
  - 2021-22 Budget and LCAP Presented in June