

Salinas City Elementary School District
2019-20 Second Interim Report
March 9, 2020



State of the Budget Highlights

➤ 1st Interim Report vs 2nd Interim Report

1. 2nd Interim analysis projects an improved Unrestricted Ending Fund Balance (EFB) . This is due to two major factors:
 - Savings from vacancies due to gap in filling positions of approximately \$950K
 - Decrease in Sp. Ed. Encroachment of about \$700K
2. Based on this, the Unrestricted operational deficit of \$1,103,247 has been eliminated.
3. However, we are still looking at structural deficits for the next two fiscal years due to declining enrollment:
 - 2020-21 (\$3,045,040)
 - 2021-22 (\$4,029,610)

Highlight of Assumptions

➤ Revenues

1. Local Control Funding Formula (LCFF) decrease of \$268,954.
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 \$26,296.

(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 \$1,311,357.

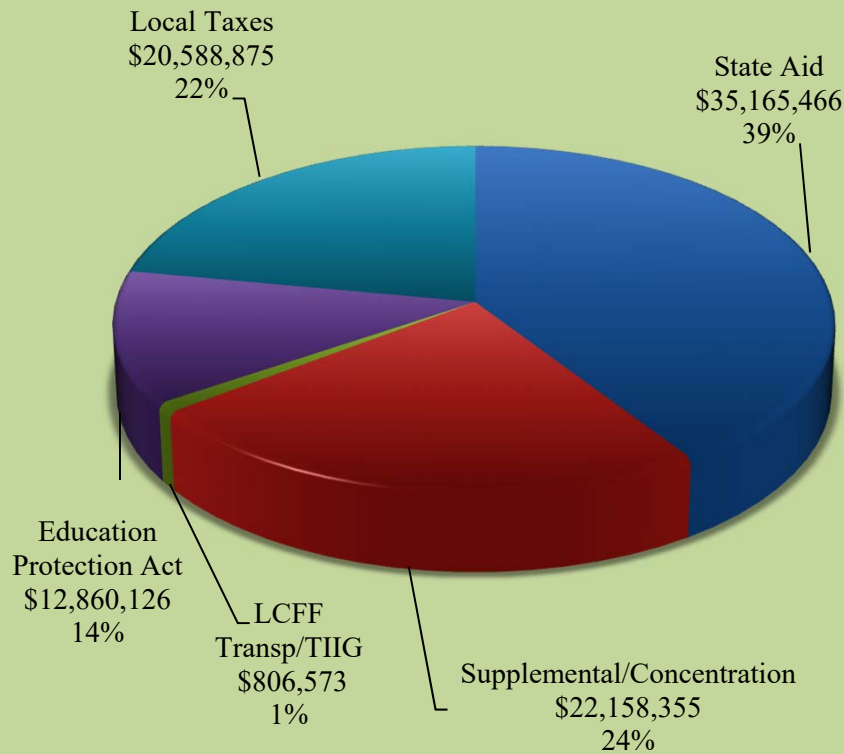
The increase is mainly due to addition of funds from the Special Education Early Intervention Preschool Grant in the amount of \$1,135,256. *(see Table IV in narrative)*

5. Local Revenues have been evaluated and revised as necessary. Increase in this area of \$217,257 is mainly due to an increase of the SpED County Transfer from MCOE. *(see Table V in narrative)*

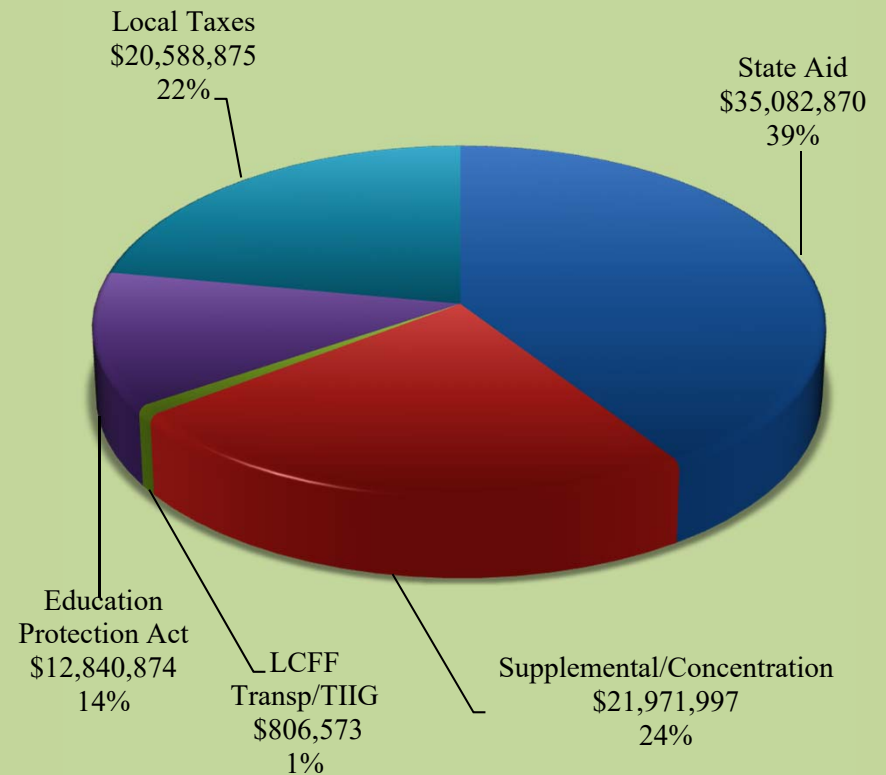


2019-20 GF Local Control Funding Formula (LCFF)

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



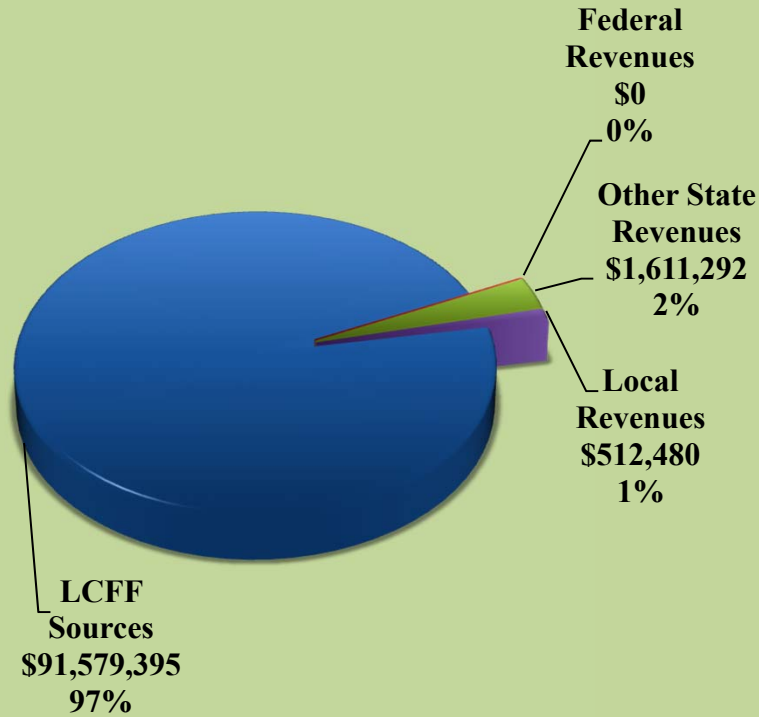
2019-20 2nd Interim Report
Total LCFF \$91,291,189



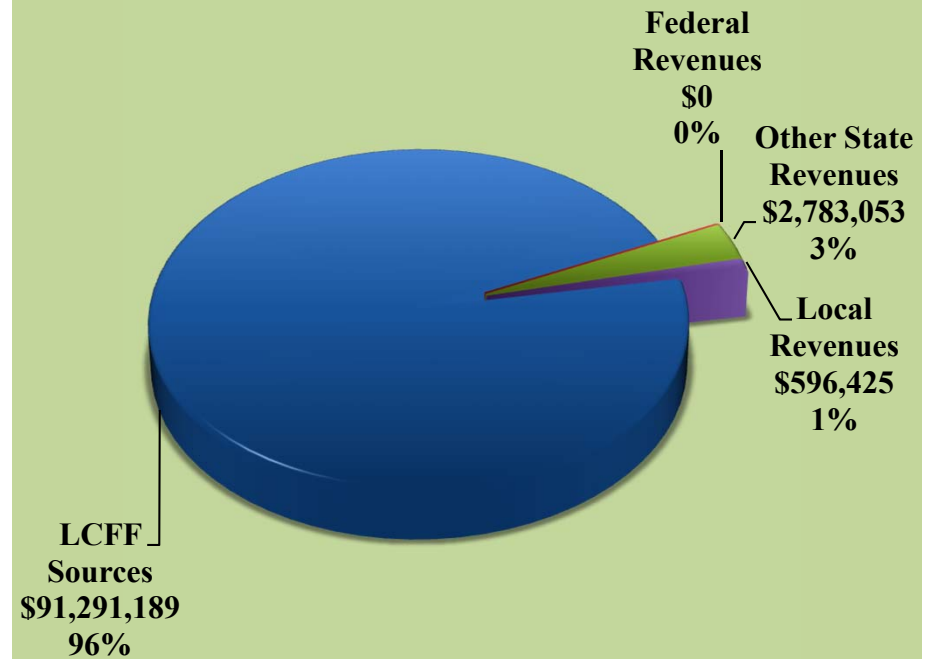
Rev. Diff. 1st Interim vs 2nd Interim (\$288,206)

2019-20 GF UNRESTRICTED REVENUES

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



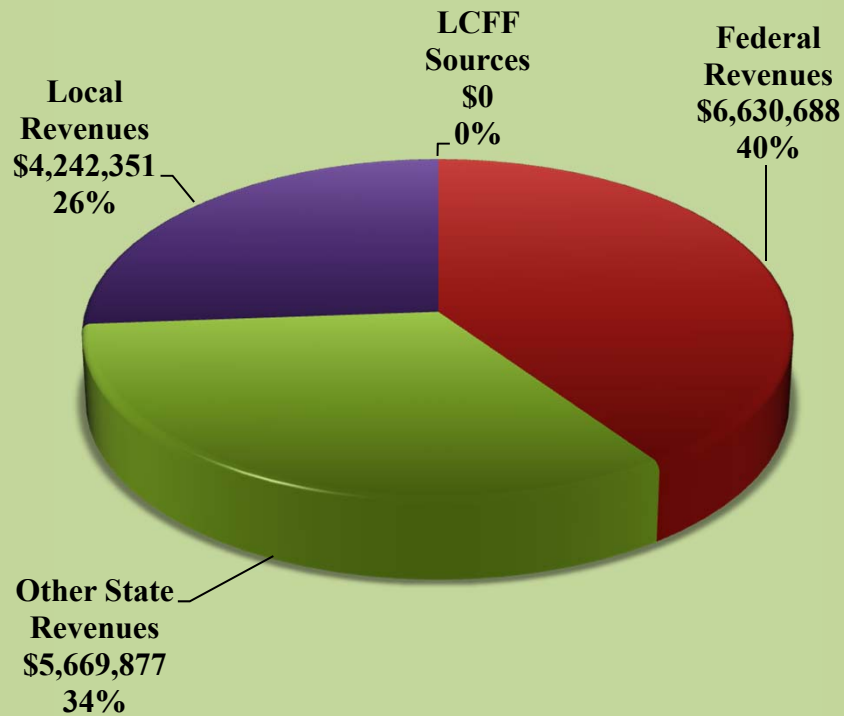
**2019-20 2nd Interim Report
Unrestricted Revenues - Total
\$94,670,667**



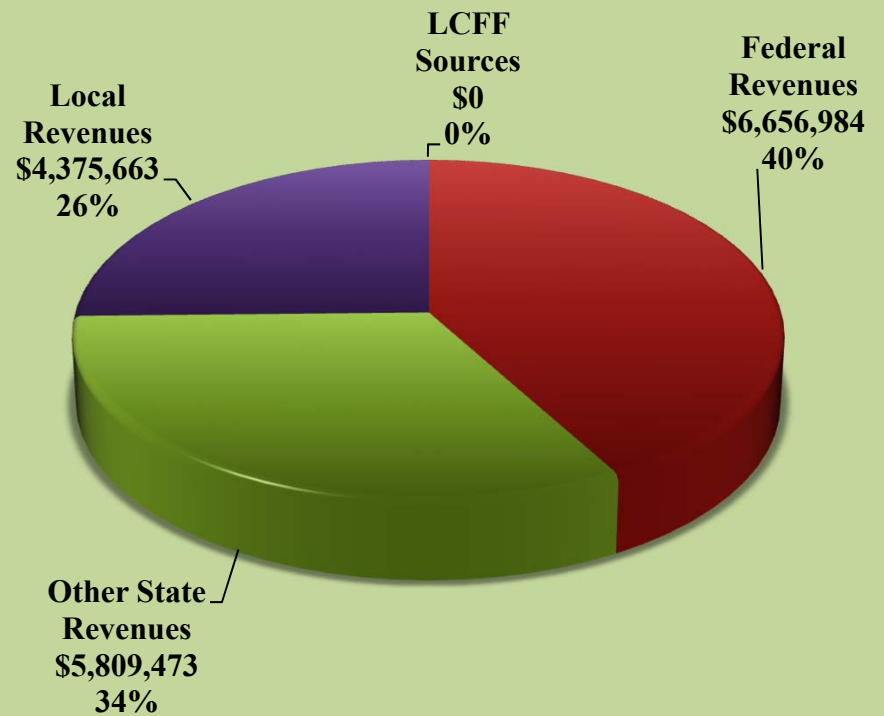
Rev. Diff. 1st Interim Report vs 2nd Interim Report \$967,500

2019-20 GF RESTRICTED REVENUES

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



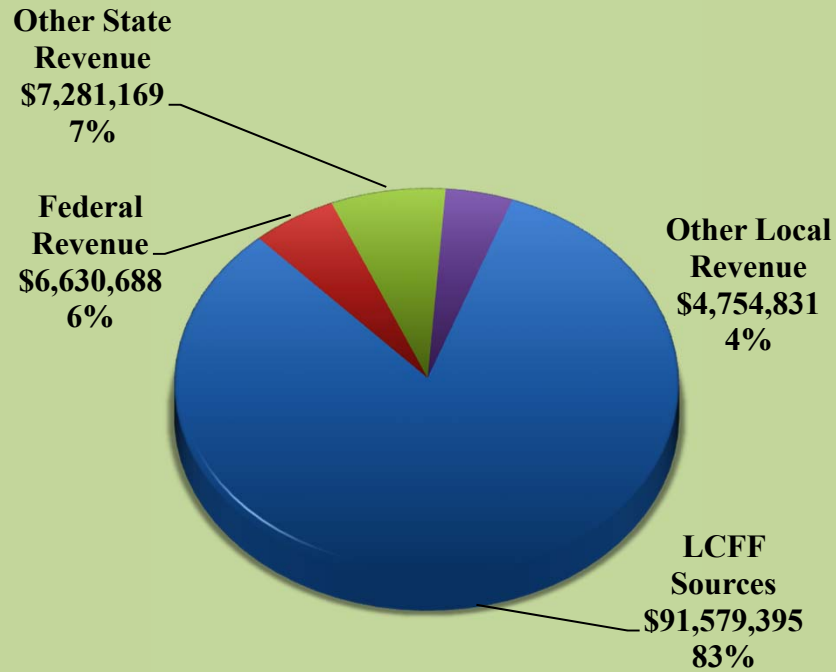
**2nd Interim Report - Restricted Revenues -
Total \$16,842,120**



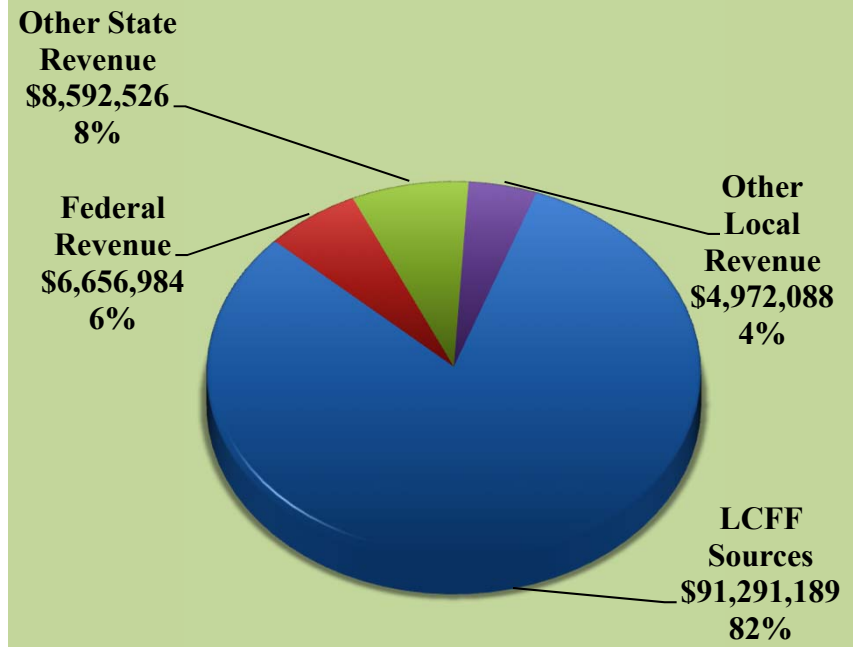
Rev. Diff 1st Interim vs 2nd Interim Report \$299,204

2019-20 GF Total Revenues

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



2nd Interim Report - Total Revenues \$111,512,787



Rev. Diff. 1st Interim vs 2nd Interim \$1,266,704

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.
2. All non-position based (subs, hourly, overtime, extra time, etc.) amounts were also reviewed.
3. All remaining salary related changes such as new hires and assignments have also been incorporated into the 2nd Interim Budget.



Highlight of Assumptions

➤ Expenditures

5. Books and Supplies areas of the budget were increased mainly to reflect the Special Education Early Intervention Preschool Grant. No additional increases to this area were made for current year. Textbook adoptions have been budgeted for 2020-21 (\$628,000) and 2021-22 (\$500,000)
6. Services and Other Operating Expenditures were also changed to reflect carryover and budget transfers from books and supplies. No new budget increases were made.
7. Indirect Cost decreased by \$94,695 due to changes from CDE to indirect cost calculation. Food purchased in object 4700 is no longer allowable in the calculation.

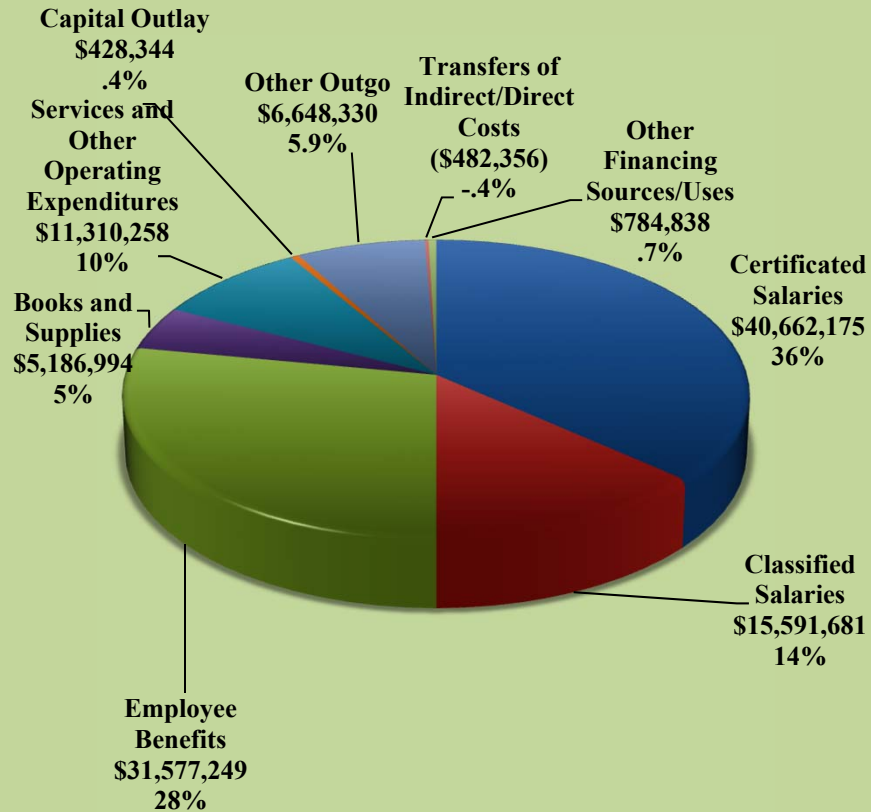
SALINAS CITY ELEMENTARY SCHOOL DISTRICT

2nd Interim Budget
Fiscal Year 2019-20

<u>GENERAL FUND</u>	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL</u>
Total Revenues	\$ 94,670,667	\$ 16,842,120	\$ 111,512,787
Total Expenditures	\$ 75,841,450	\$ 34,838,231	\$ 110,679,681
Transfers In	\$ -	\$ -	\$ -
Transfers Out	\$ 784,838	\$ -	\$ 784,838
Contributions	\$ (17,884,524)	\$ 17,884,524	\$ -
Total Other Sources/Uses	\$ (18,669,362)	\$ 17,884,524	\$ (784,838)
Net.inc./(dec.) in Fund Balance	\$ 159,855	\$ (111,587)	\$ 48,268
Beg. Bal. July 1, Unaudited	\$ 12,292,101	\$ 1,474,169	\$ 13,766,270
Ending Balance, June 30	\$ 12,451,957	\$ 1,362,582	\$ 13,814,539

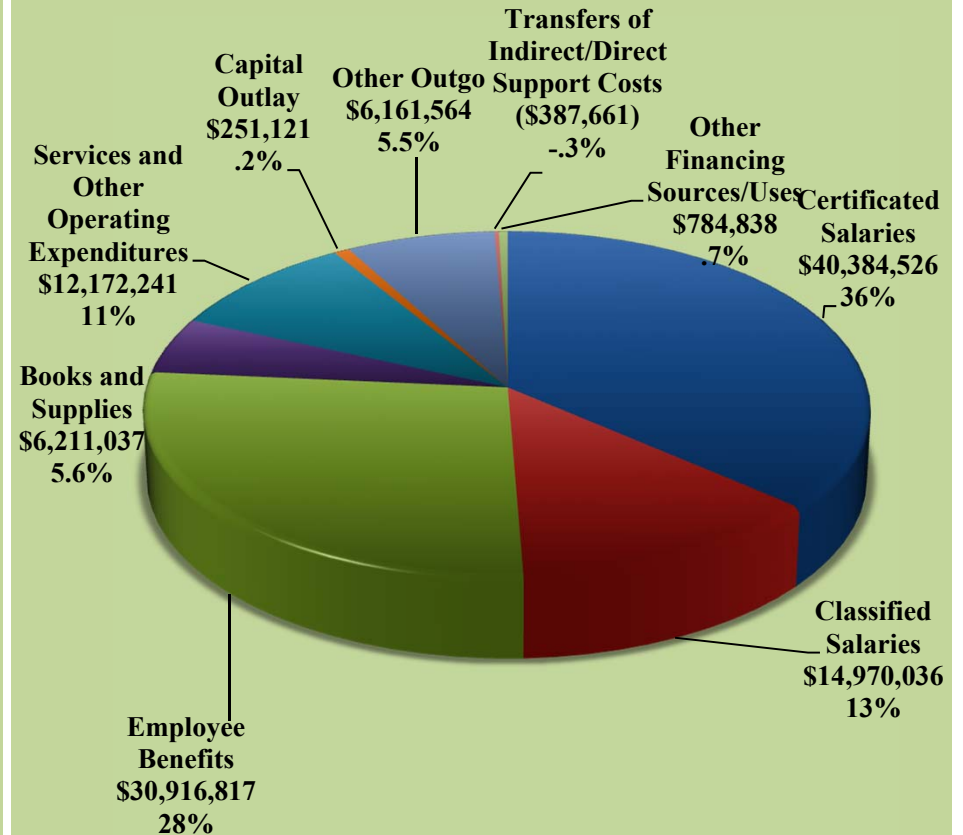
2019-20 GF Total Expenditures

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



Total Salaries and Benefits = 79%

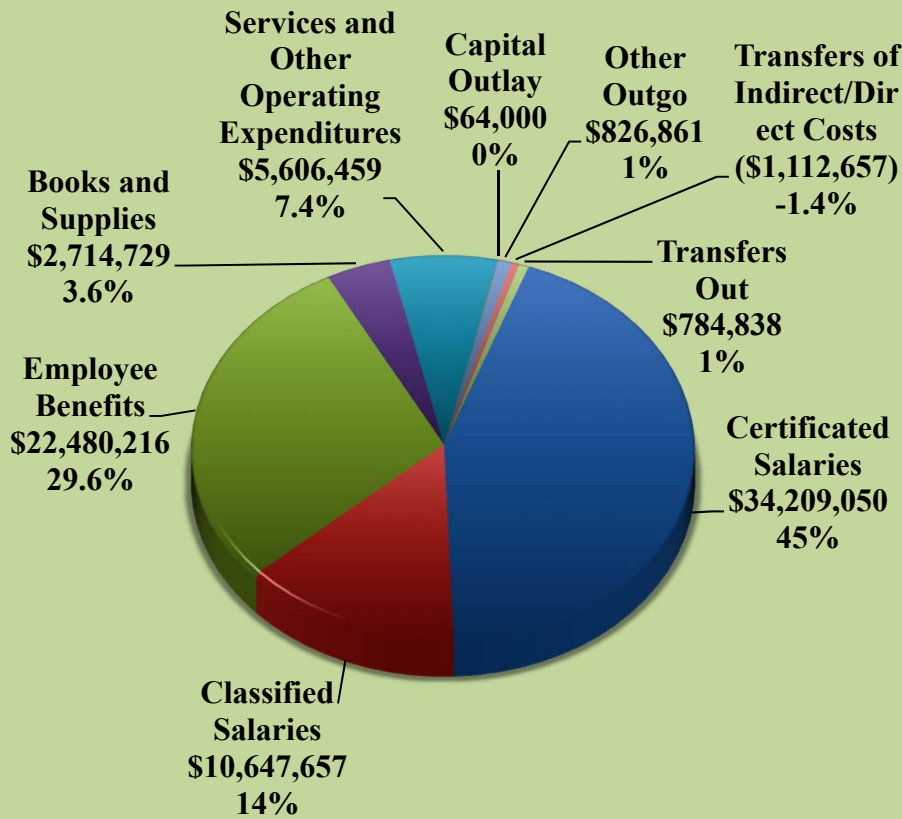
2019-20 2nd Interim Report Total Expenditures \$111,464,519



Total Salaries and Benefits = 77%

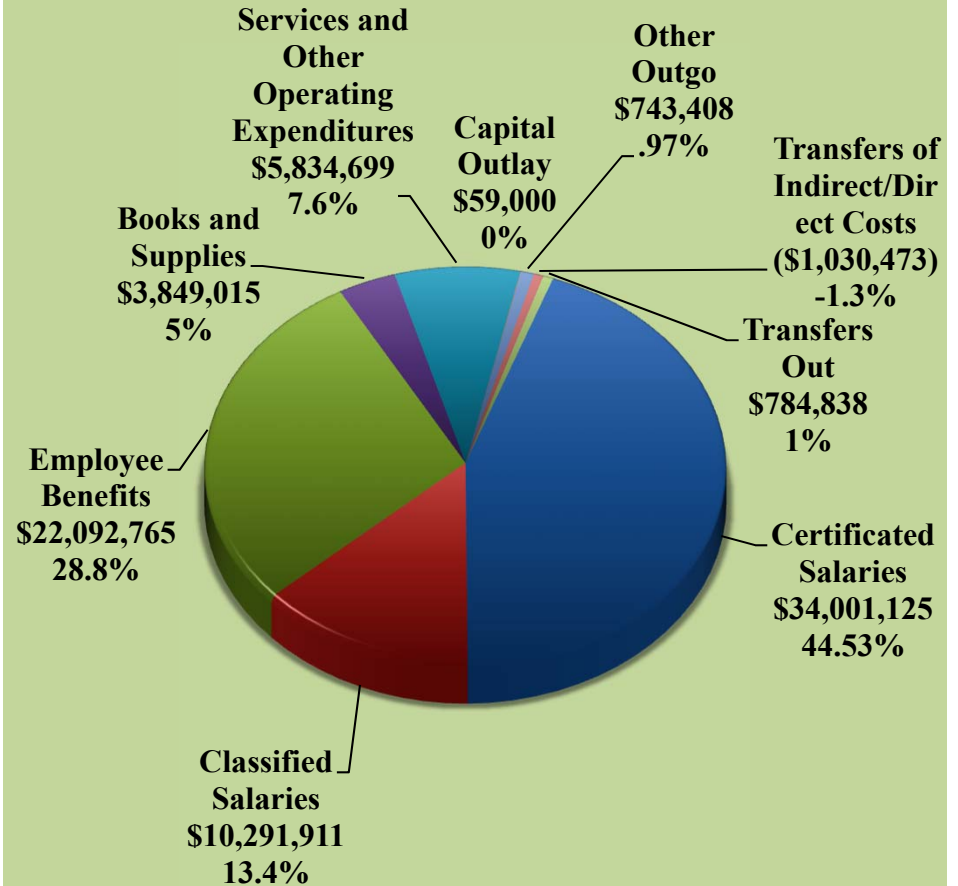
2019-20 GF Unrestricted Expenditures

2019-20 1st Interim Report Unrestricted Expenditures \$76,221,153



Total Salaries & Benefits = 89%

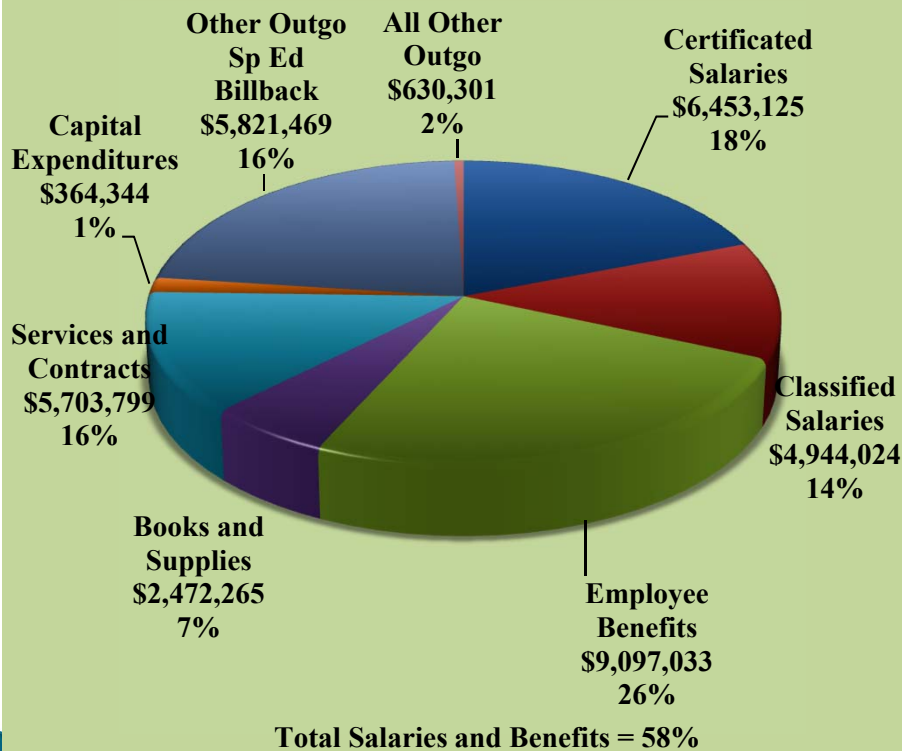
2019-20 2nd Interim Report Unrestricted Expenditures \$76,626,288



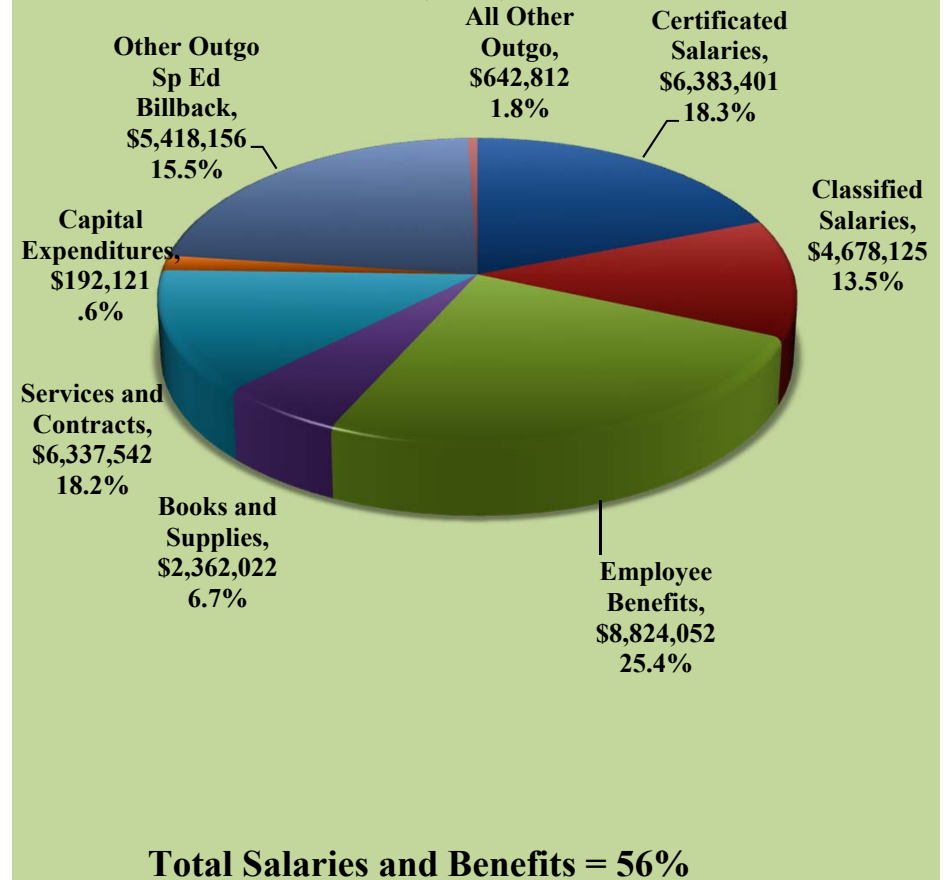
Salaries and Benefits = 87%

2019-20 GF Restricted Expenditures

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



**2019-20 2nd Interim Report
Restricted Expenditures Total
\$34,838,231**



SALINAS CITY ELEMENTARY SCHOOL DISTRICT

BUDGET COMPARISON 1st Interim vs. 2nd Interim Fiscal Year 2019-20

<u>GENERAL FUND</u>	1st INTERIM BUDGET	2nd INTERIM BUDGET	DIFFERENCE
Total Revenues	\$ 110,246,083	\$ 111,512,787	\$ 1,266,704
Total Expenditures	\$ 110,922,675	\$ 110,679,681	\$ (242,994)
Transfers In	\$ -	\$ -	\$ -
Transfers Out	\$ 784,838	\$ 784,838	\$ -
Contributions	\$ -	\$ -	\$ -
Total Other Sources/Uses	\$ (784,838)	\$ (784,838)	\$ -
Net.inc./(dec.) in Fund Balance	\$ (1,461,430)	\$ 48,268	\$ 1,509,698
Beg. Bal. July 1, Unaudited	\$ 13,766,270	\$ 13,766,270	\$ -
Ending Balance, June 30	\$ 12,304,840	\$ 13,814,538	\$ 1,509,698

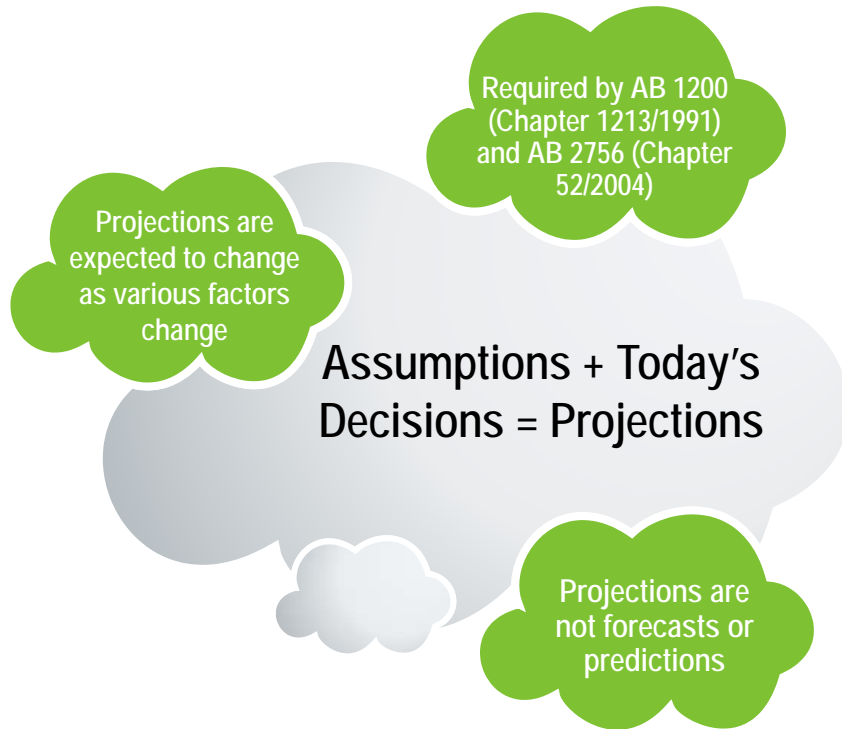
**Salinas City Elementary School District
MULTI – YEAR PROJECTIONS
2019-20 Second Interim Report
March 9, 2020**



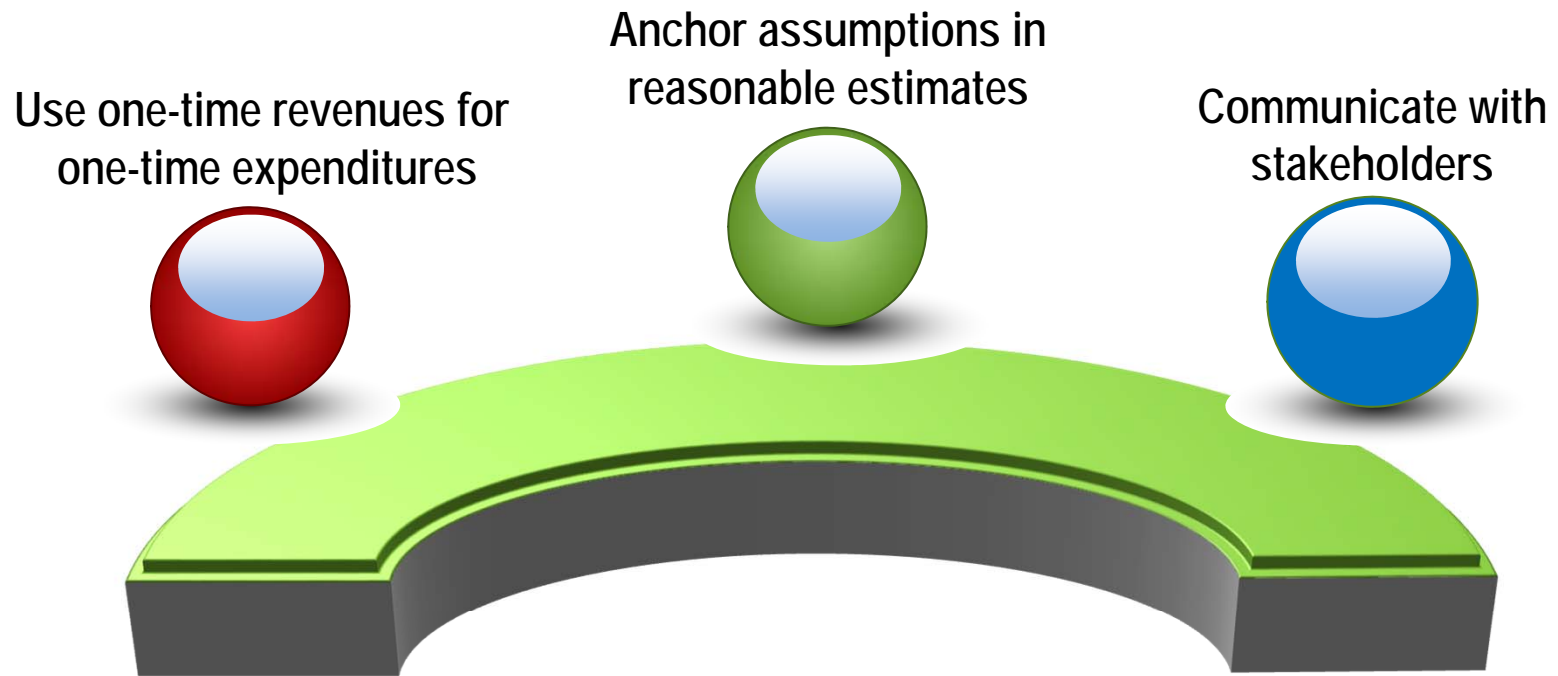




Multiyear Projections



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

20

- 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

21

- 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 .45% or \$413,722 for 2020-21.
2. For 2021-22 LCFF funding is projected to increase by an additional 1.38% or \$1,268,965.
3. PY P-2 ADA for 2020-21 of 8,140.16 and 2021-22 of 8044.07 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>22.80% (+3.079%)</i>	<i>24.90% (+2.10)</i>
<i>H&W</i>	<i>0.0%</i>	<i>+0.00%</i>	<i>+0.00%</i>

3. Books and Supplies show a net decrease of \$507,256 in 2020-21 for unrestricted, due to the end of a one-time grant. Budget remains in place for 2020-21 and 2021-22 for the 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 - 2ND INTERIM BUDGET

	Object Codes	2019-20 2nd Interim Budget			2020-21 Projection			2021-22 Projection		
		Unrestricted	Restricted	Unr/Rest	Unrestricted	Restricted	Unr/Rest	Unrestricted	Restricted	Unr/Rest
LCFF/Property Tax	8010-8099	91,291,189		91,291,189	91,704,911		91,704,911	92,973,876		92,973,876
Federal Revenue	8100-8299		6,656,984	6,656,984		6,513,063	6,513,063		6,513,063	6,513,063
Other State Revenue	8300-8599	2,783,053	5,809,473	8,592,526	1,647,797	5,363,385	7,011,182	1,647,797	5,363,385	7,011,182
Other Local Revenue	8600-8799	596,426	4,375,663	4,972,089	592,362	4,348,810	4,941,172	592,362	4,348,810	4,941,172
TOTAL REVENUES		94,670,668	16,842,120	111,512,788	93,945,070	16,225,258	110,170,328	95,214,035	16,225,258	111,439,293
Certificated Salaries	1000-1999	34,001,125	6,383,401	40,384,526	34,161,436	6,420,571	40,582,007	34,673,857	6,516,880	41,190,737
Classified Salaries	2000-2999	10,291,911	4,678,125	14,970,036	10,446,290	4,722,246	15,168,536	10,602,984	4,793,080	15,396,064
Employee Benefits	3000-3999	22,092,765	8,824,052	30,916,817	24,824,512	9,522,220	34,346,732	25,181,013	9,659,188	34,840,201
Books & Supplies	4000-4999	3,849,015	2,362,022	6,211,037	3,341,759	2,179,871	5,521,630	4,349,015	2,179,871	6,528,886
Operating Expenses	5000-5999	5,834,699	6,337,542	12,172,241	5,834,699	6,032,732	11,867,431	5,834,699	6,032,731	11,867,430
Capital Outlay	6000-6900	59,000	192,121	251,121	59,000	192,121	251,121	59,000	192,120	251,120
	7100-7299									
Other Outgo	7400-7499	743,408	5,418,156	6,161,564	743,408	5,418,156	6,161,564	659,963	5,418,155	6,078,118
Direct/Indirect Costs	7300-7399	(1,030,473)	642,812	(387,661)	(1,008,149)	642,812	(365,337)	(1,008,149)	642,812	(365,337)
TOTAL EXPENDITURES		75,841,450	34,838,231	110,679,681	78,402,955	35,130,729	113,533,684	80,352,382	35,434,837	115,787,219
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	(17,884,524)	17,884,524	-	(17,887,950)	17,887,950	-	(18,864,518)	18,864,518	-
TOTAL OTHER FINANCING SOURCES/USES		(18,669,362)	17,884,524	(784,838)	(17,569,634)	17,887,950	318,316	(18,546,202)	18,864,518	318,316
Increase/Decrease in Fund Balance		159,856	(111,587)	48,269	(2,027,519)	(1,017,521)	(3,045,040)	(3,684,549)	(345,061)	(4,029,610)
Beginning Fund Balance	9791	12,292,101	1,474,169	13,766,270	12,451,957	1,362,582	13,814,539	10,424,438	345,061	10,769,499
Non Spendable	9711	10,000		10,000	10,000		10,000	10,000		10,000
Restricted	9740		1,362,582	1,362,582		345,061	345,061		-	-
Committed	9760			-			-			-
Assigned - Economic Uncertainties	9789	3,343,936		3,343,936	3,421,010		3,421,010	3,488,617		3,488,617
Assigned - LCAP	9780	365,637		365,637						
Assigned-Deficit Spending/CalSTRS/CalPER	9780	8,732,384	-	8,732,384	6,993,428		6,993,428	3,241,272		3,241,272
Ending Fund Balance		12,451,957	1,362,582	13,814,539	10,424,438	345,061	10,769,499	6,739,889	-	6,739,889

SALINAS CITY ELEMENTARY SCHOOL DISTRICT

2ND Interim Report - Multi-Year Projection At a Glance

Fiscal Year 2019-20

GENERAL FUND	Unaudited Actuals 2018-19	Projected Budget 2019-20	Projected Budget 2020-21	Projected Budget 2021-22
Total Revenues	\$ 111,821,510	\$ 111,512,787	\$ 110,170,328	\$ 111,439,293
Total Expenditures	\$ 109,765,688	\$ 111,464,519	\$ 113,215,368	\$ 115,468,903
Projected Budget Reductions	\$ -			
Net.inc./((dec.) in Fund Balance	\$ 2,055,822	\$ 48,268	\$ (3,045,040)	\$ (4,029,610)
Beg. Bal. July 1, Unaudited	\$ 11,710,449	\$ 13,766,271	\$ 13,814,539	\$ 10,769,499
Ending Balance, June 30	\$ 13,766,271	\$ 13,814,538	\$ 10,769,499	\$ 6,739,889
3% Mandated Reserve	\$ 3,292,971	\$ 3,343,936	\$ 3,421,010	\$ 3,488,617
Ending Reserves	\$ 10,473,300	\$ 10,470,602	\$ 7,348,489	\$ 3,251,272

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.

