

# Fiscal Year 2019-20 Second Interim Report

# Presentation Items

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- Overview
- Annual Budget Cycle
- Key Budget Factors / Assumptions
- 2019-20 Combined General Fund - Changes at Second Interim
- Multi-Year Projection
- Components of Fund Balance
- Other Funds
- Certification
- Budget Advisory Committee
- Next Steps

# Overview

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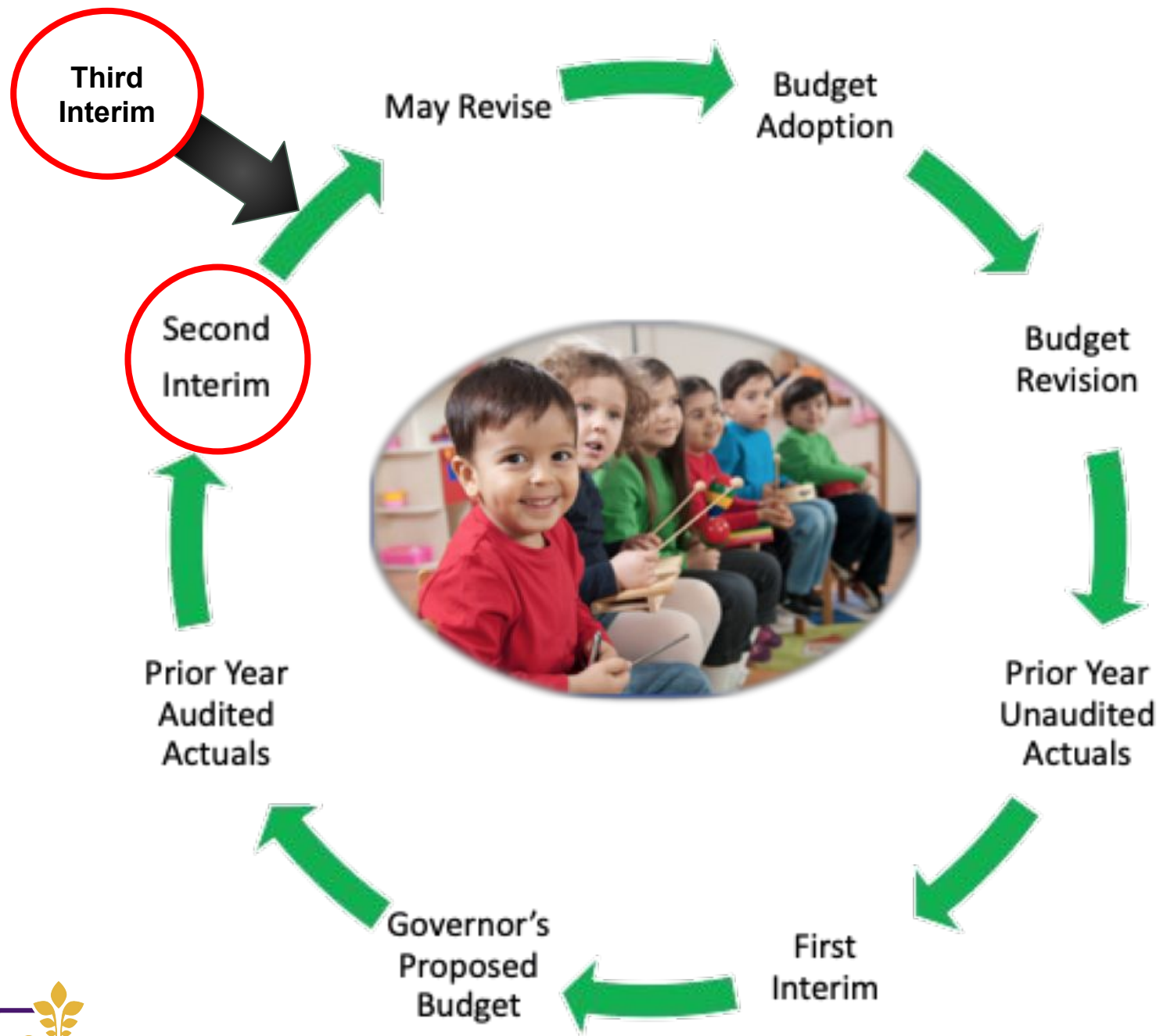
**Education Code Section 42130:** Requires that school districts certify to the State the fiscal stability of the District. Districts must demonstrate they can meet their fiscal obligations for the current year and two years out. The reports must be presented to and approved by the District's Governing Board no later than 45 days after the close of the report period.

- ❑ 1st Interim, covers actual expenditures and actual revenues from July 1 through October 31, and updates projections for the balance of the year
- ❑ 2nd Interim, covers actual expenditures and actual revenues from July 1 through January 31, and updates projections for the balance of the year
- ❑ 3rd Interim, covers actual expenditures and actual revenues from July 1 through April 30, and updates projects for the balance of the year

# The Annual Budget Cycle

At each period, we:




- Update Budget
- Certify District's Financial Condition
- Present Summary to Board of Education
- Submit Copies to Sonoma County Office of Education



# Overview

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The Certification of the District's financial condition may take one of three forms:

-  **Positive Certification:** The District will meet its financial obligations for the current fiscal year and subsequent two years.
-  **Qualified Certification:** The District may not meet its financial obligations for the current fiscal year or subsequent two years.
-  **Negative Declaration:** The District will not meet its financial obligations for the remainder of the fiscal year or for the subsequent fiscal years.

# MYP - Key Assumptions

MYP Assumption updates for 2nd Interim:			
	2019/20	2020/21	2021/22
Cost of Living Adjustment (COLA)	3.26%	2.29%	2.71%
LCFF Gap Percentage	100.00%	100.00%	100.00%
Enrollment (Non-Charter Schools)	14,538	14,390	14,168
Projected ADA (Non-Charter Schools)	13,662.29	13,588.48	13,379.89
Funded ADA (Non-Charter Schools)	13,810.23	13,662.29	13,588.48

# Assumptions - CalPERS Rate Increases

- ❑ Employer Contribution to CalPERS is proposed to increase to 19.72% in 19-20, up from 15.531% in 17-18
- ❑ No specific funds are provided for this cost increase
- ❑ “Classic” members continue to pay 7%
- ❑ New Members pay 6% subject to fluctuation based on PEPRAs requirement to pay half of the normal cost rate

Year	Employer	Pre-PEPRA Employees	Post-PEPRA Employees
2018-19	18.06%	7.00%	6.00%
2019-20	19.72%	7.00%	6.00%
2020-21	22.80%	7.00%	6.00%
2021-22	24.90%	7.00%	6.00%
2022-23	25.40%	7.00%	6.00%

	2018-19	2019-20	2020-21	2021-22
<b>PERS</b>	\$3,354,440	\$4,505,483	\$5,452,564	\$6,097,688

# Assumptions - CalSTRS Rate Increases

- ❑ Employer rates are increasing to 17.10% in 19-20, up from 14.43% in 17-18
- ❑ No specific funds are provided for this cost increase
- ❑ Under current law, once the statutory rates are achieved, CalSTRS will have authority to marginally increase or decrease the employer contribution rate

Year	Employer	Pre-PEPRA Employees	Post-PEPRA Employees
2017-18	14.43%	10.25%	9.21%
2018-19	16.28%	10.25%	9.21%
2019-20	17.10%	10.25%	9.21%
2020-21	18.40%	10.25%	9.21%
2021-22	18.10%	10.25%	9.21%
2022-23	18.10%	10.25%	9.21%

	2018-19	2019-20	2020-21	2021-22
<b>STRS</b>	\$12,071,618	\$13,568,897	\$15,196,965	\$15,307,969



# Financial Status

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- The Fiscal Stabilization Plan - Part 1 provides the foundation to meet Future Unidentified Reductions.
- It is important to note that SRCS must continue to prepare for:
  - ❑ **CSEA employee negotiations in the spring of 2020**
  - ❑ **SRTA employee negotiations in the spring of 2021**
  - ❑ **Uncertain education funding in California**
  - ❑ **Declining enrollment**

# 2019-20 2nd Interim Combined General Fund

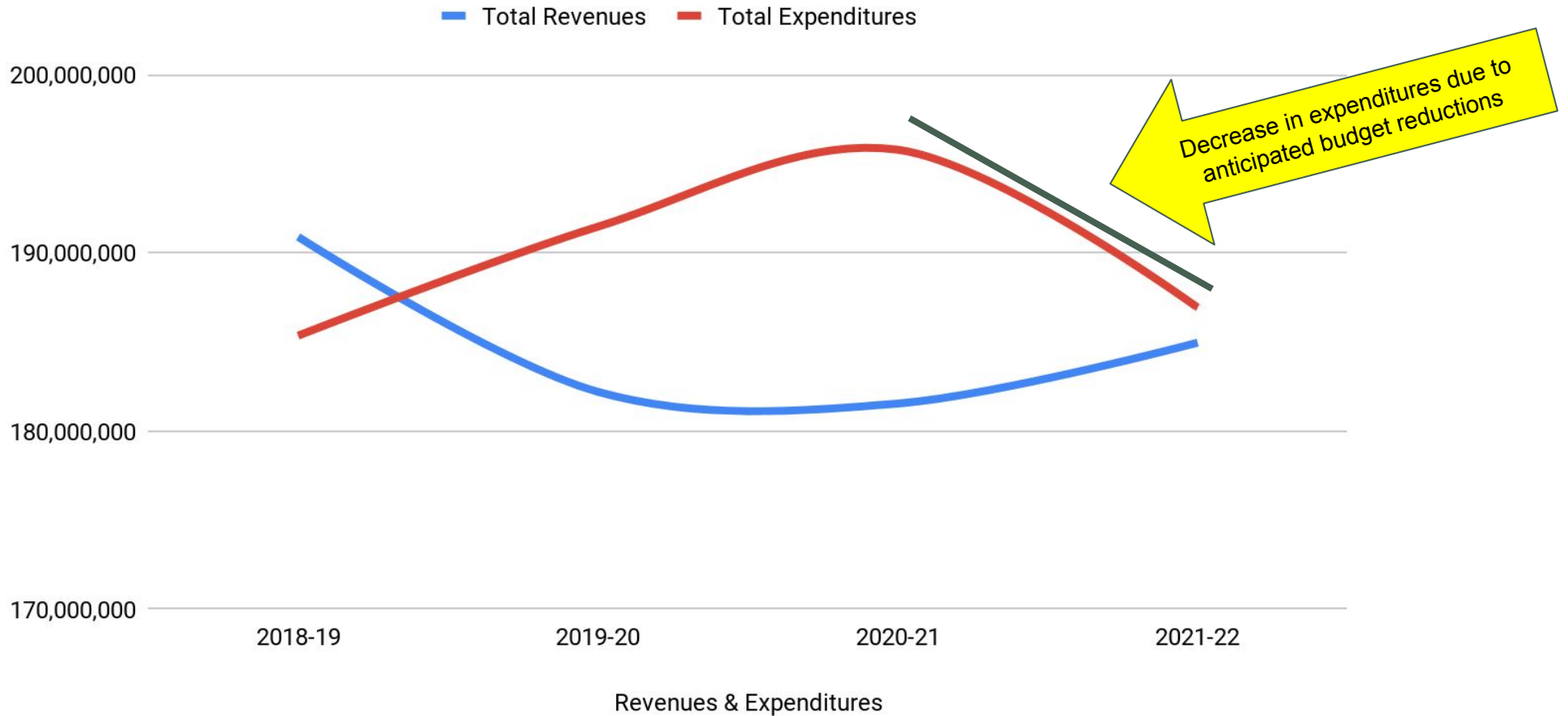
Description	Resource Codes	Object Codes	Original Budget (A)	Board Approved Operating Budget (B)	Actuals To Date (C)	Projected Year Totals (D)	Difference (Col B & D) (E)	% Diff (E/B) (F)
<b>A. REVENUES</b>								
1) LCFF Sources		8010-8099	145,257,092.00	145,761,639.00	84,645,062.23	144,954,488.00	(807,151.00)	-0.6%
2) Federal Revenue		8100-8299	8,831,724.00	9,702,347.00	1,797,779.15	10,027,373.00	325,026.00	3.3%
3) Other State Revenue		8300-8599	13,254,580.00	14,178,467.00	2,657,502.69	14,182,358.51	3,891.51	0.0%
4) Other Local Revenue		8600-8799	10,248,304.00	12,556,192.00	6,646,906.38	13,095,016.95	538,824.95	4.3%
5) TOTAL, REVENUES			177,591,700.00	182,198,645.00	95,747,250.45	182,259,236.46		
<b>B. EXPENDITURES</b>								
1) Certificated Salaries		1000-1999	76,577,133.00	79,599,200.00	46,183,447.75	79,350,276.93	248,923.07	0.3%
2) Classified Salaries		2000-2999	24,564,981.00	24,242,089.00	12,719,897.30	22,846,120.12	1,395,968.88	5.8%
3) Employee Benefits		3000-3999	40,250,585.00	41,042,145.00	19,503,698.39	39,803,061.24	1,239,083.76	3.0%
4) Books and Supplies		4000-4999	3,856,502.00	7,400,261.00	6,142,729.60	9,984,060.59	(2,583,799.59)	-34.9%
5) Services and Other Operating Expenditures		5000-5999	39,307,309.00	39,943,249.00	19,788,290.08	40,922,254.12	(979,005.12)	-2.5%
6) Capital Outlay		6000-6999	84,000.00	173,448.00	98,685.15	164,722.67	8,725.33	5.0%
7) Other Outgo (excluding Transfers of Indirect Costs)		7100-7299						
		7400-7499	127,717.00	127,717.00	(3,945.00)	127,717.00	0.00	0.0%
8) Other Outgo - Transfers of Indirect Costs		7300-7399	(1,051,953.00)	(1,051,953.00)	(143,158.56)	(1,051,953.00)	0.00	0.0%
9) TOTAL, EXPENDITURES			183,716,274.00	191,476,156.00	104,289,644.71	192,146,259.67		
<b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)</b>			(6,124,574.00)	(9,277,511.00)	(8,542,394.26)	(9,887,023.21)		

# 2019-20 2nd Interim Unrestricted General Fund

Description	Resource Codes	Object Codes	Original Budget (A)	Board Approved Operating Budget (B)	Actuals To Date (C)	Projected Year Totals (D)	Difference (Col B & D) (E)	% Diff (E/B) (F)
3) Employee Benefits		3000-3999	25,565,276.00	25,552,465.00	15,364,973.21	25,082,940.37	469,524.63	1.8%
4) Books and Supplies		4000-4999	2,586,568.00	2,531,388.00	848,637.30	4,681,812.73	(2,150,424.73)	-85.0%
5) Services and Other Operating Expenditures		5000-5999	17,620,484.00	18,494,830.00	9,656,755.46	18,557,726.94	(62,896.94)	-0.3%
6) Capital Outlay		6000-6999	12,000.00	12,000.00	0.00	0.00	12,000.00	100.0%
7) Other Outgo (excluding Transfers of Indirect Costs)		7100-7299						
		7400-7499	127,717.00	127,717.00	(3,945.00)	127,717.00	0.00	0.0%
8) Other Outgo - Transfers of Indirect Costs		7300-7399	(1,438,107.00)	(1,489,444.00)	(203,953.06)	(1,477,970.00)	(11,474.00)	0.8%
9) TOTAL, EXPENDITURES			124,391,848.00	125,115,400.00	71,462,853.09	125,491,838.89		
<b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)</b>			24,259,730.00	25,644,247.00	18,158,897.25	24,341,688.35		
<b>D. OTHER FINANCING SOURCES/USES</b>								
1) Interfund Transfers								
a) Transfers In		8900-8929	979,415.00	979,415.00	0.00	979,415.00	0.00	0.0%
b) Transfers Out		7600-7629	0.00	0.00	0.00	0.00	0.00	0.0%
2) Other Sources/Uses								
a) Sources		8930-8979	0.00	0.00	0.00	0.00	0.00	0.0%
b) Uses		7630-7699	0.00	0.00	0.00	0.00	0.00	0.0%
3) Contributions		8980-8999	(31,187,533.00)	(31,720,949.00)	0.00	(30,782,865.59)	938,083.41	-3.0%
4) TOTAL, OTHER FINANCING SOURCES/USES			(30,208,118.00)	(30,741,534.00)	0.00	(29,803,450.59)		
<b>E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)</b>			(5,948,388.00)	(5,097,287.00)	18,158,897.25	(5,461,762.24)		

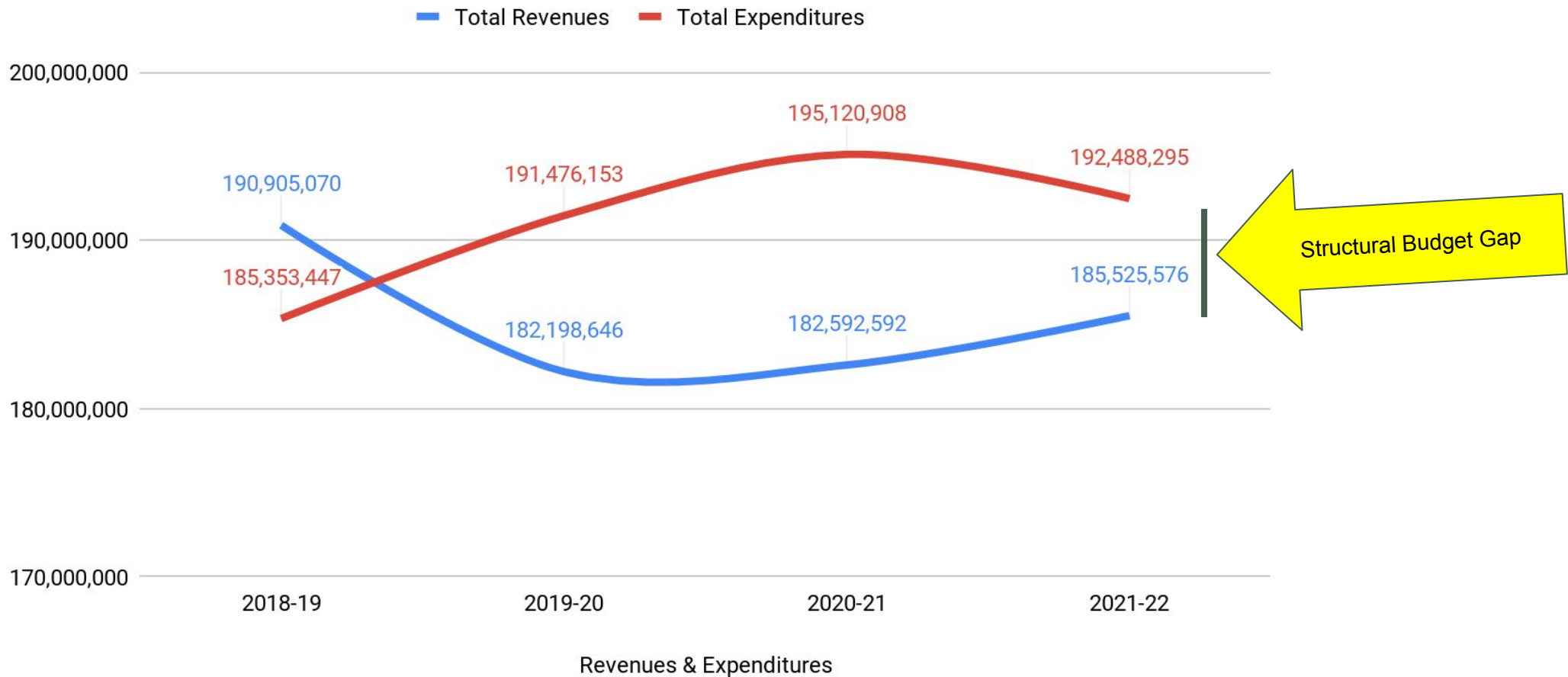
# Revenue vs Expenditure - 1st Interim

## Total Revenues and Total Expenditures



# Revenue vs Expenditure - 2nd Interim

## Total Revenues and Total Expenditures





# General Fund Multi-Year Projection

2019-20 2nd Interim Combined Unrestricted and Restricted Multi Year Projection (MYP)			
REVENUES	2019-20	2020-21	2021-22
LCFF Sources	144,954,488	146,278,781	149,211,765
Remaining Revenues	37,304,748	36,313,811	36,313,811
<b>Total Revenues</b>	<b>182,259,236</b>	<b>182,592,592</b>	<b>185,525,576</b>
EXPENDITURES			
Salaries & Benefits	141,999,458	149,513,808	152,892,872
Books/Supplies & Outlay	10,148,783	7,421,171	5,421,171
Services & Operating Expenses	40,922,254	39,110,165	38,710,165
Other Outgo & Indirect Costs	-924,236	-924,236	-924,236
<b>Future Unidentified Fiscal Stabilization Measures</b>		<b>0</b>	<b>-3,611,676</b>
<b>Total Expenditures</b>	<b>192,146,260</b>	<b>195,120,908</b>	<b>192,488,295</b>
Operating Net Increase/Decrease	-9,887,023	-12,528,316	-6,962,719
Transfers In and Other Sources	979,415	979,415	979,415
Transfers Out and Other Uses	-138,790	-138,790	-138,790
<b>Current Year Increase/Decrease In Fund Balance</b>	<b>-9,046,398</b>	<b>-11,687,691</b>	<b>-6,122,094</b>
<b>Beginning Balance</b>	<b>30,825,874</b>	<b>25,579,476</b>	<b>13,891,785</b>
<b>Ending Balance</b>	<b>21,779,476</b>	<b>13,891,785</b>	<b>7,769,691</b>

# Components of Ending Fund Balance

Components of Ending Balance	2019-20	2020-21	2021-22
Restricted Ending Balance (only can be spent on federal or state mandates, or per donor requirements)	1,990,860	1,990,860	1,990,860
Reserve for Economic Uncertainty	5,768,551	5,743,791	5,778,813
<b>Unassigned/Unappropriated Ending Balance</b>	<b>14,020,065</b>	<b>6,157,134</b>	<b>18</b>



# Other Funds

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Fund	Projected Ending Balance
Fund 9 (Charters)	\$4,076,930
Fund 12 (Child Dev)	\$4,298
Fund 13 (Cafeteria)	\$1
Fund 14 (DM)	\$718,616
Fund 17 (Spec Res)	\$550,659

Fund	Projected Ending Balance
Fund 21 (Bond)	\$38,766,114
Fund 25 (DF)	\$4,805,626
Fund 35	\$1,039
Fund 40 (Cap Outlay)	\$10,727,477
Fund 67 (Dental)	\$1,226,815



# Certification

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Certification of financial condition:



**Qualified Certification:** The District may not meet its financial obligations for the current fiscal year or subsequent two years.

# Budget Advisory Committee

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- ❑ Review District Budget
- ❑ Gather Information
- ❑ Discuss potential revenue enhancements and expenditure reductions
- ❑ Prepare recommendations to give to the Superintendent and the Board

## Current Work

- ❑ Review of major revenue and expenditure areas
- ❑ Submit ideas for revenue enhancements and expenditure reductions

## Work after Second Interim

- ❑ Review additional opportunities for revenue enhancements and expenditure reductions
- ❑ Prepare recommendations to present to the Superintendent for FSB-P2 and 2020-21 Budget

# Next Steps

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## February 2020

- ✓ Present 2019-20 Audit Report
- ✓ Superintendent / BAC Recommendations

## March 2020

- ☐ Present 2019-20 Second Interim
- ☐ Present 2020-21 Budget Assumptions

## April 2020

- ☐ BAC prepares recommendations for FSP-P2

## May 2020

- ☐ BAC recommendations to the Superintendent
- ☐ Present Governor's 2020-21 May Revise
- ☐ Present Updated 2020-21 Budget Assumptions
- ☐ Fiscal Stabilization Plan - Part 2
- ☐ 2019-20 Third Interim

## June 2020

- ☐ 2020-21 Budget and LCAP Public Hearings
- ☐ 2020-21 Budget and LCAP Adoption