

# Salinas City Elementary School District

## 2018-19 2<sup>nd</sup> Interim Report

### March 11, 2019



# State of the Budget Highlights

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

1. 2<sup>nd</sup> Interim analysis changes the financial outlook for District thanks to higher projected COLA, 1% STRS rate reduction, MCOE Billback savings, and projected budget reductions.
2. \$3.9 vs \$4.6 Million budget Deficit.
3. Financial Picture improved by \$732K from 1<sup>st</sup> Interim budget.
4. BLT has been meeting bi-monthly and a ranking reduction list came out of last meeting held.

# Highlight of Assumptions

## ➤ Revenues

1. Local Control Funding Formula (LCFF) increase of \$171,829.
2. 2017-18 P-2 ADA (average daily attendance) of 8,398 is being used for the LCFF calculation, given the State's Hold Harmless Guarantee.
3. Federal Revenues – Known changes have been incorporated into this area which, resulted in a decrease of \$286,781. This was mainly due to a decrease in Title I, and Title II funds. (*see Table III in narrative for details*)

# Highlight of Assumptions

## ➤ Revenues

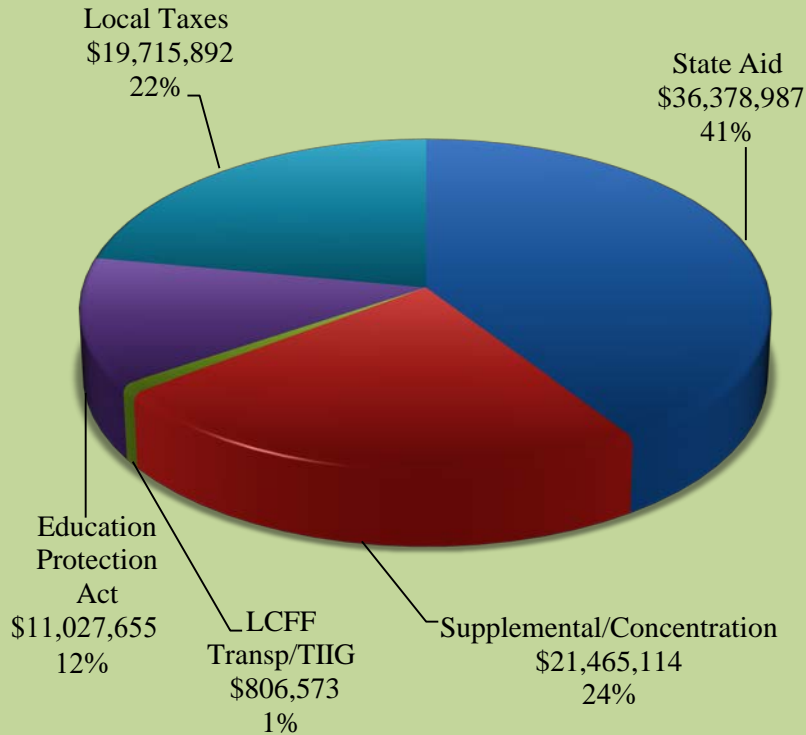
4. State Revenues – Known increases have been incorporated in this area as well with a resulting increase of \$431,732.

The increase is mainly due to receipt of the ASES Coding Grant in the amount of \$260,000, plus increase in SpEd Mental Health allocation. *(see Table IV in narrative for details)*

5. Local Revenues have been evaluated and revised as necessary. Decrease in this area of \$20,671 is mainly due minor revisions in local receipts. *(see Table V in narrative for details)*

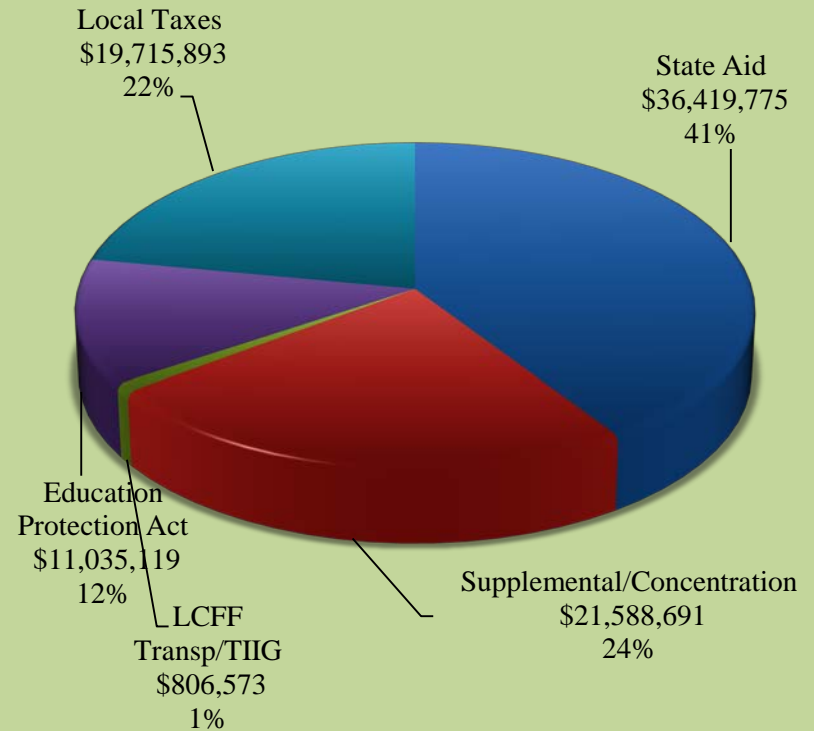
# 2018-19 GF Local Control Funding Formula (LCFF)

**2018-19 1st Interim Report**  
Total LCFF \$89,394,222



Rev. Diff. July 1 Approved vs 1st Interim \$32,889

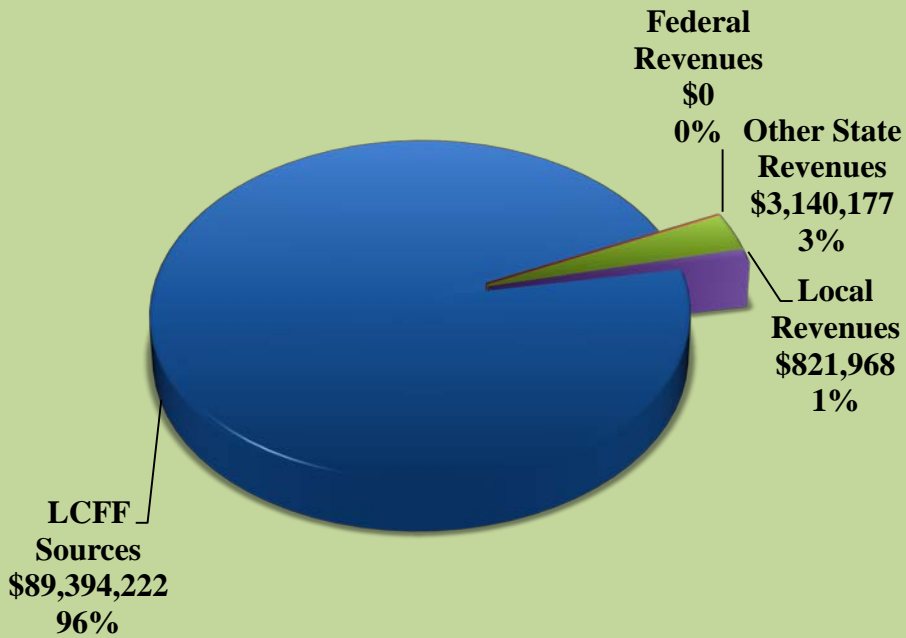
**2018-19 1st 2nd Interim Report**  
Total LCFF \$89,566,051



Rev. Diff. 1st Interim vs 2nd Interim \$171,829

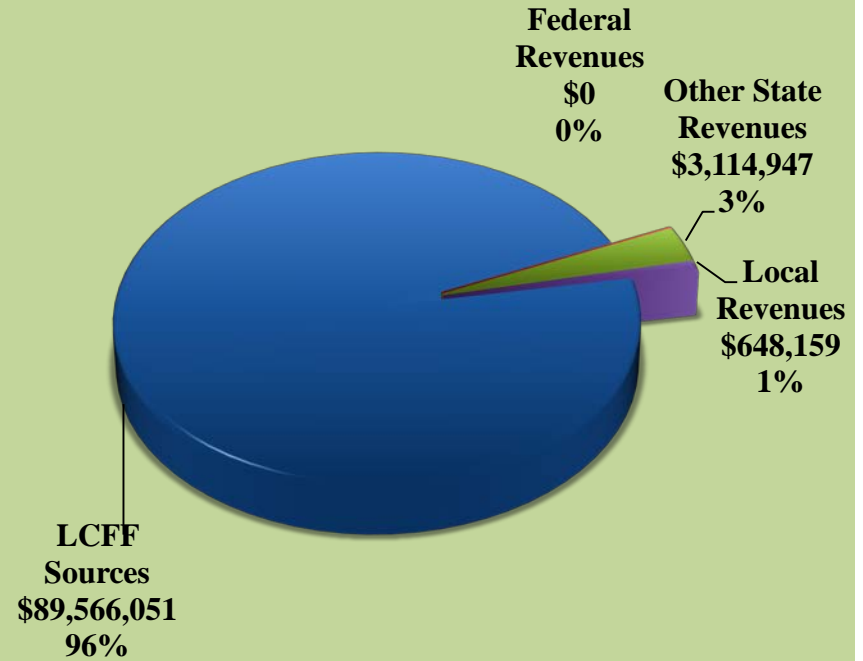
# 2018-19 GF UNRESTRICTED REVENUES

**2018-19 1st Interim Report**  
**Unrestricted Revenues - Total \$93,356,367**



**Rev. Diff. July 1 Approved vs 1<sup>st</sup> Interim Report \$24,979**

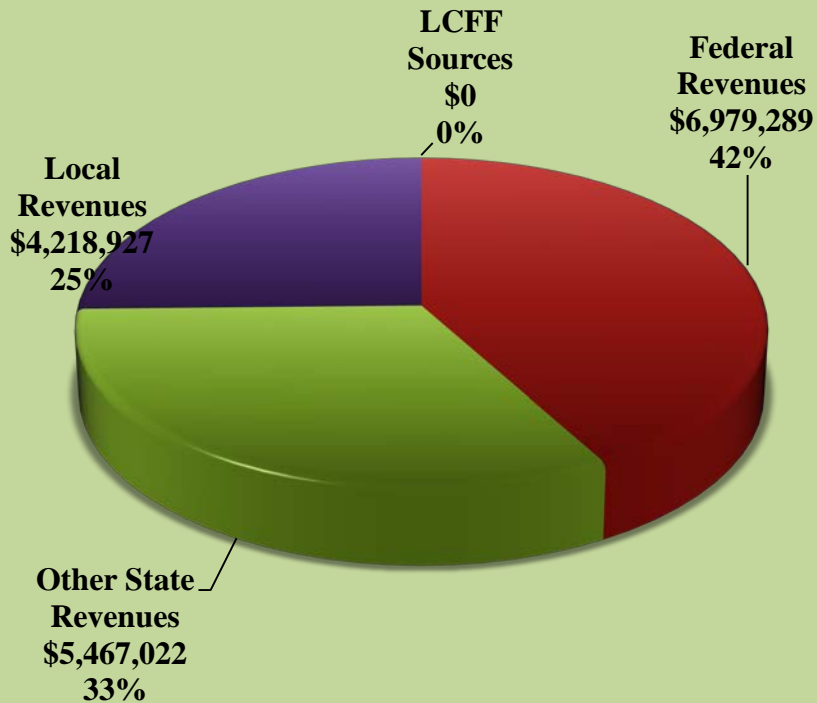
**2018-19 2nd Interim Report**  
**Unrestricted Revenues - Total \$93,329,157**



**Rev. Diff. 1<sup>st</sup> Interim vs 2<sup>nd</sup> Interim **-\$27,210****

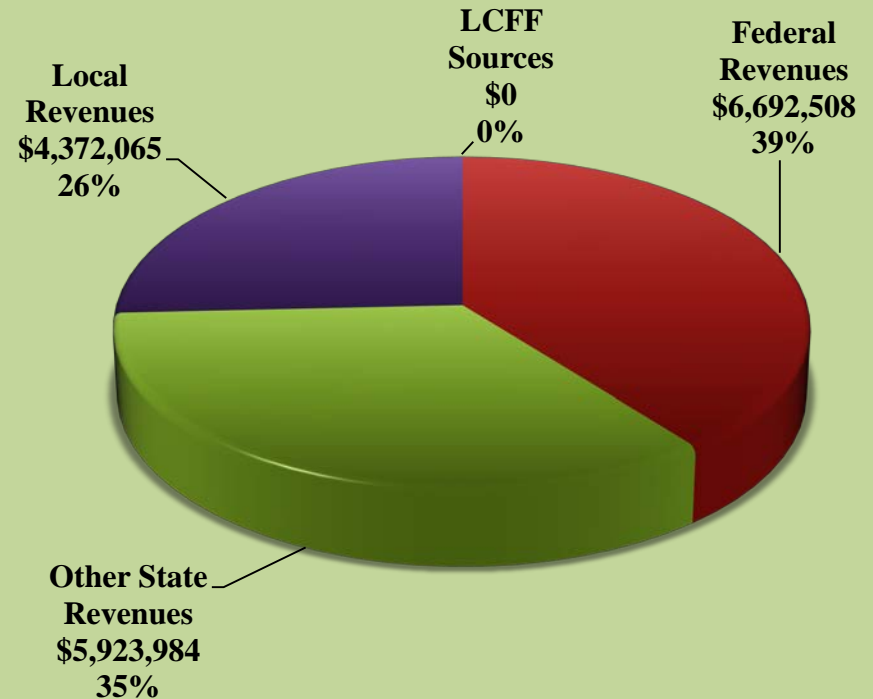
# 2018-19 GF RESTRICTED REVENUES

## 1st Interim Report - Restricted Revenues Total \$16,665,238



Rev. Diff. July 1 Approved vs 1<sup>st</sup> Interim Report  
\$1,781,210

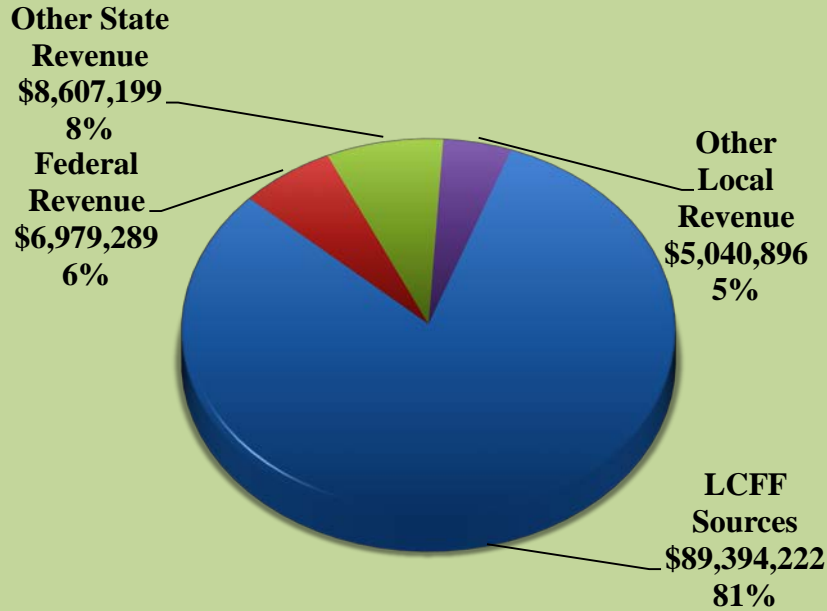
## 2nd Interim Report - Restricted Revenues Total \$16,988,557



Rev. Diff. 1<sup>st</sup> Interim vs 2<sup>nd</sup> Interim \$323,319

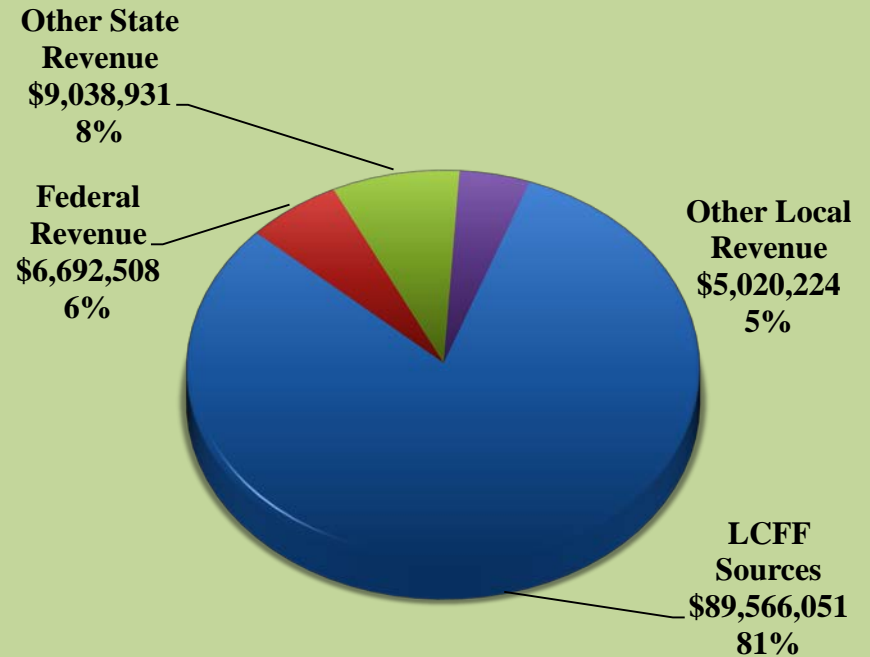
# 2018-19 GF Total Revenues

**1st Interim Report - Total Revenues  
\$110,021,605**



**Rev. Diff. July 1 vs 1st Interim \$1,806,189**

**2nd Interim Report - Total Revenues  
\$110,317,714**



**Rev. Diff. 1st vs 2nd Interim \$296,109**



# Highlight of Assumptions

## ➤ Expenditures

The following are significant changes in the projected expenditures budget:

1. Positions were reviewed and amended in order to accurately budget based on position control.
2. All non-position based amounts (subs, hourly, overtime, extra time, etc.) were also reviewed.
3. The negotiated 2% on schedule and off schedule have been included in 2<sup>nd</sup> Interim Budget.
4. All remaining salary related changes such as new hires and assignments have also been incorporated into the 2<sup>nd</sup> Interim Budget.

# Highlight of Assumptions

## ➤ Expenditures

5. Books and Supplies areas of the budget were changed mainly to reflect the addition of new grants such as the ASES Coding, and SCE Prof. Dev. Grant.
6. Services and Other Operating Expenditures were also changed to reflect budget transfers and additions per above grants.
7. Indirect Cost decreased by \$501 and Contribution to restricted programs decreased by \$900,826 mainly due to Sp. Ed. Billback decrease of \$882,772. For the most part, the above areas remained status quo from the 1<sup>st</sup> Interim Approved Budget.

# SALINAS CITY ELEMENTARY SCHOOL DISTRICT

2nd Interim Budget

Fiscal Year 2018-19

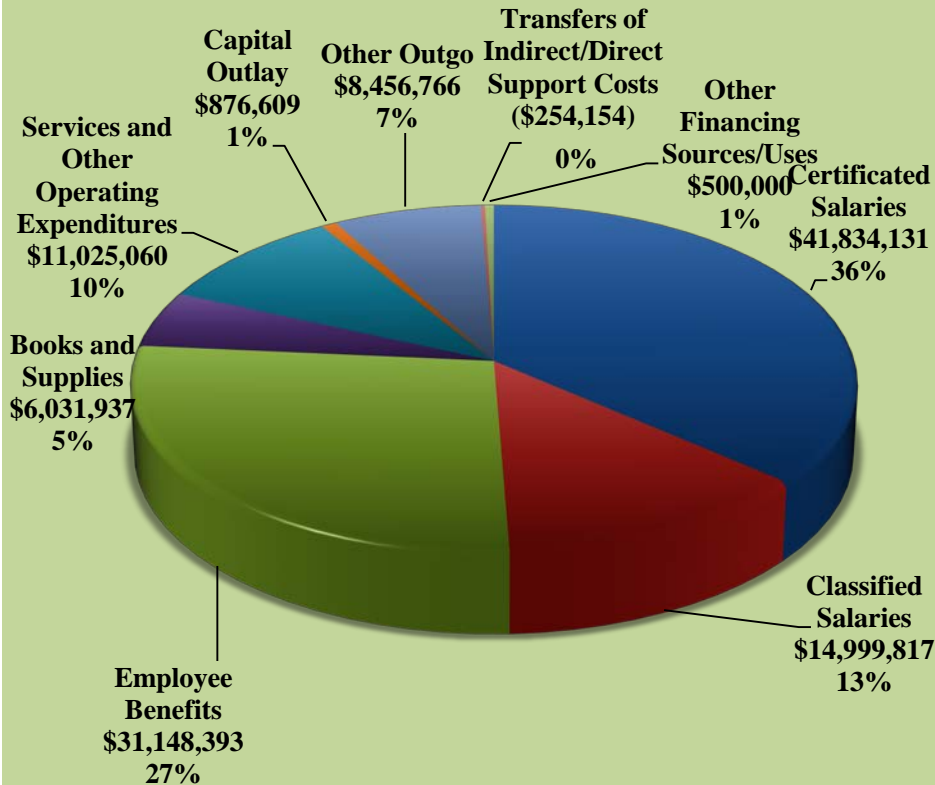
<u>GENERAL FUND</u>	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL</u>
Total Revenues	\$ 93,329,157	\$ 16,988,557	\$ 110,317,714
Total Expenditures	\$ 77,712,769	\$ 36,006,283	\$ 113,719,052
Transfers In	\$ -	\$ -	\$ -
Transfers Out	\$ (500,000)		\$ (500,000)
Contributions	\$ (18,280,225)	\$ 18,280,225	\$ -
Total Other Sources/Uses	\$ (18,780,225)	\$ 18,280,225	\$ (500,000)
Net.inc./(dec.) in Fund Balance	\$ (3,163,837)	\$ (737,501)	\$ (3,901,338)
Beg. Bal. July 1, Unaudited	\$ 10,331,221	\$ 1,379,228	\$ 11,710,449
<b>Ending Balance, June 30</b>	<b>\$ 7,167,384</b>	<b>\$ 641,727</b>	<b>\$ 7,809,111</b>

# 2018-19 2nd Interim General Fund / Combined

DESCRIPTION	OBJECT	I	II	III
		Unrestricted	Restricted	Combined
<b>A. REVENUES</b>				
LCFF Sources	8010-8099	89,566,051	-	89,566,051
Federal Revenues	8100-8299	-	6,692,508	6,692,508
Other State Revenues	8300-8599	3,114,947	5,923,984	9,038,931
Other Local Revenues	8600-8799	648,159	4,372,065	5,020,224
<b>TOTAL REVENUES</b>		<b>93,329,157</b>	<b>16,988,557</b>	<b>110,317,714</b>
<b>B. EXPENDITURES</b>				
Certificated Salaries	1000-1999	34,969,962	7,032,315	42,002,277
Classified Salaries	2000-2999	10,603,434	4,483,602	15,087,036
Employee Benefits	3000-3999	22,550,961	8,574,500	31,125,461
Books and Supplies	4000-4999	2,962,961	2,645,520	5,608,481
Services and Other Operating Expenditures	5000-5999	6,296,468	5,281,845	11,578,313
Capital Outlay	6000-6599	12,823	854,856	867,679
Other Outgo	7100-7299 & 7400-7499	789,928	6,914,031	7,703,959
Direct Support / Indirect Costs	7300-7399	(473,768)	219,614	(254,154)
<b>TOTAL EXPENDITURES</b>		<b>77,712,769</b>	<b>36,006,283</b>	<b>113,719,052</b>
<b>C. EXCESS OF REVENUES OVER EXPENDITURES</b>		15,616,388	(19,017,726)	(3,401,338)
<b>D. OTHER FINANCING SOURCES/USES</b>				
Interfund Transfers				
Transfers Out	7610-7629	(500,000)		(500,000)
Contributions	8980-8999	(18,280,225)	18,280,225	-
<b>TOTAL OTHER FINANCING SOURCES/USES</b>		<b>(18,780,225)</b>	<b>18,280,225</b>	<b>(500,000)</b>
<b>E. NET INCREASE / DECREASE</b>		<b>(3,163,837)</b>	<b>(737,501)</b>	<b>(3,901,338)</b>
<b>F. FUND BALANCE, RESERVES</b>				
Beginning Balance		10,331,220	1,379,228	11,710,448
Ending Balance		<b>7,167,383</b>	<b>641,727</b>	<b>7,809,110</b>
<b>COMPONENTS OF ENDING BALANCE</b>				
A) NONSPENDABLE				
Revolving Cash	9711	10,000	-	10,000
B) RESTRICTED				
Other Assignments - Future Deficits, CalSTRS, CalPERS	9780	3,730,811		3,730,811
Economic Uncertainties @ 3%	9789	3,426,572		3,426,572
<b>TOTAL COMPONENTS OF ENDING FUND BALANCE</b>		<b>7,167,383</b>	<b>641,727</b>	<b>7,809,110</b>

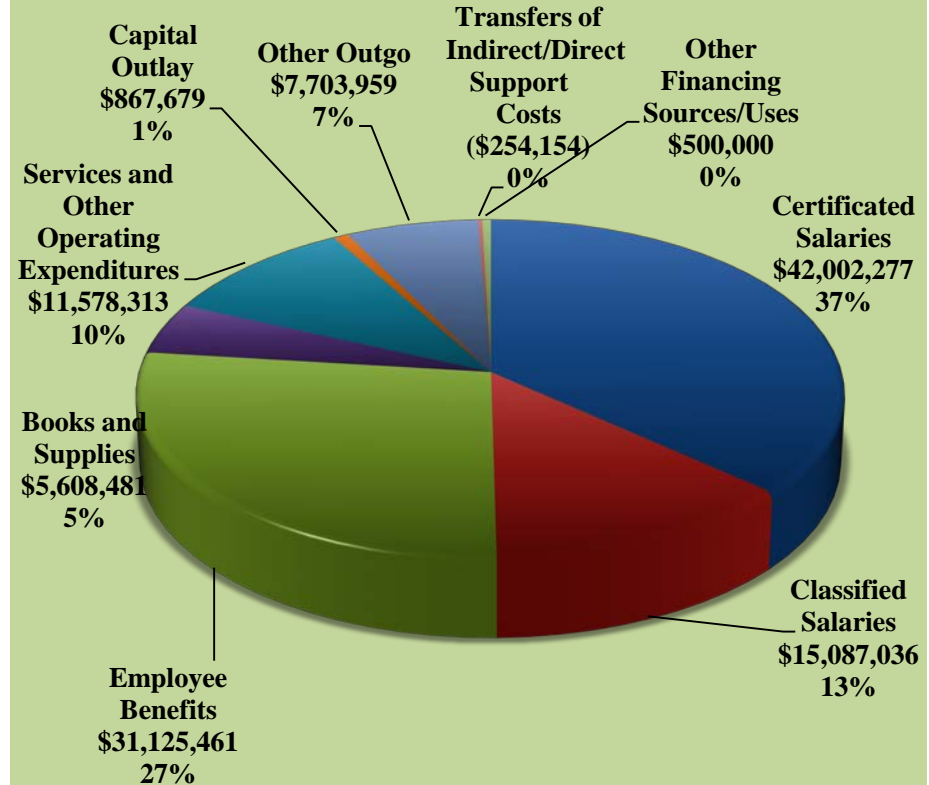
# 2018-19 GF Total Expenditures

## 2018-19 1st Interim Report Total Expenditures \$114,618,560



**Total Salaries and Benefits = 77%**

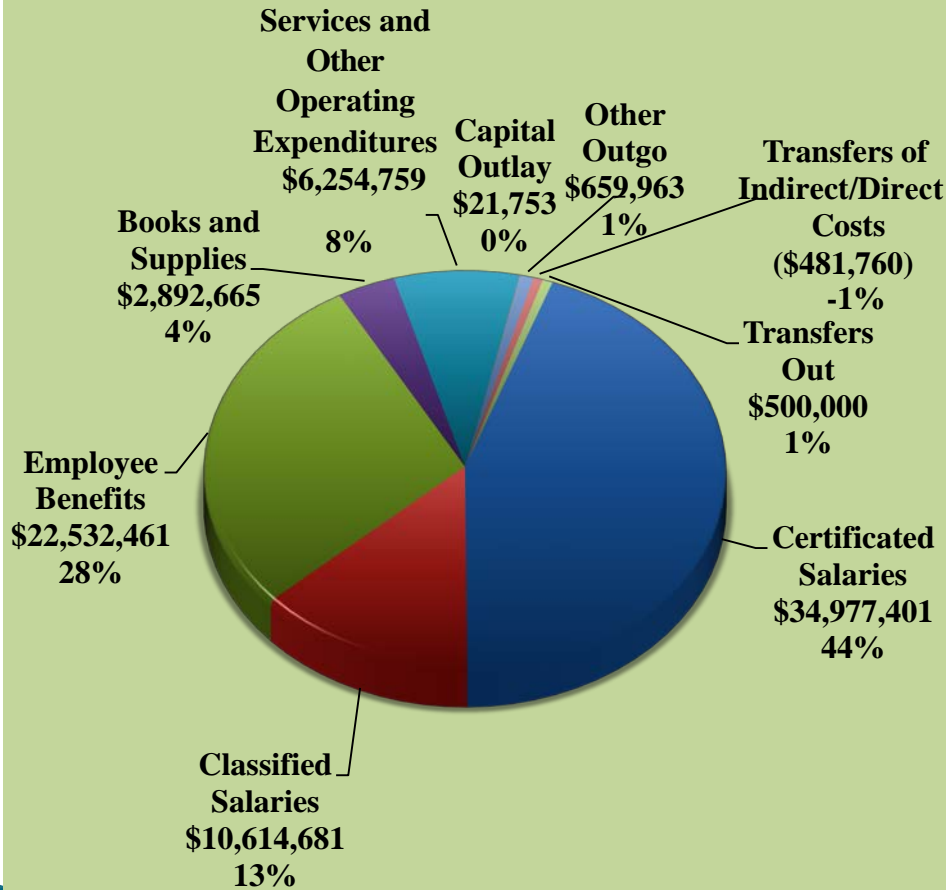
## 2018-19 2nd Interim Report Total Expenditures \$114,219,052



**Total Salaries and Benefits = 77%**

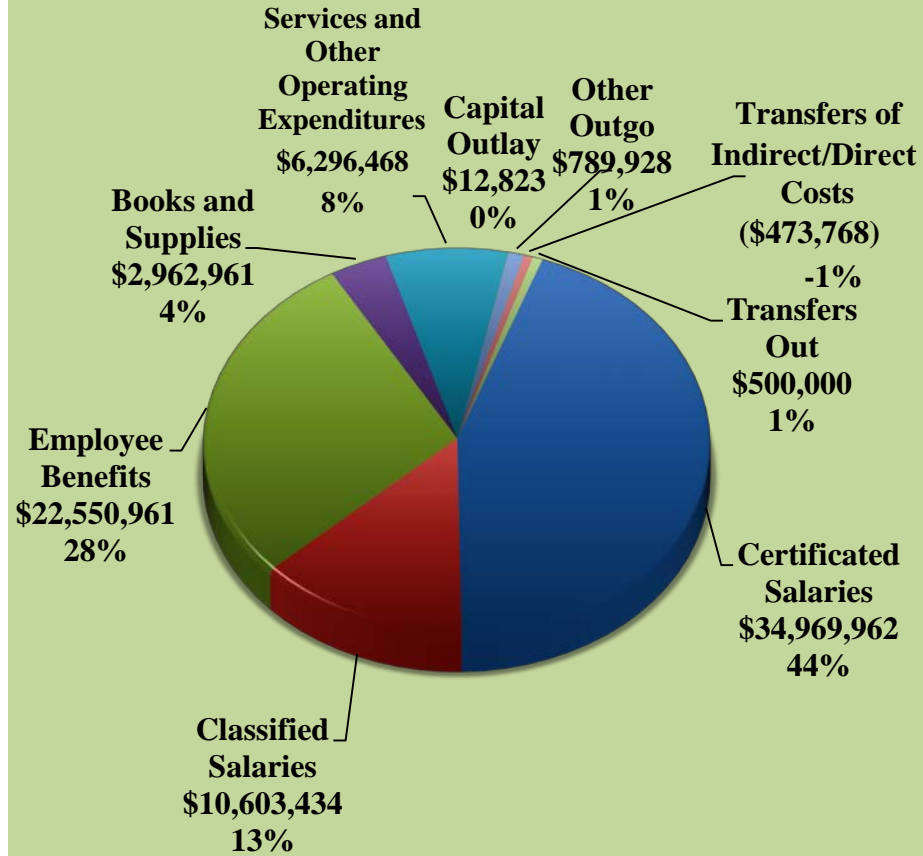
# 2018-19 GF Unrestricted Expenditures

**2018-19 1st Interim Report Unrestricted Expenditures \$77,971,923**



**Salaries and Benefits = 85%**

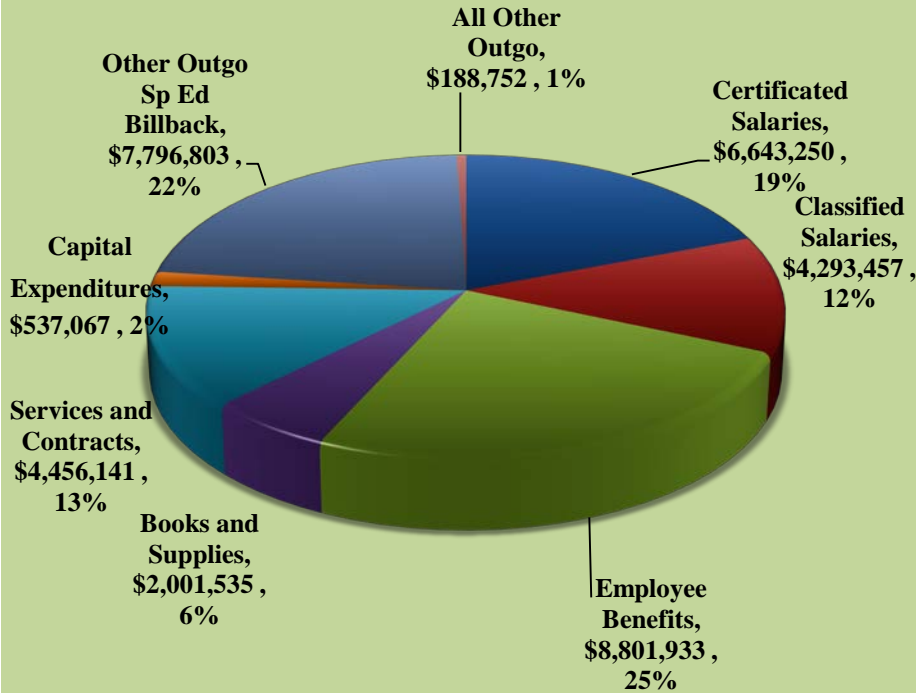
**2018-19 2nd Interim Report Unrestricted Expenditures \$78,212,769**



**Salaries and Benefits = 85%**

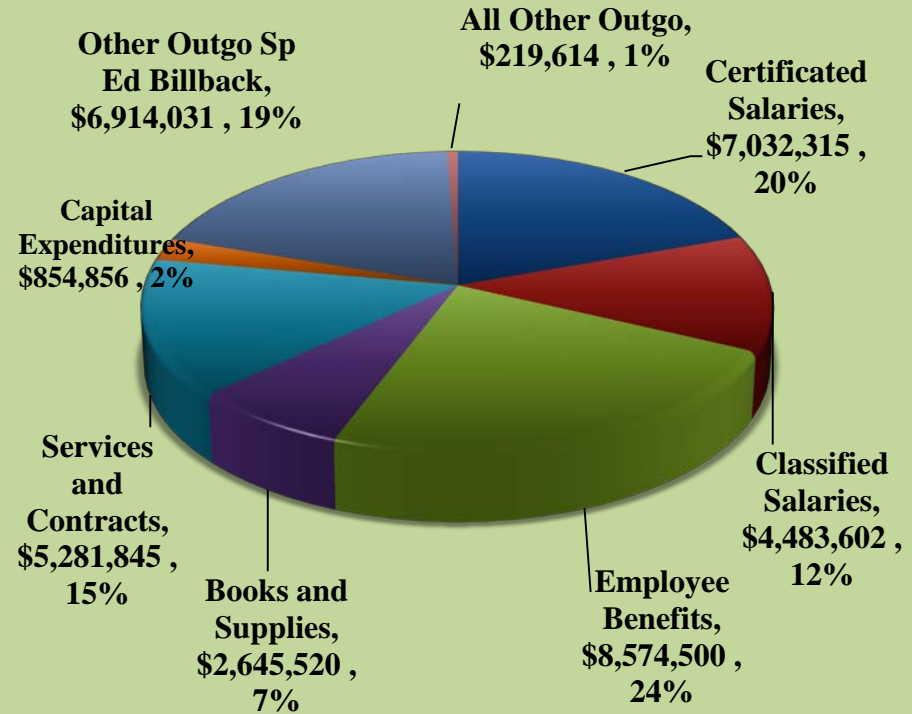
# 2018-19 GF Restricted Expenditures

**2018-19 1st Interim Report Total  
Restricted Expenditures \$36,646,637**



**Total Salaries and Benefits = 56%**

**2018-19 2nd Interim Report Total  
Restricted Expenditures \$36,006,283**



**Total Salaries and Benefits = 56%**

# SALINAS CITY ELEMENTARY SCHOOL DISTRICT

## BUDGET COMPARISON

1st Interim Budget vs. 2nd Interim Budget

Fiscal Year 2018-19

<u>GENERAL FUND</u>	1ST INTERIM BUDGET	2ND INTERIM BUDGET	DIFFERENCE
Total Revenues	\$ 110,021,605	\$ 110,317,714	\$ 296,109
Total Expenditures	\$ 114,118,560	\$ 113,719,052	\$ (399,508)
Transfers In	\$ -	\$ -	\$ -
Transfers Out	\$ 500,000	\$ 500,000	\$ -
Contributions	\$ -	\$ -	\$ -
Total Other Sources/Uses	\$ (500,000)	\$ (500,000)	\$ -
Net.inc./(dec.) in Fund Balance	\$ (4,596,955)	\$ (3,901,338)	\$ 695,617
Beg. Bal. July 1, Unaudited	\$ 11,710,448	\$ 11,710,448	\$ -
<b>Ending Balance, June 30</b>	<b>\$ 7,113,493</b>	<b>\$ 7,809,110</b>	<b>\$ 695,617</b>



**Salinas City Elementary School District**  
**MULTI – YEAR PROJECTIONS**  
**2018-19 2<sup>nd</sup> Interim Report**  
**March 11, 2019**



EXACTLY WRONG, BUT  
APPROXIMATELY RIGHT



# SSC Financial Planning Dartboard



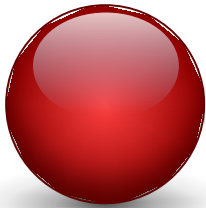
Factor	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
LCFF Planning Factors	SSC LCFF Simulator	SSC LCFF Simulator	SSC LCFF Simulator	SSC LCFF Simulator	SSC LCFF Simulator	SSC LCFF Simulator
Statutory COLA	1.56%	2.71%	3.46%	2.86%	2.92%	2.90%
California Consumer Price Index	3.40%	3.58%	3.18%	3.05%	2.92%	3.15%
Ten-year Treasuries	2.58%	2.87%	3.19%	3.19%	3.20%	3.30%
CalPERS Rates	15.531%	18.062%	20.70%	23.40%	24.50%	25.00%
CalSTRS Rates	14.43%	16.28%	17.10%	18.10%	18.10%	17.60%

## Reserves

State Reserve Requirement	District ADA Range	Reserve Plan
The greater of 5% or \$50,000	0 to 300	SSC recommends one year's increment of planned revenue growth
The greater of 4% or \$50,000	301 to 1,000	
3%	1,001 to 30,000	
2%	30,001 to 400,000	
1%	400,001 and higher	



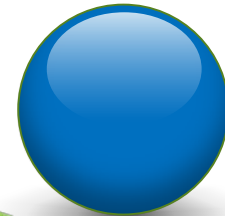
Use one-time revenues for  
one-time expenditures



Anchor assumptions in  
reasonable estimates



Communicate with  
stakeholders



# MYP Highlight of Assumptions

## ➤ Revenues

1. Local Control Funding Formula (LCFF) is being projected to increase by an additional \$1,468,611 for 2019-20 as a result of the Governor's proposed 3.46% COLA vs 2.57% as of the 1<sup>st</sup> Interim Report Calculation.
2. For 2020-21 LCFF funding is projected to increase by an additional 1.23% or \$1,123,734.
3. PY Funded P-2 ADA for 2019-20 of 8,311.77 and 2020-21 of 8,165.13 is projected excluding MCOE ADA.

# MYP Highlight of Assumptions

## ➤ Revenues

5. Federal Revenues have been projected with no reduction or increases for F.Y. 2019-20 & 2020-21 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 2019-20 and 2020-21.
7. Local revenues are being projected to remain flat for the two subsequent fiscal years or 2019-20 and 2020-21.

# 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>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
<i>CalSTRS</i>	<i>16.280%</i>	<i>17.100%</i> (+.820%)	<i>18.10%</i> (+1.00%)
<i>CalPERS</i>	<i>18.062%</i>	<i>20.700%</i> (+2.638%)	<i>23.40%</i> (+2.70)
<i>H&amp;W</i>	<i>0.0%</i>	<i>+0.50%</i>	<i>+0.50%</i>

3. Supplies and Services show projected reductions for F.Y. 2019-20 of 20% unrestricted for a total of \$466,497. F.Y. 2020-21 shows a reduction of 10% unrestricted and 5% restricted for a total of \$362,172.

# MYP Highlight of Assumptions

## ➤ Expenditures

4. The Contracts area show a reduction of 10% unrestricted for a total of \$629,647. For 2020-21 a 5% restricted is reflected for a total of \$257,879.
5. The Capital Outlay area remains status quo with the exception of one-time expenditures being taken out.



**Salinas City Elementary School District**  
**MULTI-YEAR PROJECTION AS OF 2ND INTERIM REPORT**

		2018-19 2nd Interim Budget			2019-20 Projection			2020-21 Projection		
Object	Codes	Unrestricted	Restricted	Unr/Rest	Unrestricted	Restricted	Unr/Rest	Unrestricted	Restricted	Unr/Rest
LCFF/Property Tax	8010-8099	89,566,051		89,566,051	91,627,172		91,627,172	92,572,922		92,572,922
Federal Revenue	8100-8299		6,692,508	6,692,508		6,679,331	6,679,331		6,679,331	6,679,331
Other State Revenue	8300-8599	3,114,947	5,923,984	9,038,931	1,570,843	5,465,711	7,036,554	1,570,843	5,465,711	7,036,554
Other Local Revenue	8600-8799	648,160	4,372,065	5,020,225	586,953	4,043,355	4,630,308	586,953	4,043,355	4,630,308
<b>TOTAL REVENUES</b>		<b>93,329,158</b>	<b>16,988,557</b>	<b>110,317,715</b>	<b>93,784,968</b>	<b>16,188,397</b>	<b>109,973,365</b>	<b>94,730,718</b>	<b>16,188,397</b>	<b>110,919,115</b>
Certificated Salaries	1000-1999	34,969,962	7,032,315	42,002,277	34,095,689	7,137,800	41,233,489	34,620,238	7,243,284	41,863,522
Classified Salaries	2000-2999	10,603,434	4,483,602	15,087,036	10,762,486	4,550,856	15,313,342	10,923,350	4,618,877	15,542,227
Employee Benefits	3000-3999	22,550,961	8,574,500	31,125,461	22,274,437	8,966,573	31,241,010	23,150,413	9,220,804	32,371,217
Books & Supplies	4000-4999	2,962,961	2,645,520	5,608,481	2,496,464	2,250,520	4,746,984	2,246,818	2,137,994	4,384,812
Operating Expenses	5000-5999	6,296,468	5,281,845	11,578,313	5,666,821	5,157,571	10,824,392	5,666,821	4,899,692	10,566,513
Capital Outlay	6000-6900	12,823	854,856	867,679	29,753	157,642	187,395	29,752		29,752
	7100-7299									
Other Outgo	7400-7499	789,928	6,914,031	7,703,959	659,963	6,914,031	7,573,994	659,963	6,914,031	7,573,994
Direct/Indirect Costs	7300-7399	(473,768)	219,614	(254,154)	(473,768)	219,614	(254,154)	(473,768)	219,614	(254,154)
<b>TOTAL EXPENDITURES</b>		<b>77,712,769</b>	<b>36,006,283</b>	<b>113,719,052</b>	<b>75,511,845</b>	<b>35,354,607</b>	<b>110,866,452</b>	<b>76,823,587</b>	<b>35,254,296</b>	<b>112,077,883</b>
Transfers In	8900-8929			-	818,316		818,316	818,316		818,316
Transfers Out-Debt Service Fund	7600-7629	(500,000)		(500,000)	(500,000)		(500,000)	(500,000)		(500,000)
Sources	8930-8979									
Contributions to Restricted	8980-8999	(18,280,225)	18,280,225	-	(18,608,935)	18,608,935	-	(19,186,839)	19,186,839	-
<b>TOTAL OTHER FINANCING SOURCES/USES</b>		<b>(18,780,225)</b>	<b>18,280,225</b>	<b>(500,000)</b>	<b>(18,290,619)</b>	<b>18,608,935</b>	<b>318,316</b>	<b>(18,868,523)</b>	<b>19,186,839</b>	<b>318,316</b>
<b>Increase/Decrease in Fund Balance</b>		<b>(3,163,836)</b>	<b>(737,501)</b>	<b>(3,901,337)</b>	<b>(17,496)</b>	<b>(557,275)</b>	<b>(574,771)</b>	<b>(961,392)</b>	<b>120,940</b>	<b>(840,452)</b>
Beginning Fund Balance	9791	<b>10,331,220</b>	<b>1,379,228</b>	<b>11,710,448</b>	<b>7,167,384</b>	<b>641,727</b>	<b>7,809,111</b>	<b>7,149,888</b>	<b>84,452</b>	<b>7,234,340</b>
Non Spendable	9711	10,000		10,000	10,000		10,000	10,000		10,000
Restricted	9740		641,727	641,727		84,452	84,452		205,392	205,392
Committed	9760			-			-			-
Assigned - Economic Uncertainties	9789	3,426,572		3,426,572	3,340,993		3,340,993	3,377,337		3,377,337
Assigned-Deficit Spending/CalSTRS/CalPERS	9780	3,730,812	-	3,730,812	3,798,895		3,798,895	2,801,159		2,801,159
<b>Ending Fund Balance</b>		<b>7,167,384</b>	<b>641,727</b>	<b>7,809,111</b>	<b>7,149,888</b>	<b>84,452</b>	<b>7,234,340</b>	<b>6,188,496</b>	<b>205,392</b>	<b>6,393,888</b>

# SALINAS CITY ELEMENTARY SCHOOL DISTRICT

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

## Fiscal Year 2018-2019

<u>GENERAL FUND</u>	<u>Unaudited Actuals</u> <u>2017-18</u>	<u>Projected Budget</u> <u>2018-19</u>	<u>Projected Budget</u> <u>2019-20</u>	<u>Projected Budget</u> <u>2020-21</u>
Total Revenues	\$ 105,881,159	\$ 110,317,715	\$ 110,791,681	\$ 111,737,431
Total Expenditures	\$ 107,082,573	\$ 114,219,053	\$ 111,366,452	\$ 112,577,883
Projected Budget Reductions*	\$ -	\$ -	\$ (3,139,624)	\$ (620,051)
Net.inc./(dec.) in Fund Balance	\$ (1,201,414)	\$ (3,901,338)	\$ (574,771)	\$ (840,452)
Beg. Bal. July 1, Unaudited	\$ 12,911,863	\$ 11,710,449	\$ 7,809,111	\$ 7,234,340
<b>Ending Balance, June 30</b>	\$ 11,710,449	\$ 7,809,111	\$ 7,234,340	\$ 6,393,888
3% Mandated Reserve	\$ 3,212,477	\$ 3,426,572	\$ 3,340,994	\$ 3,377,336
Ending Balance - Reserves**	\$ 8,497,972	\$ 4,382,539	\$ 3,893,346	\$ 3,016,552

*\*Not including reductions for one-time grant amounts*

*\*\*Includes revolving fund and restricted balance*

# Summary

- ▶ Based on the State's present financial picture, the current analysis shows the District should 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

- ▶ Staff will continue to refine assumptions and highlight changes during the next few months and prior to the July 1, Budget Adoption.
- ▶ Will continue the work with the Budget Learning Team to review the status of the budget on an ongoing basis.
- ▶ LCAP plan will need to be developed in conjunction with the July 1, 2019 budget adoption.