

Salinas City Elementary School District

2019-20 First Interim Report

December 9, 2019



State of the Budget Highlights

➤ July 1 Approved Budgets vs 1st Interim Report

1. 1st Interim analysis projects an improved Ending Fund Balance (EFB) of \$814,607.
 - a) Unrestricted Ending Fund Balance of \$714,889. This amount excludes \$373,435 in unallocated LCAP funds. Total \$1,088,324.
 - b) It is also projected that the Restricted fund balance will decrease by \$273,7117.
2. Deficit spending decreased by \$814,607 from working budget.
3. Increased contribution to Fund 56 from \$500,000 to \$784,838 for future QSCB payments.

State of the Budget Highlights

➤ July 1 Approved Budgets vs 1st Interim Report

5. Declining enrollment/ADA continues to affect the district.
6. 1st Interim Budget does not reflect any increases as a result of negotiations for current or future years.
7. Routine Restricted Maintenance Account (RRMA) increased by \$506,868 according to calculation formula.
8. QSCB payments set aside should increase to the extent possible in future budgets.

Highlight of Assumptions

➤ Revenues

1. Local Control Funding Formula (LCFF) increase of \$172,589.
2. 2018-19 P-2 ADA (average daily attendance) of 8,300.50 is being used for the LCFF calculation.
3. Federal Revenues – Known increases have been incorporated into this area such as carryover and revised known entitlements, which resulted in an increase of \$597,027. (*see Table III in narrative*)

Highlight of Assumptions

➤ Revenues

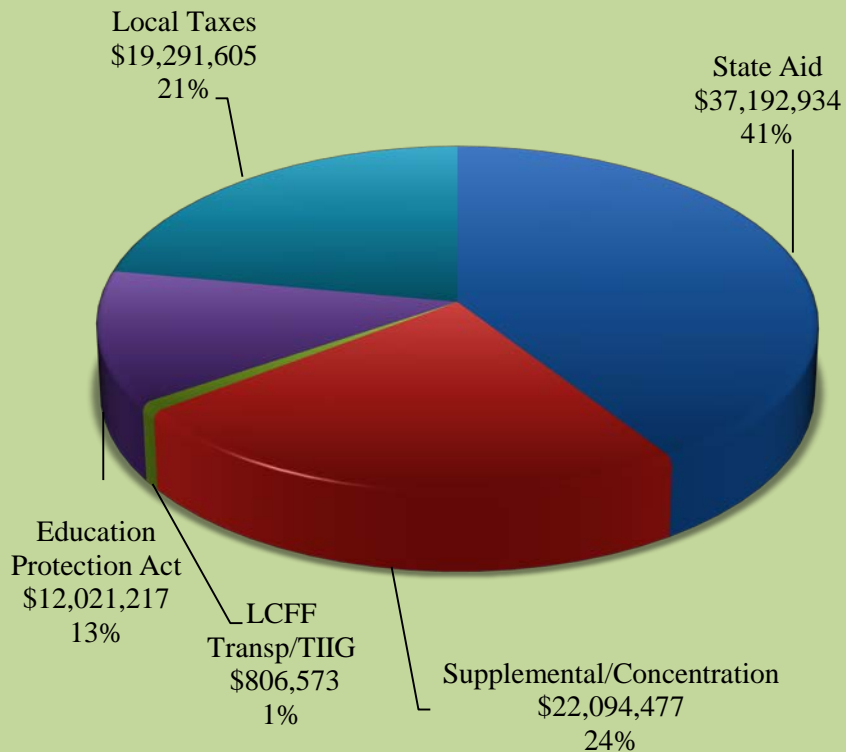
4. State Revenues – Known increases have been incorporated in this area as well with a resulting increase of \$436,450.

The increase is mainly due to carryover from the Low Performing Grant in the amount of \$202,000 plus increases in Lottery and ASES Programs. *(see Table IV in narrative)*

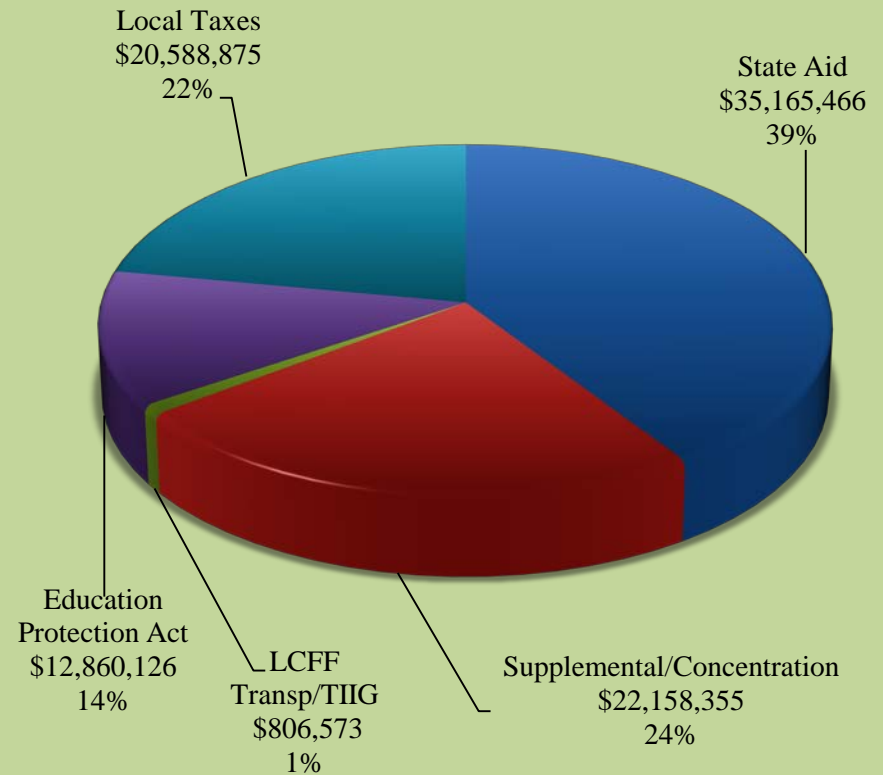
5. Local Revenues have been evaluated and revised as necessary. Increase in this area of \$262,709 is mainly due to an increase of the SpED County Transfer from MCOE of \$285,044. *(see Table V in narrative)*

2019-20 GF Local Control Funding Formula (LCFF)

2019-20 July 1 Revised Budget
Total LCFF \$91,406,806



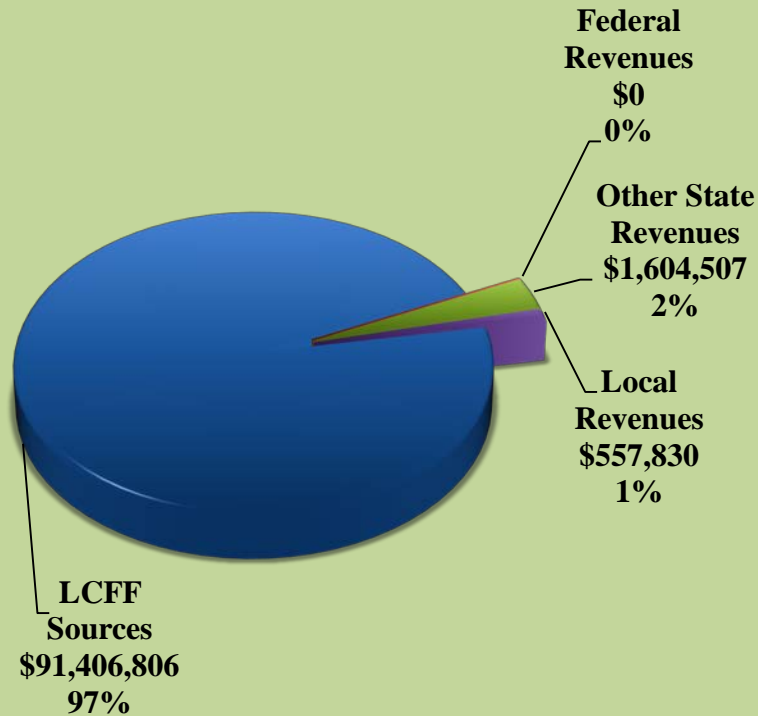
2019-20 1st Interim Report
Total LCFF \$91,579,395



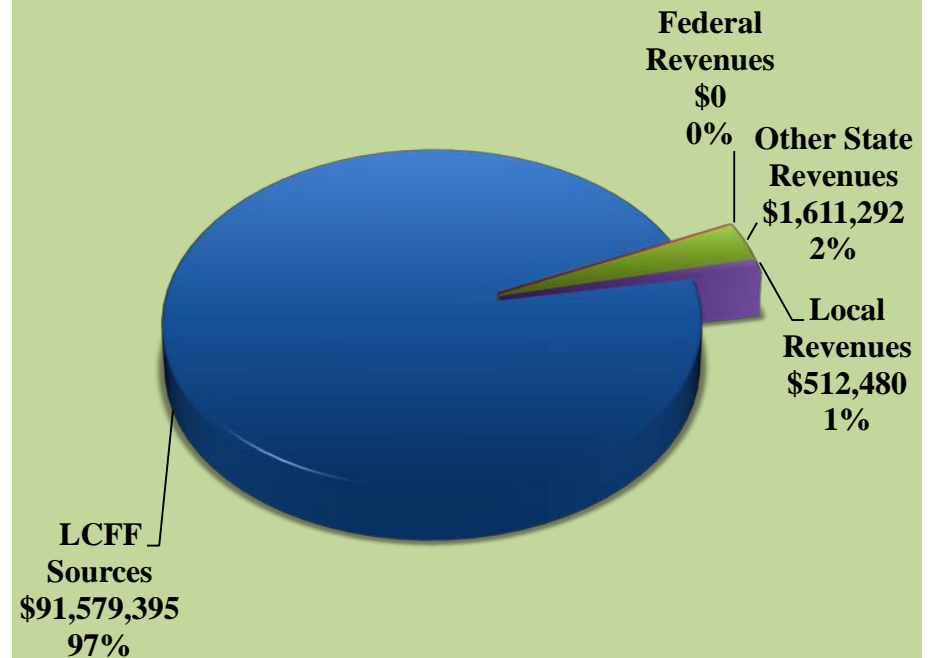
Rev. Diff. July 1 Approved vs 1st Interim \$172,589

2019-20 GF UNRESTRICTED REVENUES

**2019-20 Revised July 1 Budget
Unrestricted Revenues - Total
\$93,569,143**



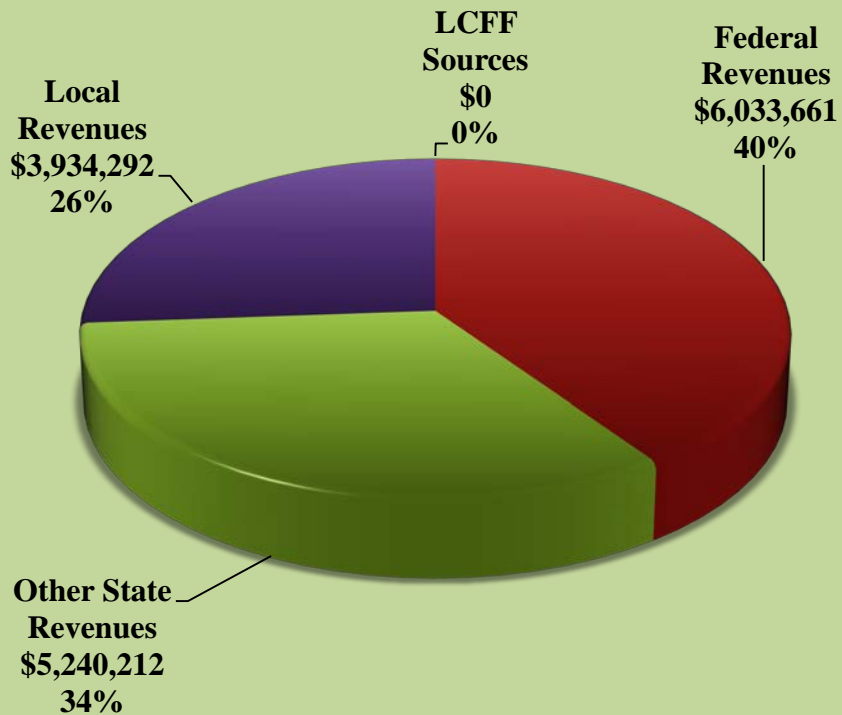
**2019-20 1st Interim Report
Unrestricted Revenues - Total
\$93,703,167**



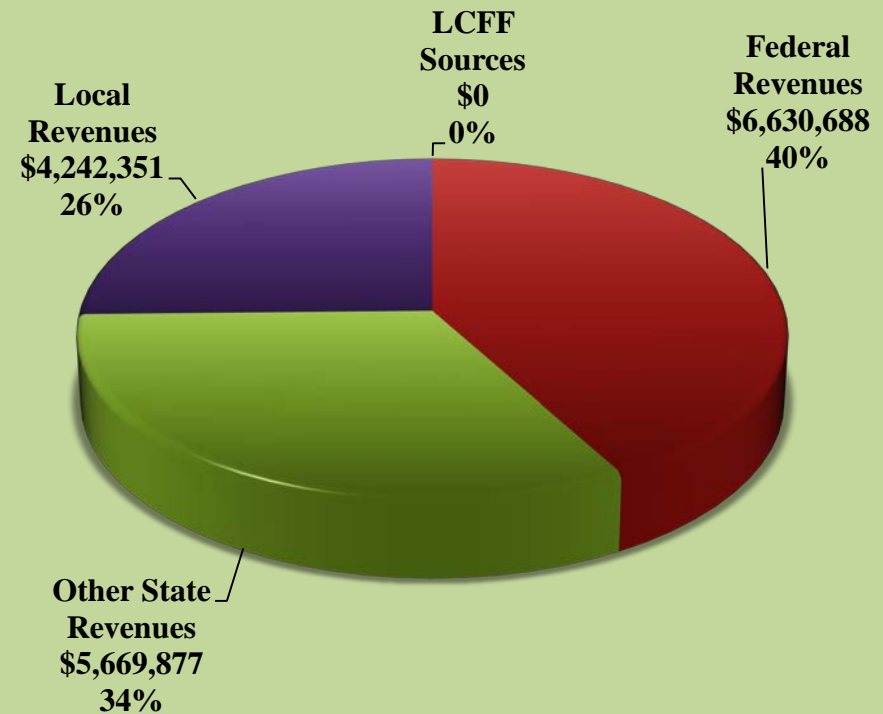
Rev. Diff. July 1 Approved vs 1st Interim Report \$134,024

2018-19 GF RESTRICTED REVENUES

July 1 Revised Budget - Restricted Revenues - Total \$15,208,165



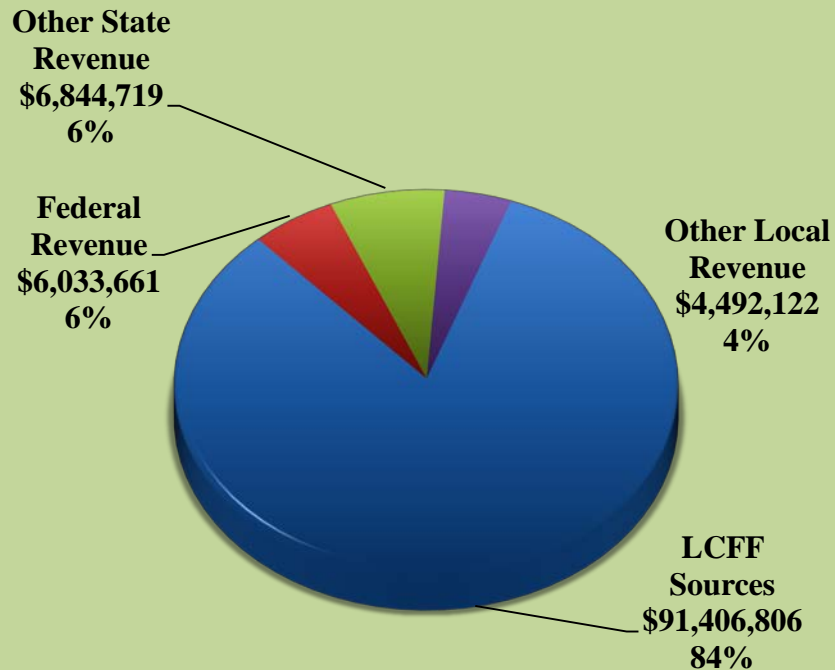
1st Interim Report - Restricted Revenues - Total \$16,542,916



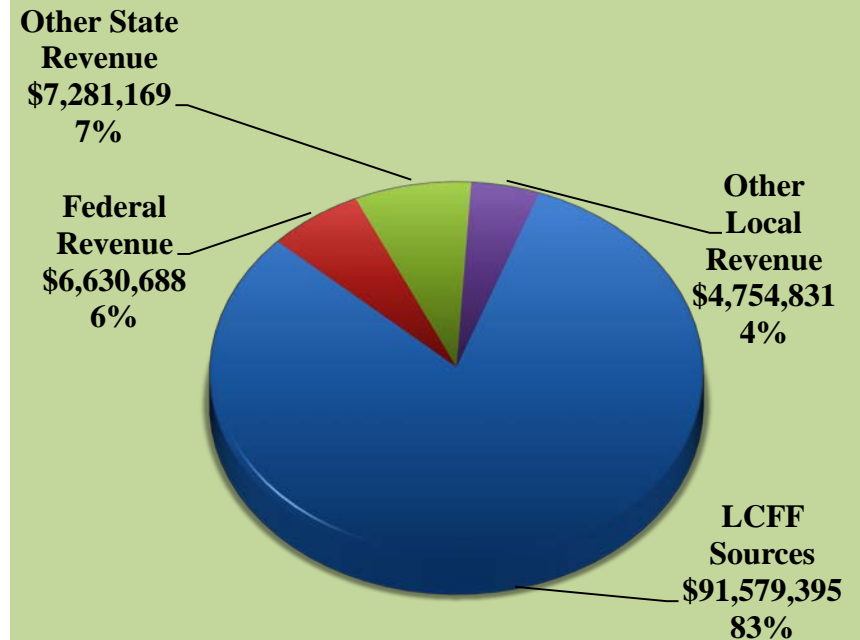
Rev. Diff. July 1 Approved vs 1st Interim Report \$1,334,751

2019-20 GF Total Revenues

July 1, Approved Budget – Total Revenues \$108,777,308



1st Interim Report - Total Revenues \$110,246,083



Rev. Diff. July 1 vs 1st Interim \$1,468,775

Highlight of Assumptions

➤ Expenditures

The following are significant changes in the projected expenditures budget:

1. Changes in personnel from July 1, Adopted Budget were extensively reviewed and amended accordingly in order to accurately budget based on current personnel and position control. This resulted in considerable savings since retirees and vacancies are not typically included in the July 1 Budget. Keep in mind that the Escape System also releases any savings in position gaps.
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. Total 1st Interim savings in this area is \$1,262,116.

Highlight of Assumptions

➤ Expenditures

5. Books and Supplies areas of the budget were changed mainly to reflect the carryover amounts. Textbook adoption increase was left status quo for 2020-21 (\$628,000) and 2021-22 (\$500,000). Increase in this area is \$1,322,218 or 34.2%.
6. Services and Other Operating Expenditures were also changed to reflect carryover and budget transfers. Increase in this area is \$1,242,982 or 12.3%.
7. Capital Outlay increased \$95,500 or 28.7% to reflect current needs. Other Outgo increased by \$160,078 or 2.5% based on current Sp. Ed. Billback estimates.
7. Indirect Cost increased by \$52,054 and Transfers Out increased by \$284,838. The increase in Transfers Out is the increased set-aside for future QSCB payments.

SALINAS CITY ELEMENTARY SCHOOL DISTRICT

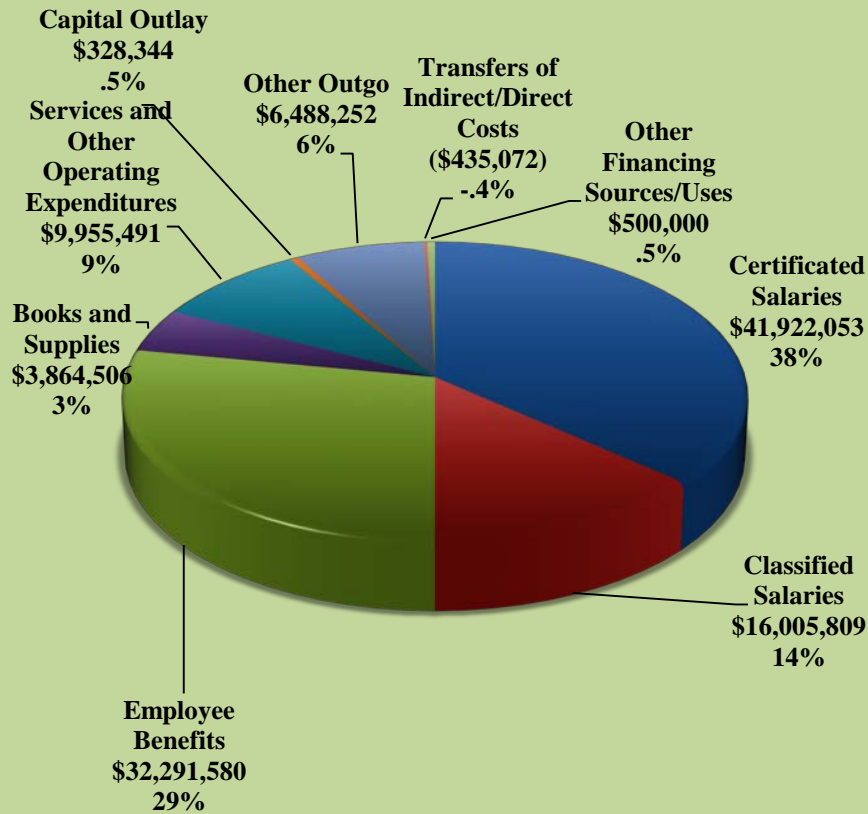
1st Interim Budget

Fiscal Year 2019-20

<u>GENERAL FUND</u>	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL</u>
Total Revenues	\$ 93,703,167	\$ 16,542,916	\$ 110,246,083
Total Expenditures	\$ 75,436,315	\$ 35,486,360	\$ 110,922,675
Transfers In	\$ -	\$ -	\$ -
Transfers Out	\$ (784,838)		\$ (784,838)
Contributions	\$ (18,585,261)	\$ 18,585,261	\$ -
Total Other Sources/Uses	\$ (19,370,099)	\$ 18,585,261	\$ (784,838)
Net.inc./(dec.) in Fund Balance	\$ (1,103,247)	\$ (358,183)	\$ (1,461,430)
Beg. Bal. July 1, Unaudited	\$ 12,292,101	\$ 1,474,169	\$ 13,766,270
Ending Balance, June 30	\$ 11,188,854	\$ 1,115,986	\$ 12,304,840

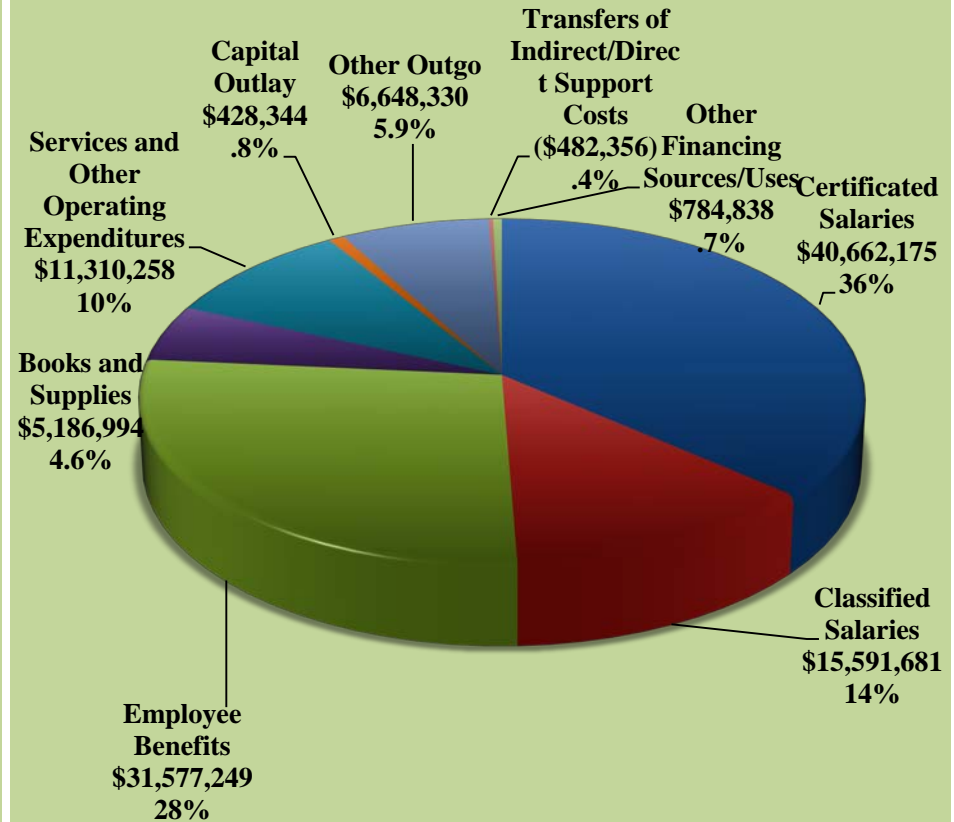
2018-19 GF Total Expenditures

2019-20 July 1 Budget Total Expenditures \$110,920,963



Total Salaries and Benefits = 81%

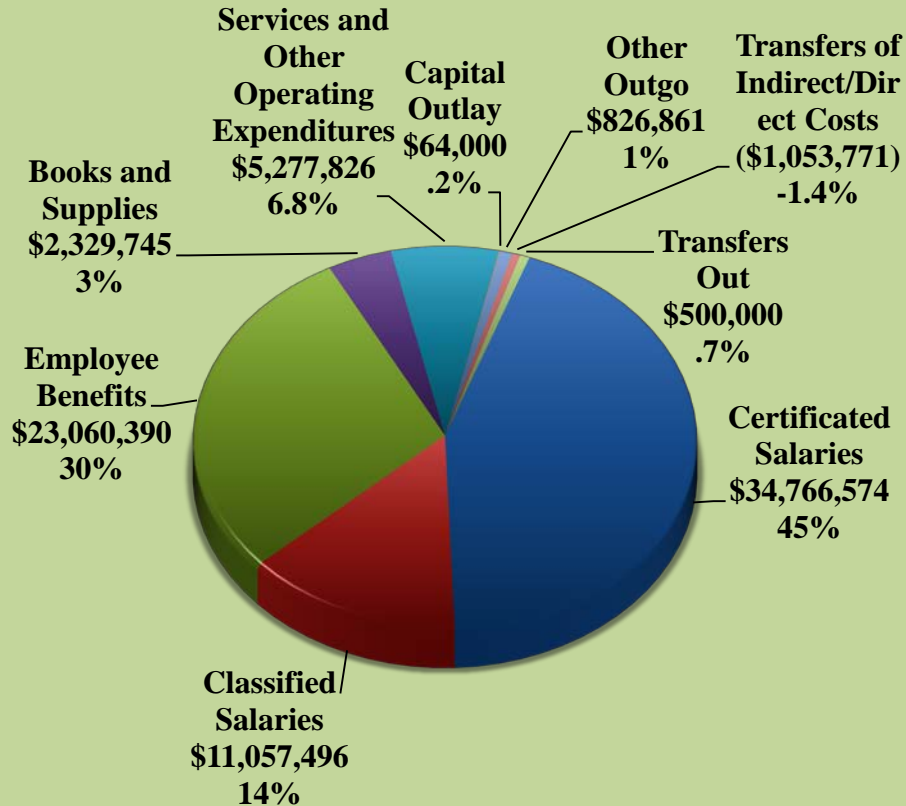
2019-20 1st Interim Report Total Expenditures \$111,707,513



Total Salaries and Benefits = 78%

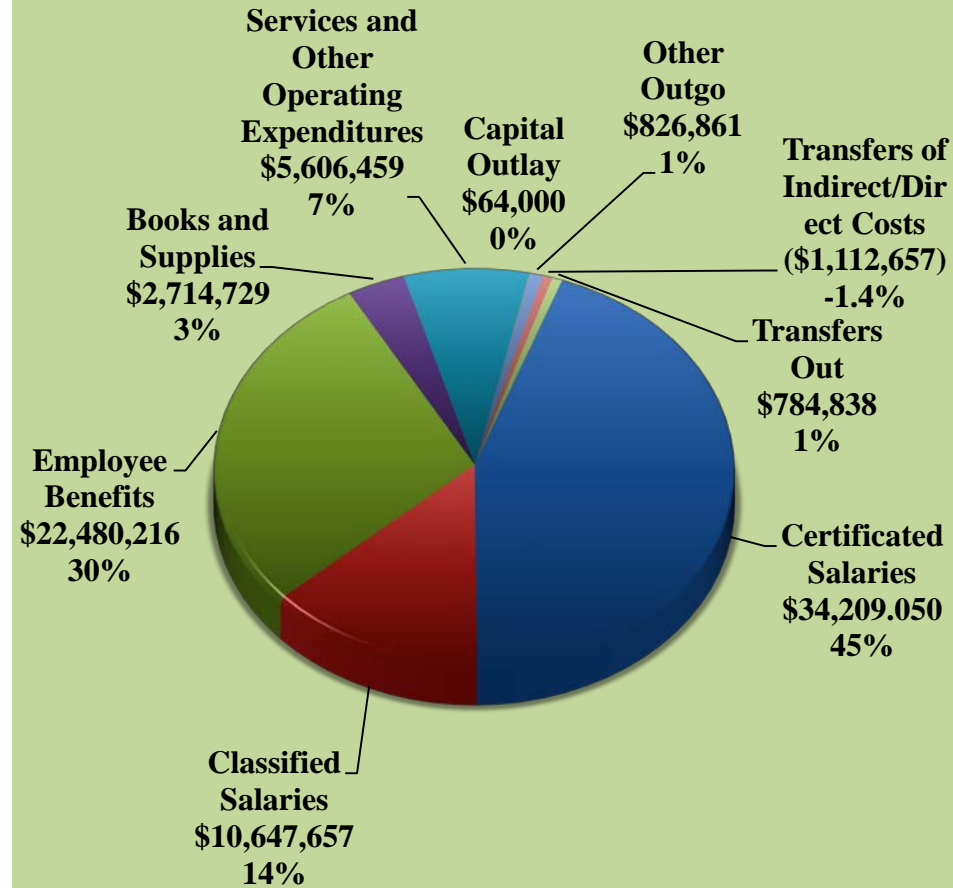
2019-20 GF Unrestricted Expenditures

2019-20 July 1 Budget Unrestricted Expenditures \$76,829,121



Total Salaries & Benefits = 89%

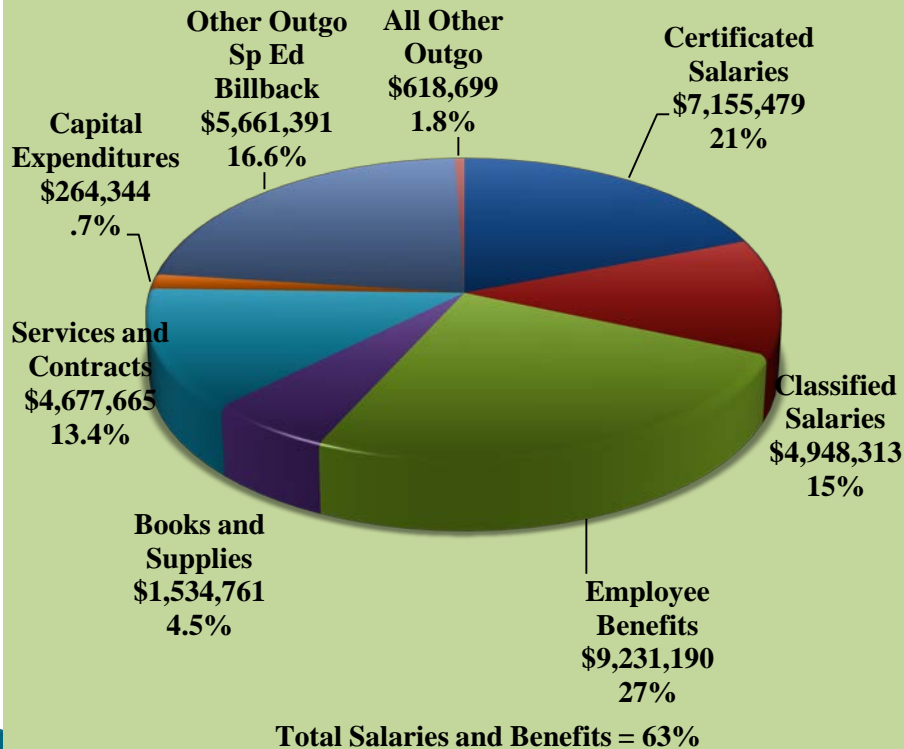
2019-20 1st Interim Report Unrestricted Expenditures \$76,221,690



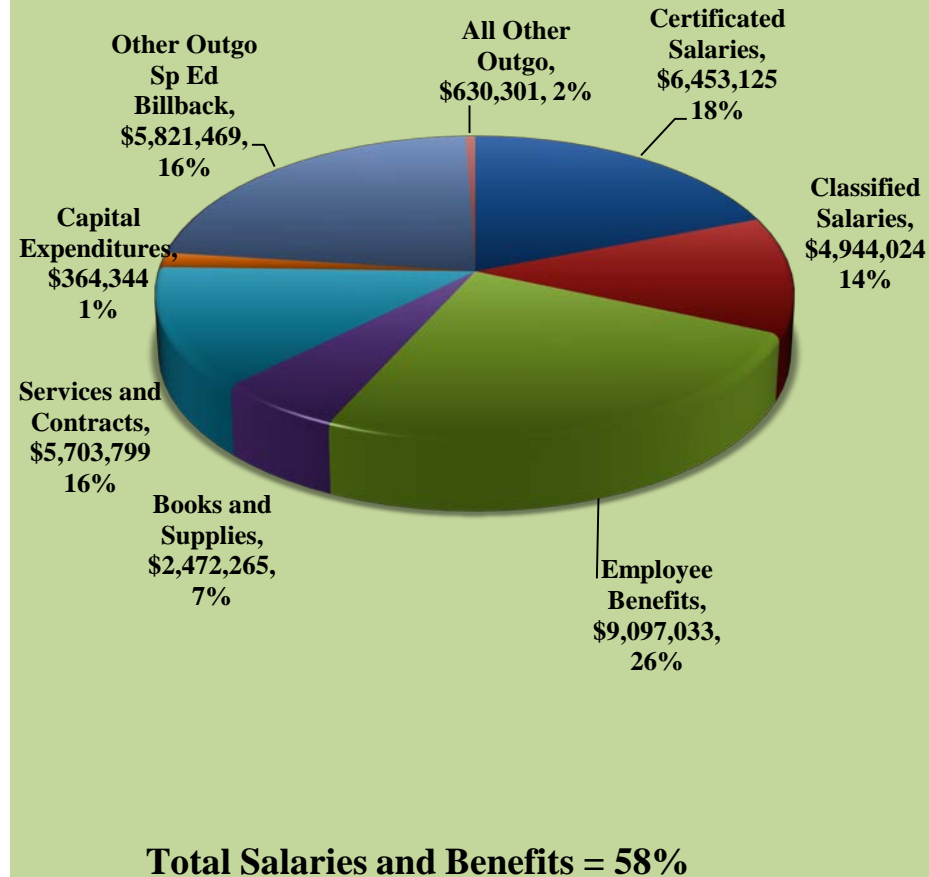
Salaries and Benefits = 89%

2019-20 GF Restricted Expenditures

2019-20 July 1 Budget Restricted Expenditures Total \$34,091,842



2019-20 1st Interim Report Restricted Expenditures Total \$35,486,360



SALINAS CITY ELEMENTARY SCHOOL DISTRICT

BUDGET COMPARISON

Approved Budget vs. 1st Interim

Fiscal Year 2019-20

<u>GENERAL FUND</u>		Working Budget		1st INTERIM BUDGET		DIFFERENCE
Total Revenues		\$ 108,777,308		\$ 110,246,083		\$ 1,468,775
Total Expenditures		\$ 110,553,345		\$ 110,922,675		\$ 369,330
Transfers In		\$ -		\$ -		\$ -
Transfers Out		\$ 500,000		\$ 784,838		\$ 284,838
Contributions		\$ -		\$ -		\$ -
Total Other Sources/Uses		\$ (500,000)		\$ (784,838)		\$ (284,838)
Net.inc./(dec.) in Fund Balance		\$ (2,276,037)		\$ (1,461,430)		\$ 814,607
Beg. Bal. July 1, Unaudited		\$ 13,766,270		\$ 13,766,270		\$ -
Ending Balance, June 30		\$ 11,490,233		\$ 12,304,840		\$ 814,607

Salinas City Elementary School District

MULTI – YEAR PROJECTIONS

2019-20 First Interim Report

December 9, 2019



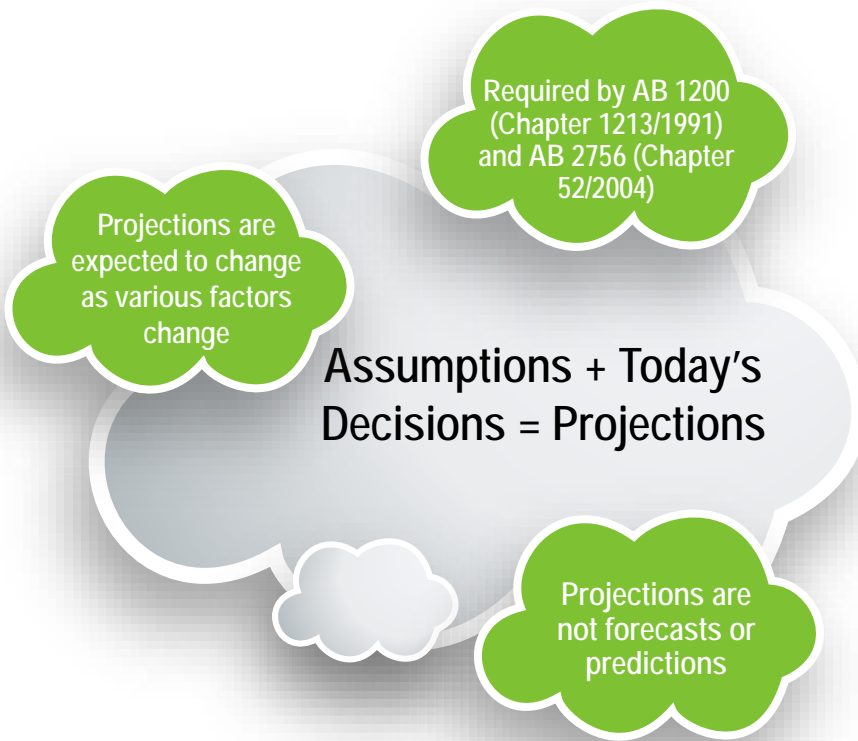


EXACTLY WRONG, BUT
APPROXIMATELY RIGHT

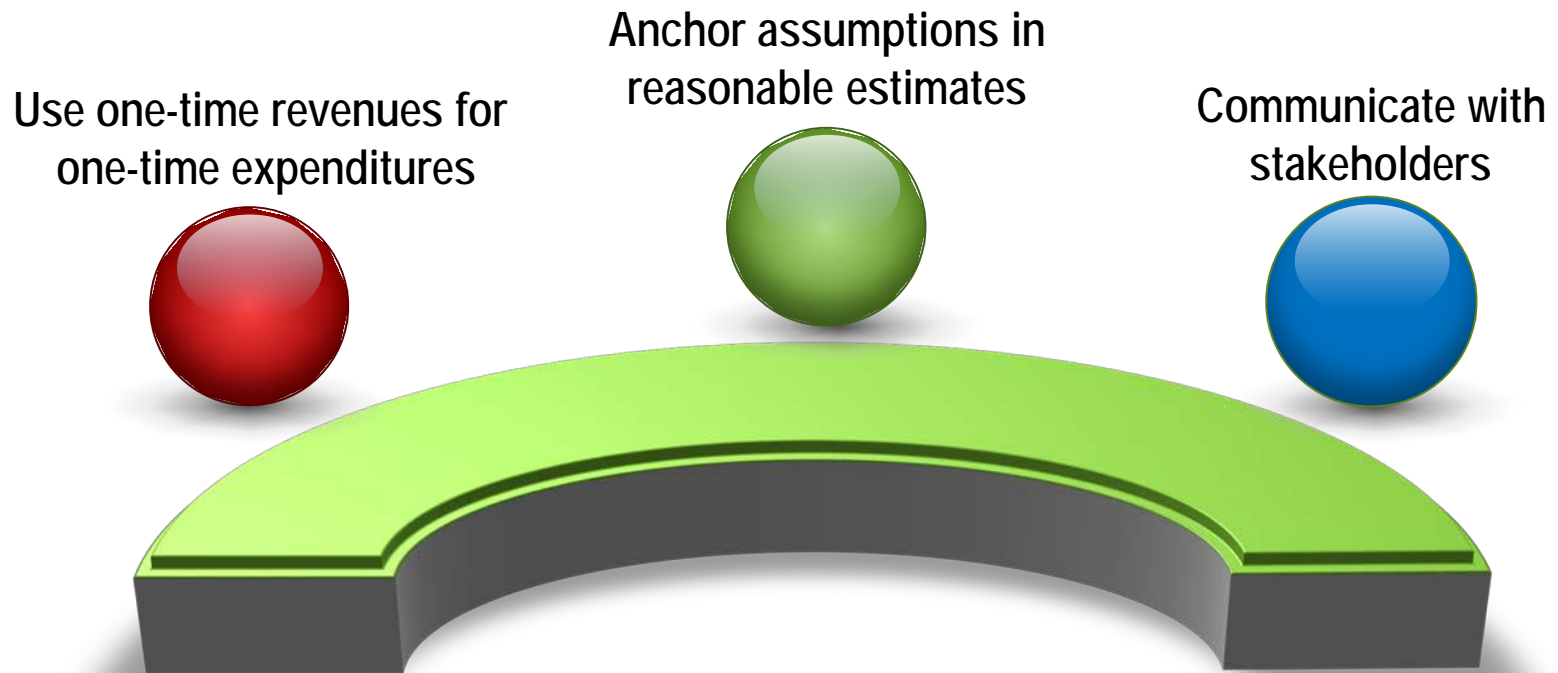


Multiyear Projections

19



The cause of most LEA insolvencies can be traced to a bad financial decision made during prosperous times that came back to bite the LEA during lean financial times, so caution is key





Multiyear Projections Under the LCFF

21

- Reserves are the local buffer that allow problems to be solved locally instead of turning to the COE or the state for help
- The state-recommended minimum Reserve for Economic Uncertainties is just that – a minimum number – most districts need more
- Other circumstances that call for higher reserves include:
 - Declining enrollment
 - Rapid enrollment growth
 - Opening or closing schools
 - Volatile economic times
- A reserve level dictated solely by district size is no longer relevant when volatility and exposure are disparate



Multiyear Projections Under the LCFF

22

■ Other circumstances that call for higher reserves include:

- Declining enrollment
- Rapid enrollment growth
- Opening or closing schools
- Basic aid districts
- Volatile economic times

■ There are no circumstances that warrant lower reserves

- Any temporary shortfall should be fixed immediately

The purpose of this reserve is to provide a “softer landing” when the next downturn occurs, as it surely will

MYP Highlight of Assumptions

➤ Revenues

1. Local Control Funding Formula (LCFF) – It is being projected to increase by 1.3% or \$1,193,875 for 2020-21.
2. For 2021-22 LCFF funding is projected to increase by an additional 1.26% or \$1,169,687.
3. PY P-2 ADA for 2020-21 of 8,041.90 and 2021-22 of 7,949.77 is projected excluding MCOE ADA.

MYP Highlight of Assumptions

➤ Revenues

5. Federal Revenues have been projected with no reduction or increases for F.Y. 2020-21 & 2021-22 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 2020-21 and 2021-22.
7. Local revenues are being projected to remain flat for the two subsequent fiscal years or 2020-21 and 2021-22.

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>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
<i>CalSTRS</i>	<i>17.10%</i>	<i>18.40% (+1.30%)</i>	<i>18.10% -(.30%)</i>
<i>CalPERS</i>	<i>19.721%</i>	<i>22.70% (+2.979%)</i>	<i>24.60% (+1.90)</i>
<i>H&W</i>	<i>0.0%</i>	<i>+0.00%</i>	<i>+0.00%</i>

3. Supplies and Services show projected increases for 2020-21 and 2021-22 due to planned textbook adoptions. F.Y. 2020-21 and 2021-22 shows a reduction of 7% restricted for a total of \$182,150 due to one-time grants coming to an end.

MYP Highlight of Assumptions

➤ Expenditures

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

Salinas City Elementary School District

MULTI-YEAR PROJECTION - 1st INTERIM BUDGET

		2019-20 1st Interim Budget			2020-21 Projection			2021-22 Projection		
	Object Codes	Unrestricted	Restricted	Unr/Rest	Unrestricted	Restricted	Unr/Rest	Unrestricted	Restricted	Unr/Rest
LCFF/Property Tax	8010-8099	91,579,395		91,579,395	92,773,270		92,773,270	93,942,957		93,942,957
Federal Revenue	8100-8299		6,630,688	6,630,688		6,610,688	6,610,688		6,610,688	6,610,688
Other State Revenue	8300-8599	1,611,292	5,669,877	7,281,169	1,611,292	5,223,789	6,835,081	1,611,292	5,223,789	6,835,081
Other Local Revenue	8600-8799	512,481	4,242,351	4,754,832	512,480	4,242,351	4,754,831	512,480	4,242,351	4,754,831
TOTAL REVENUES		93,703,168	16,542,916	110,246,084	94,897,042	16,076,828	110,973,870	96,066,729	16,076,828	112,143,557
Certificated Salaries	1000-1999	34,209,050	6,453,125	40,662,175	34,722,186	6,491,341	41,213,527	35,243,019	6,588,711	41,831,730
Classified Salaries	2000-2999	10,647,657	4,944,024	15,591,681	10,807,372	4,992,133	15,799,505	10,969,482	5,067,015	16,036,497
Employee Benefits	3000-3999	22,480,216	9,097,033	31,577,249	25,477,921	9,792,810	35,270,731	25,824,989	9,927,878	35,752,867
Books & Supplies	4000-4999	2,714,729	2,472,265	5,186,994	3,342,729	2,290,115	5,632,844	3,214,729	2,290,114	5,504,843
Operating Expenses	5000-5999	5,606,460	5,703,799	11,310,259	5,606,459	5,398,989	11,005,448	5,606,459	5,398,989	11,005,448
Capital Outlay	6000-6900	64,000	364,344	428,344	64,000	364,344	428,344	64,000	364,344	428,344
	7100-7299									
Other Outgo	7400-7499	826,862	5,821,469	6,648,331	826,862	5,821,469	6,648,331	826,862	5,821,469	6,648,331
Direct/Indirect Costs	7300-7399	(1,112,657)	630,301	(482,356)	(1,090,333)	630,301	(460,032)	(1,090,333)	630,301	(460,032)
TOTAL EXPENDITURES		75,436,317	35,486,360	110,922,677	79,757,196	35,781,502	115,538,698	80,659,207	36,088,821	116,748,028
Transfers In	8900-8929			-	818,316		818,316	818,316		818,316
Transfers Out-Debt Service Fund	7600-7629	(784,838)		(784,838)	(500,000)		(500,000)	(500,000)		(500,000)
Sources	8930-8979									
Contributions to Restricted	8980-8999	(18,585,261)	18,585,261	-	(18,588,687)	18,588,687	-	(20,011,993)	20,011,993	-
TOTAL OTHER FINANCING SOURCES/USES		(19,370,099)	18,585,261	(784,838)	(18,270,371)	18,588,687	318,316	(19,693,677)	20,011,993	318,316
Increase/Decrease in Fund Balance		(1,103,248)	(358,183)	(1,461,431)	(3,130,525)	(1,115,987)	(4,246,512)	(4,286,155)	-	(4,286,155)
Beginning Fund Balance	9791	12,292,101	1,474,170	13,766,271	11,188,853	1,115,987	12,304,840	8,058,328	-	8,058,328
Non Spendable	9711	10,000		10,000	10,000		10,000	10,000		10,000
Restricted	9740		1,115,987	1,115,987		-	-		-	-
Committed	9760			-			-			-
Assigned - Economic Uncertainties	9789	3,351,225		3,351,225	3,481,161		3,481,161	3,517,441		3,517,441
Assigned-Deficit Spending/CalSTRS/CalPERS	9780	7,827,628	-	7,827,628	4,567,169		4,567,169	244,733		244,733
Ending Fund Balance		11,188,853	1,115,987	12,304,840	8,058,328	-	8,058,330	3,772,173	-	3,772,174

SALINAS CITY ELEMENTARY SCHOOL DISTRICT

1st Interim Report - Multi-Year Projection At a Glance

Fiscal Year 2019-2020

<u>GENERAL FUND</u>	<u>Unaudited Actuals</u> <u>2018-19</u>	<u>Projected Budget</u> <u>2019-20</u>	<u>Projected Budget</u> <u>2020-21</u>	<u>Projected Budget</u> <u>2021-22</u>
Total Revenues	\$ 111,821,510	\$ 110,246,084	\$ 110,973,870	\$ 112,143,557
Total Expenditures	\$ 108,265,688	\$ 110,922,677	\$ 115,538,698	\$ 116,748,028
Projected Budget Reductions	\$ -	\$ -	\$	\$
Net.inc./(dec.) in Fund Balance	\$ 2,055,822	\$ (1,461,431)	\$ (4,246,512)	\$ (4,286,155)
Beg. Bal. July 1, Unaudited	\$ 11,710,449	\$ 13,766,271	\$ 12,304,840	\$ 8,058,330
Ending Balance, June 30	\$ 13,766,271	\$ 12,304,840	\$ 8,058,330	\$ 3,772,174
3% Mandated Reserve	\$ 3,292,971	\$ 3,351,225	\$ 3,481,161	\$ 3,517,441
Ending Balance - Reserves	\$ 10,473,300	\$ 8,953,615	\$ 4,577,169	\$ 254,733

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.