

# SECOND INTERIM REPORT

for the period ending  
January 31, 2021

March 04, 2021



FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

# What is Certification?



- Education Code requires that the Board of Education certify twice per year as to whether the District will be able to meet its financial obligations
  - First Interim – revenue & expenditures through October 31
  - Second Interim – revenue and expenditures through January 31
  - Third Interim (if required) – revenue and expenditures through April 30
- The District will issue one of the following certifications:
  - Positive Certification: The District WILL MEET their financial obligations for the current and two (2) subsequent fiscal years, or
  - Qualified Certification: The District MAY NOT MEET their financial obligations for the current or two (2) subsequent fiscal years, or
  - Negative Certification: The District WILL BE UNABLE TO MEET their financial obligations for the remainder of the current year or subsequent fiscal years based upon current projections (not meeting reserves in current year or negative fund balances in any year)



# Tonight's Action

- Staff is recommending positive certification
  - ☑ Positive - ok for this year and next two years
  - Qualified - may have a problem in one or more years
  - Negative - won't be able to meet this year's obligations or won't be able to meet next two years

# 2020-21 Budget Revisions

|                                                      | Adopted<br>Budget  | 45-Day<br>Revise  | First Interim      | Second<br>Interim  | Projected<br>Budget |
|------------------------------------------------------|--------------------|-------------------|--------------------|--------------------|---------------------|
| <b>Revenues</b>                                      |                    |                   |                    |                    |                     |
| LCFF/Revenue Limit Sources                           | \$ 169,848,513     | \$ 14,914,911     | (248,526)          | 297,419            | 184,812,317         |
| Federal Sources                                      | 9,345,787          |                   | 14,037,977         | 921,006            | 24,304,770          |
| Other State Sources                                  | 36,385,686         | 1,318,539         | (3,082,001)        | 404,881            | 35,027,105          |
| Other Local Sources                                  | 5,405,282          |                   | (645,609)          | 75,355             | 4,835,028           |
| <b>Total Revenues</b>                                | <b>220,985,268</b> | <b>16,233,450</b> | <b>10,061,841</b>  | <b>1,698,661</b>   | <b>248,979,220</b>  |
| <b>Expenditures</b>                                  |                    |                   |                    |                    |                     |
| Certificated Salaries                                | 98,938,371         |                   | (1,594,951)        | (1,118,979)        | 96,224,441          |
| Classified Salaries                                  | 37,450,872         |                   | (2,149,606)        | (532,188)          | 34,769,078          |
| Employee Benefits                                    | 64,360,296         |                   | (10,811,111)       | (557,998)          | 52,991,187          |
| Books and Supplies                                   | 8,016,390          | 291,000           | 3,611,642          | 1,535,848          | 13,454,880          |
| Services and Other Operating Expenditures            | 24,630,562         | 30,075            | 7,658,795          | (1,108,505)        | 31,210,927          |
| Capital Outlay                                       | 862,219            |                   | 7,231,484          | (823,662)          | 7,270,041           |
| Other Outgo                                          | 1,631,820          | 117,389           | 20,492             | (75,214)           | 1,694,487           |
| Transfer of Indirect Costs                           | (343,103)          |                   | 100,194            | 4,452              | (238,457)           |
| <b>Total Expenditures</b>                            | <b>235,547,427</b> | <b>438,464</b>    | <b>4,066,939</b>   | <b>(2,676,246)</b> | <b>237,376,584</b>  |
| <b>Other Financing Sources (Sources &amp; Uses):</b> |                    |                   |                    |                    |                     |
| Interfund Transfers In                               | 904,395            |                   | (803,768)          | -4677              | 95,950              |
| Interfund Transfers Out                              | (1,260,289)        |                   | (2,949,132)        | (865,070)          | (5,074,491)         |
| <b>Total Financing Sources</b>                       | <b>(355,894)</b>   |                   | <b>(3,752,900)</b> | <b>(869,747)</b>   | <b>(4,978,541)</b>  |
| Beginning Fund Balance                               | 33,141,684         | 42,597,768        | 42,597,768         | 42,597,768         | 42,597,768          |
| Ending Fund Balance                                  | 18,223,631         | \$ 43,474,701     | 45,716,703         | 49,221,863         | \$ 49,221,863       |
| <b>Designated Economic Uncertainties</b>             | <b>7,350,000</b>   |                   | <b>100,000</b>     |                    | <b>7,450,000</b>    |

# Revenue Changes Since First Interim

|                                         |            |             |
|-----------------------------------------|------------|-------------|
| Federal revenue net increase of         | \$ 921,006 |             |
| Adjustments for Title I, II, III, IV    |            | \$ 898,816  |
| Projected carryovers for 2020-21        |            | \$ 22,190   |
|                                         |            |             |
| Other State revenue net increase of     | \$ 535,027 |             |
| Adjustments for Lottery                 |            | \$ (24,080) |
| Adjustments for Healthy Start           |            | \$ (96,067) |
| Adjustments for Partnership Academies   |            | \$ 87,289   |
| Adjustments for Special Education       |            | \$ 96,205   |
| Special Education Low Incidence         |            | \$ 531,880  |
| Special Education prior year adjustment |            | \$ 25,537   |
| Projected carryovers for 2020-2021      |            | \$ (85,737) |
|                                         |            |             |

# Revenue Changes Since First Interim

|                                         |    |        |           |
|-----------------------------------------|----|--------|-----------|
| Other Local revenue net increase of     | \$ | 75,355 |           |
| Grant award revisions for 2020-21       |    |        |           |
| Miller Family                           |    | \$     | 8,000     |
| ROTC Reimbursement                      |    | \$     | (26,337)  |
| Donations / PTA Reimbursements          |    | \$     | 10,802    |
| Misc. Income/ASB/Trustee reimbursements |    | \$     | (172,711) |
| Transportation fees/misc. income        |    | \$     | (200,000) |
| Leases / Rentals                        |    | \$     | (30,936)  |
| Interest Income                         |    | \$     | (50,000)  |
| Workers' Comp One-Time Premium Refund   |    | \$     | 533,537   |
| Aerjoet STEM                            |    | \$     | 3,000     |

# Expenditure Changes Since First Interim

|                                                                                                                    |                |                |
|--------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Salary and benefits net decrease of                                                                                | \$ (2,209,165) |                |
| <b>Certificated salaries</b>                                                                                       |                | \$ (1,118,979) |
| Adjustments for open positions, unfilled positions requiring outside services (Speech, Nurses), subs, and stipends | \$ (824,991)   |                |
| Adjustments for school closure (sick leave subs)                                                                   | \$ (293,988)   |                |
| <b>Classified Salaries</b>                                                                                         |                | \$ (532,188)   |
| Adjustments for school closure (subs, extra-time, overtime stipends)                                               | \$ (205,945)   |                |
| Adjustments for new positions - partial year (Mechanics)                                                           | \$ 48,096      |                |
| Adjustments for open positions (IAs, BSAs, Bus Drivers, Yard Duty)                                                 | \$ (374,339)   |                |
| <b>Benefits</b>                                                                                                    |                | \$ (557,998)   |
| Adjustments for open positions                                                                                     |                |                |
| Adjustments for school closure                                                                                     |                |                |
|                                                                                                                    |                |                |

# Expenditure Changes Since First Interim

|                                                                     |                |                |
|---------------------------------------------------------------------|----------------|----------------|
| Supplies, other operating, capital outlay net decrease of           | \$ (396,319)   |                |
| Adjustments in supplies and materials                               |                | \$ 187,000     |
| Election Expenses                                                   |                | \$ 44,188      |
| Property and Liability Insurance                                    |                | \$ 140,971     |
| Adjustments for non-public schools and agency services              |                | \$ (81,230)    |
| Adjustments for legal settlements                                   |                | \$ 262,369     |
| Adjustments for SROs                                                |                | \$ (193,572)   |
| Maintenance repairs, maintenance agreements                         |                | \$ 864,608     |
| Travel and conference                                               |                | \$ (36,073)    |
| Student Activity Fees                                               |                | \$ (84,597)    |
| Charter Bus Services                                                |                | \$ (100,000)   |
| Other (utilities, legal fees, software, donations, ASB/Trustee exp) |                | \$ (1,399,983) |
| Projected carryovers                                                | \$ (1,569,170) |                |
| Other outgo net increase of                                         | \$ 4,452       |                |
| Indirects                                                           |                | \$ 4,452       |
| Contributions net increase of                                       | \$ 102,665     |                |
| Special Education                                                   |                | \$ (1,549,176) |
| Transportation                                                      |                | \$ 786,771     |
| Student Care                                                        |                | \$ 358,212     |
| Charter School                                                      |                | \$ 135,000     |
| Cafeteria Fund                                                      |                | \$ 371,858     |

# Ending Balance Changes Since First Interim

|                                                                                                         |              |
|---------------------------------------------------------------------------------------------------------|--------------|
| Beginning Fund balance updated as of June 30, 2020                                                      |              |
| Components of Ending Fund Balance                                                                       |              |
| Committed balances (EL/LI)                                                                              | \$ 738,391   |
| Board resolution to commit funds to increase and improve services for unduplicated pupils based on LCAP |              |
| Legally restricted categoricals (Mental Health Services, MediCal LEA, Lottery, Restricted Maintenance)  | \$ (49,199)  |
| Designations                                                                                            |              |
| Projected school site, departments, and locals grants carryover                                         |              |
| Intel, donations, Mandated Cost reimbursement, Medi-Cal Administrative Activities (MAA)                 | \$ (60,558)  |
| Set-asides for 2021-22 and 2022-23 to cover structural deficit                                          | \$ 2,803,944 |
| Unassigned/Unappropriated Balance                                                                       | \$ -         |



# MULTI-YEAR PROJECTIONS

# General Fund Multi-Year Assumptions

|                                                    | 2020-21     | 2021-22     | 2022-23     |
|----------------------------------------------------|-------------|-------------|-------------|
| <b><u>Enrollment</u></b>                           |             |             |             |
| CBEDS Enrollment                                   | 19,353      | 19,693      | 19,855      |
| Hold Harmless Average Daily Attendance (ADA)       | 19,740      | 19,740      | -           |
| Average Daily Attendance (ADA)                     | -           | -           | 19,061      |
| <b><u>Local Control Funding Formula (LCFF)</u></b> |             |             |             |
| COLA %                                             | 0.00%       | 3.84%       | 1.28%       |
| Unduplicated % (3-year rolling avg)                | 36.59%      | 35.79%      | 35.31%      |
| Base Grant                                         | 163,979,710 | 163,979,710 | 158,818,585 |
| Supplemental Funding (EL/LI)                       | 12,456,986  | 12,652,370  | 12,233,426  |
| Class Size Reduction (CSR)                         | 4,698,738   | 4,880,587   | 4,560,348   |
| Career Technical Ed (CTE)                          | 1,545,465   | 1,602,705   | 1,643,460   |
| Targeted Improvement Grant (TIIG)                  | 749,374     | 749,374     | 749,374     |
| Transportation                                     | 976,737     | 976,737     | 976,737     |
| Transfer to Deferred Maintenance                   | 650,566     | 650,566     | 650,566     |
| <b><u>Other State Revenues</u></b>                 |             |             |             |
| Mandated Block Grant                               | 820,534     | 832,842     | 804,525     |
| California Lottery - Unrestricted (Salaries)       | 3,136,067   | 3,136,067   | 3,029,441   |
| California Lottery - Restricted (Instr Materials)  | 1,106,847   | 1,106,847   | 1,069,214   |
| <b><u>Salary &amp; Benefits</u></b>                |             |             |             |
| Step & Column - Certificated                       | 2,380,079   | 2,380,079   | 2,380,079   |
| Step & Column - Classified                         | 393,940     | 393,940     | 393,940     |
| CalSTRS employer contribution                      | 16.15%      | 15.92%      | 18.0%       |
| CalSTRS employer contribution (increase)           | 0           | 0           | 2,142,655   |
| CalPERS employer contribution                      | 20.70%      | 23.00%      | 26.30%      |
| CalPERS employer contribution (increase)           | 425,832     | 879,958     | 1,275,549   |
| <b><u>Other</u></b>                                |             |             |             |
| Contribution to Special Education                  | 25,360,699  | 27,896,769  | 30,686,446  |
| Contribution to Transportation                     | 6,530,922   | 6,530,922   | 6,590,922   |
| Contribution to Significant Disproportionality     | 1,114,536   | -           | -           |
| Contribution to Charter School                     | 2,438,218   | -           | -           |
| Contribution to Student Care (1/2 year)            | 1,114,415   | TBD         | -           |
| Contribution to Cafeteria                          | 371,858     | TBD         | -           |
| Minimum 3% Required Reserves                       | 7,450,000   | 7,750,000   | 7,900,000   |



# General Fund Multi-Year Projections

## Future Considerations

- Declining elementary enrollment
  - Staffing adjustments for 2021/22 and 2022/23 not included
- Structural deficit (relying on one-time savings to cover deficit)
- Salary increases for all employees
- Minimum wage adjustments
- Additional CARES Act funding
  - Learning Recovery
- One-time savings vs ongoing expenditures
- Increasing program contributions (Special Education, Transportation)
  - Need to evaluate Charter School, Cafeteria Fund, Student Care
- Increasing cost of property and liability insurance
- iReady renewal or replacement
- Next Generation Science Standards (NGSS) – textbook adoption, consumables, equipment
- Chromebook replacement plan
- Future technology and software

# Enrollment Comparison

|                | October 2019  | October 2020  | Difference    | Projected<br>2021/22 | Projected<br>2022/23 |
|----------------|---------------|---------------|---------------|----------------------|----------------------|
| Elementary     | 9,519         | 8,524         | -995          | 8,786                | 8,786                |
| Middle         | 4,681         | 4,362         | -319          | 4,440                | 4,440                |
| High           | 6,264         | 6,360         | 96            | 6,360                | 6,360                |
| Alternative Ed | <u>408</u>    | <u>398</u>    | <u>-10</u>    | <u>398</u>           | <u>398</u>           |
| <b>Total</b>   | <b>20,872</b> | <b>19,644</b> | <b>-1,228</b> | <b>19,984</b>        | <b>19,984</b>        |
| P2 ADA*        | 19,740        | 19,740        |               | 19,740               | 19,061               |
|                |               |               |               |                      |                      |
| Charter School | 144           | 685           | 541           | 300                  | 300                  |
| P2 ADA*        | 135           | 135           |               | 295                  | 295                  |

\*In declining enrollment, revenue is projected using the higher of current or prior year ADA, therefore, the fiscal impact of projected decline of ADA since 2019-20 is projected in 2022-23

**The District will need to take necessary steps to align staffing and expenditures to the number of students being served during the 2021–22 and 2022-23 fiscal years.**

# MYP - 2021/22 & 2022/23 Adjustments

| ITEM                                              | FTE | 2021/22      | 2022/23   |  |
|---------------------------------------------------|-----|--------------|-----------|--|
| <b>Revenues</b>                                   |     |              |           |  |
| CARES Act - CRF/ESSER/GEER/LLM                    |     | (14,076,200) |           |  |
| Contribution to Charter/Student Care              |     | (3,705,335)  |           |  |
| Contribution to SPED Sig Dis                      |     | (1,128,841)  |           |  |
| Contribution to SPED                              |     | 2,536,070    | 2,789,677 |  |
| PARS Trust transfer - Retiree benefits, PERS/STRS |     | 1,739,958    | 4,278,204 |  |
| <b>Expenditures</b>                               |     |              |           |  |
| Additional 1/2 year cost new positions            |     | 273,761      |           |  |
| Board approved reductions                         |     |              |           |  |
| Curriculum materials                              |     | (200,000)    |           |  |
| SROs                                              |     | (200,000)    |           |  |
| Summer School                                     |     | (200,000)    |           |  |
| Supply Allocations                                |     | (150,000)    |           |  |
| Yard Duty/Noon Supervision                        |     | (300,000)    |           |  |
| CalPERS/CalSTRS employer contribution             |     | 879,958      | 3,418,204 |  |
| CARES Act expenditures                            |     | (14,389,944) |           |  |
| Charter Teachers return to Elementary             | 9.5 | 978,726      |           |  |
| Employee Retiree benefits                         |     | 860,000      | 860,000   |  |

# MYP - 2021/22 & 2022/23 Adjustments

| ITEM                                                        | FTE  | 2021/22   | 2022/23 |  |
|-------------------------------------------------------------|------|-----------|---------|--|
| <b>Expenditures (cont.)</b>                                 |      |           |         |  |
| Declining enrollment reduction                              |      | TBD       |         |  |
| Mangini Ranch Elementary Principal                          | 1.0  | 170,000   |         |  |
| Mangini Ranch Elementary Classified Support                 | 5.16 | 248,403   |         |  |
| Mangini Ranch Music Prep                                    | 1.0  | 90,607    |         |  |
| Mangini Ranch Elementary startup                            |      | 200,000   |         |  |
| Minimum wage increase to \$15                               |      | 112,490   |         |  |
| Significant Disproportionality funded positions to GF       |      |           |         |  |
| Opportunity Teacher                                         | 1.00 | 90,607    |         |  |
| Behavior Specialist                                         | 2.02 | 220,965   |         |  |
| Behavior Support Aides                                      | 1.44 | 59,308    |         |  |
| School Social Worker                                        | 1.00 | 124,546   |         |  |
| School Improvement Grant funded positions to GF             |      |           |         |  |
| Assistant Principals                                        | 1.90 | 268,340   |         |  |
| Intervention teachers                                       | 3.45 | 331,361   |         |  |
| Mental Health Specialists                                   | 1.00 | 105,203   |         |  |
| Subs, open positions, extra time, stipends, etc. reinstated |      | 4,570,616 |         |  |
|                                                             |      |           |         |  |

## 2020-21 Multiyear Projection

| Description                            | 2020-21      | 2021-22                 | 2022-23      |
|----------------------------------------|--------------|-------------------------|--------------|
| Beg Balance, July 1                    | \$42,597,768 | \$49,221,863            | \$46,905,069 |
| Revenue/Other Financing Sources        | 249,075,170  | 242,819,255             | 241,744,765  |
| Expenditures/Other Financing Uses      | 242,451,075  | 245,136,049             | 250,410,287  |
| Net Increase/Decrease in Fund Balance  | 6,624,095    | (2,316,794)             | (8,665,522)  |
| Ending Balance, June 30                | 49,221,863   | 46,905,069              | 38,239,547   |
| Designated for Economic Uncertainties  | 7,450,000    | 7,750,000               | 7,900,000    |
| Legally Restricted                     | 7,073,145    | 5,721,512               | 3,536,823    |
| <b>Assigned/Designated:</b>            |              | <b>Deficit Spending</b> |              |
| Revolving Cash                         | 75,000       | 75,000                  | 75,000       |
| EL/LI carryover                        | 6,578,920    | 6,774,304               | 6,355,360    |
| CTE Equipment                          | 666,137      | 0                       | 0            |
| Intel/Donations/Local Grants carryover | 1,700,000    | 1,700,000               | 1,700,000    |
| Mangini Ranch Elem startup/buses       | 1,200,000    | 0                       | 0            |
| Proposed off-schedule 1% sal increase  | 1,564,262    | 0                       | 0            |
| Set-asides for 2021/22 & 2022/23       | 20,109,736   | 24,884,253              | 18,672,364   |
| Set-asides for Chromebooks/Hotspots    | 1,300,000    | 0                       | 0            |
| Special Education one-time funds       | 1,504,664    | 0                       | 0            |
| Reductions needed to balance           | 0            | 0                       | 0            |
| Unassigned/Unappropriated Balance      | 0            | 0                       | 0            |

\* Does not include salary increases for 2020-21, 2021-22, or 2022-23



# Multi-Year Projections - Other Funds

- ❖ Charter School – contribution required from General Fund for 20/21
- ❖ Adult Education (Self-Supporting)
- ❖ Child Development (Self-Supporting)
- ❖ Food Services - contribution required from General Fund for 20/21
- ❖ Deferred Maintenance – coordinating with bond projects
- ❖ Building Funds – bond projects for Measures M, P, & G
- ❖ Developer Fees
- ❖ Special Reserve for Capital Outlay
- ❖ Student Care - contribution required from General Fund for 20/21

# What's Next



|                  |                                                                                                                                             |
|------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| March – May 2021 | <ul style="list-style-type: none"><li>• Budget Advisory Committee Meetings</li><li>• LCAP Stakeholder Forums</li></ul>                      |
| March 2021       | <ul style="list-style-type: none"><li>• LCAP Stakeholder Forums</li><li>• Staffing Projections</li><li>• Start Budget Development</li></ul> |
| May 2021         | <ul style="list-style-type: none"><li>• Governor's May Revise</li><li>• LCAP Draft</li></ul>                                                |
| June 2021        | <ul style="list-style-type: none"><li>• Adopted 2021-22 Budget</li><li>• Adopted 2021-22 LCAP</li></ul>                                     |