

**SYLVAN UNION SCHOOL DISTRICT
BOARD OF TRUSTEES**

**Budget Study Agenda - UPDATED
April 21, 2020 5:00-6:00 pm**

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I. Welcome and Purpose (Hendricks)

- A 2017-2020 Three Year District Wide Program Plan, and Board and Superintendent Goals, established at the start of the 2019-2020 school year have provided an excellent roadmap for programs, and accountability within the district. Periodic reviews during board meetings, and Friday Updates have been provided to the board throughout the 2019-2020 school year. A program review will not be a focus for tonight's meeting, however program goals should always be at the forefront of all financial decisions.
- This second Budget Study Session will provide an update of the most recent financial information available for budget planning. Staff will be requesting final direction from the Board for the preparation of the 20-21 fiscal year budget. As our on-going practice we will prepare the budget within the program framework established by the three-year plan, board and superintendent goals, and Budget Assumptions and Guidelines.
- One hour is allocated for the meeting.

II. Current Economic Outlook (Aguilar)

- Our economic landscape has changed vastly from our first budget study session in February, due to the COVID-19 pandemic. While there are many unknowns yet in regards to the pandemic, what is most certain is that it will have a significant and lasting economic impact. This will be a marked and immediate impact to our national, state and local economies and budgets. For our 2020-2021 budget planning, the specific impact is unknown at this time however, there is very high potential for revenue reductions as compared to the Governor's January Budget proposals for 2020-2021.
- While many unknowns remain, these are a few items that are known at this time:
 - **The State is in a better financial position than the last recession** – The state has budget reserves of \$17.5 billion; however, in the past, we have found that a budget problem associated with a typical recession could significantly exceed this sum.
 - **All State spending is “on the table”** - On March 24, the CA Department of Finance (DOF) issued a memo to all state departments indicating that 2020-2021 will be a “workload budget”, meaning that any new programs and spending are on the table and would need to be justified.
 - **The economic outlook will continue to change in the next few months** - The income tax filing extension has a direct impact on the state's ability to provide updated projections for the May Revision (California's budget relies heavily on personal income taxes)
 - **The financial impact is expected to span multiple years** - On April 11, the DOF also issued an interim fiscal update to state policy makers in anticipation of the May Revision. It was noted that “the economic disruption from the pandemic is expected to result in a recession and have significant negative effects on state revenues. This impact is expected to be immediate, affecting fiscal year 2019–20, and will continue into fiscal year 2020–21 and additional years depending on the pace of recovery of local, state, and national economies.” The DOF Director concluded the update by saying “The May Revision that the Administration will submit to the Legislature by the statutory deadline will reflect the extraordinary impacts of the COVID-19 pandemic on the state's fiscal condition...the state faces daunting challenges and difficult decisions in the weeks and months ahead.” On April 13, School Services of California also note the following, “On April 10, 2020, the UCLA economists downgraded their predictions for the U.S. and California economy... economists anticipate the economy will begin rebounding by 1% in the fourth quarter and accelerating in early 2021. However, they believe that unemployment levels will not recover to the year-end 2019 levels until late in 2022.”

- **We need to plan ahead for lower funding** – The sooner we begin, the better. While we cannot control revenues, we can plan ahead and be proactive to control expenses. We can assess the need to fill vacancies (salaries being our largest expense) and look for opportunities to reduce those expenses that are within our control.
- In addition, the Stanislaus County Office of Education has offered the following informal guidance/recommendations:
 - Analyze cash reserves and availability “Cash is King”
 - Consider multiple scenarios for 2020-2021 state and federal revenue reductions in the COLA from negative, to zero and up to 2%
 - Look for savings and “true-up” 2019-2020 budget and identify potential “layers” of expense reductions in the outgoing years

III. Fund Balance Review/History (Sandoval, Aguilar)

The following chart and graph illustrate the change in fund balance for the required reporting periods which include and take place in the following order:

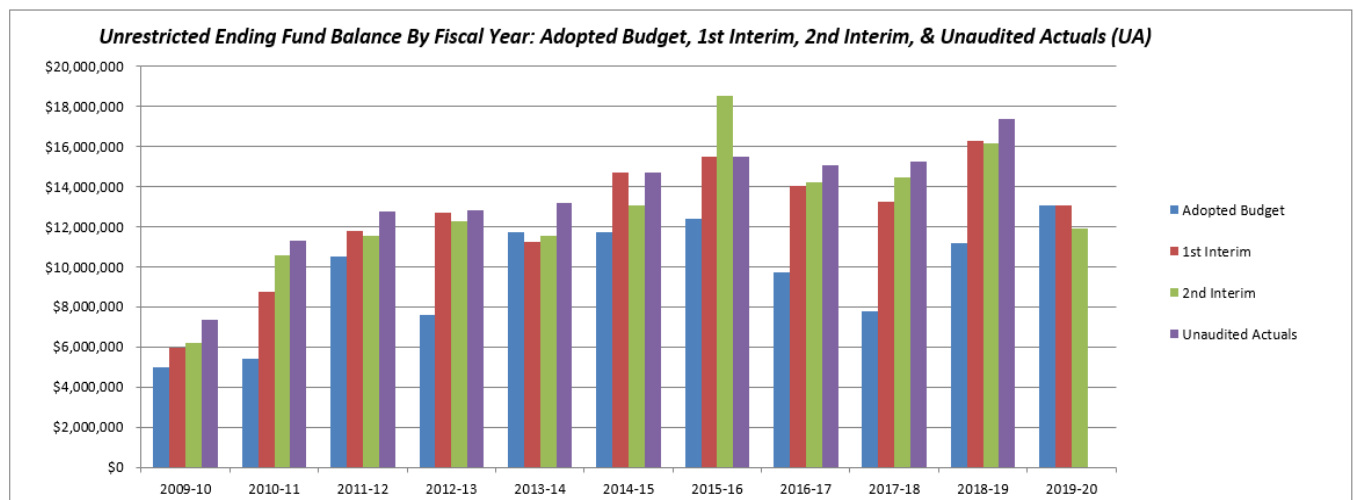
1. Adopted Budget - July 1 of each year
2. 1st Interim Report - Through October 31 of each year
3. 2nd Interim - Through January 31 of each year, and
4. Unaudited Actuals - Through June 30 of each year

A budget is prepared 13-14 months in advance of the fiscal year and many factors vary from the July 1 adopted budget to unaudited actuals at June 30. Staff is able to more accurately project ending fund balance as the district's exact financial obligations become accurately defined through the required reporting periods.

The data indicates the district's financial position substantially improves from the July 1 adopted budget as compared to each of the reporting periods in each fiscal year.

Unrestricted Fund Balance

<i>Fiscal Year</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>
<i>Adopted Budget</i>	\$4,958,863	\$5,434,524	\$10,498,512	\$7,594,950	\$11,740,968	\$11,725,477	\$12,397,569	\$9,738,793	\$7,754,173	\$11,152,057	\$13,038,379
<i>1st Interim</i>	\$5,976,834	\$8,740,808	\$11,776,358	\$12,688,952	\$11,219,598	\$14,706,793	\$15,516,670	\$14,059,816	\$13,260,657	\$16,301,157	\$13,029,174
<i>2nd Interim</i>	\$6,198,439	\$10,540,187	\$11,525,837	\$12,277,092	\$11,549,360	\$13,077,412	\$18,515,517	\$14,196,897	\$14,448,819	\$16,176,781	\$11,910,281
<i>Unaudited Actuals</i>	\$7,336,374	\$11,286,024	\$12,755,968	\$12,838,372	\$13,164,207	\$14,711,270	\$15,516,670	\$15,060,333	\$15,274,385	\$17,356,323	NA



Fund Balance History:

The following chart provides a history of the districts Unrestricted Fund Balance and Unappropriated Fund Balance. Expenditures represent Combined General Fund actual costs.

Fund Balance History						
	Restricted	Unrestricted	Total	Undesignated	Percent Unrestricted to Expenditures	Percent Undesignated to Expenditures
2001-02	2,498,223	3,633,030	6,131,253	1,964,097	8.50%	4.60%
2002-03	2,045,404	4,932,255	6,977,659	3,550,036	11.20%	8.10%
2003-04	1,181,774	5,001,194	6,182,968	3,476,395	10.60%	7.40%
2004-05	1,443,152	4,078,541	5,521,693	2,386,319	8.00%	4.70%
2005-06	2,010,676	3,973,001	5,983,677	2,141,770	7.30%	4.00%
2006-07	4,791,357	5,295,035	10,086,392	3,412,752	9.50%	6.10%
2007-08	4,527,862	5,332,958	9,860,820	3,277,848	8.60%	5.30%
2008-09	4,425,978	8,446,121	12,872,099	6,447,568	14.20%	10.80%
2009-10	2,950,506	7,336,375	10,286,881	5,292,498	12.80%	9.20%
2010-11	1,883,213	11,286,024	13,169,237	9,475,566	21.20%	17.80%
2011-12	2,092,629	12,755,969	14,848,598	10,430,276	23.20%	19.00%
2012-13	2,574,955	12,838,373	15,413,328	10,112,644	23.40%	18.40%
2013-14	3,754,568	13,160,212	16,914,780	8,092,431	18.20%	13.10%
2014-15	3,745,680	14,711,270	18,456,950	10,961,011	22.53%	16.78%
2015-16	5,899,189	15,516,669	21,415,858	10,536,064	20.66%	14.03%
2016-17	6,038,147	15,060,332	21,098,479	10,128,474	18.95%	12.75%
2017-18	3,552,966	15,274,384	18,827,350	10,524,838	18.66%	12.86%
2018-19	4,196,310	17,356,323	21,552,633	11,167,833	19.07%	12.27%
18 Year Average June 2002 to June 2019					15.37%	10.96%
10 Year Average June 2009 to June 2019					19.35%	14.27%
5 Year Average June 2014 to June 2019					19.98%	13.74%

IV. LCFF Funding**LCFF Funding in Stanislaus County by School District, SUSD 3rd Lowest Recipient:**

County Code	District Code	Local Educational Agency	District Type	Funded Unduplicated Pupil Percentage (3 Year Avg)	2018-19 Funded Total ADA (w/ SCOE)	Base Per ADA	Supplemental Base Per ADA	Concentration Grant Base Per ADA	Add-On Per ADA	Total \$ per ADA
50	71084	Gratton Elementary	Elem., K-8	36.17%	13.43	\$7,825.24	\$566.12	\$0.00	\$0.00	\$8,391.36
50	71142	Knights Ferry Elementary	Elem., K-8	26.38%	143.87	\$7,990.38	\$421.57	\$0.00	\$43.80	\$8,455.75
50	71290	Sylvan Union Elementary	Elem., K-8	55.41%	7,999.39	\$7,910.15	\$876.60	\$16.22	\$80.80	\$8,883.76
50	71092	Hart-Ransom Union	Elem., K-8	53.31%	802.28	\$7,932.16	\$845.73	\$0.00	\$153.89	\$8,931.77
50	71324	Valley Home Joint	Elem., K-8	53.62%	163.32	\$7,931.15	\$850.54	\$0.00	\$433.35	\$9,215.04
50	75564	Oakdale Joint Unified	Unified, TK-	44.71%	5,115.87	\$8,359.01	\$747.46	\$0.00	\$111.20	\$9,217.67
50	75549	Hughson Unified	Unified, TK-	57.98%	2,007.41	\$8,394.78	\$973.46	\$125.08	\$119.97	\$9,613.29
50	71282	Stanislaus Union	Elem., K-8	70.75%	3,522.87	\$7,928.32	\$1,121.86	\$624.36	\$86.72	\$9,761.26
50	71233	Roberts Ferry Union	Elem., K-8	67.46%	109.13	\$8,037.38	\$1,084.40	\$500.73	\$257.84	\$9,880.35
50	71209	Paradise Elementary	Elem., K-8	69.43%	85.25	\$7,910.91	\$1,098.50	\$570.77	\$354.91	\$9,935.09
50	75739	Turlock Unified	Unified, TK-	65.05%	13,492.57	\$8,378.74	\$1,090.07	\$421.03	\$83.29	\$9,973.14
50	71266	Salida Union Elementary	Elem., K-8	75.83%	2,323.68	\$7,907.46	\$1,199.24	\$823.56	\$93.97	\$10,024.23
50	71068	Denair Unified	Unified, TK-	62.95%	486.23	\$8,573.81	\$1,079.44	\$340.81	\$285.77	\$10,279.83
50	73601	Newman-Crows Landing	Unified, TK-	74.48%	3,090.21	\$8,320.81	\$1,239.47	\$810.45	\$70.14	\$10,440.86
50	71076	Empire Union Elementary	Elem., K-8	86.35%	2,916.69	\$7,918.74	\$1,367.57	\$1,241.26	\$154.50	\$10,682.06
50	71167	Modesto City Elementary	Elem., K-8	87.77%	14,471.94	\$7,905.33	\$1,387.70	\$1,295.29	\$107.71	\$10,696.04
50	71217	Patterson Joint Unified	Unified, TK-	79.86%	5,818.88	\$8,332.37	\$1,330.85	\$1,035.71	\$79.09	\$10,778.02
50	71050	Chatom Union	Elem., K-8	83.60%	576.24	\$7,911.30	\$1,322.77	\$1,131.32	\$466.58	\$10,831.96
50	71134	Keyes Union	Unified, TK-	93.08%	771.51	\$7,947.96	\$1,479.59	\$1,513.29	\$94.78	\$11,035.63
50	71175	Modesto City High	Unified, TK-	65.80%	14,512.84	\$9,269.00	\$1,219.80	\$500.53	\$81.03	\$11,070.36
50	75572	Waterford Unified	Unified, TK-	81.22%	1,756.72	\$8,410.43	\$1,366.19	\$1,102.61	\$199.17	\$11,078.40
50	71043	Ceres Unified	Unified, TK-	86.63%	13,269.56	\$8,324.67	\$1,442.33	\$1,316.55	\$62.40	\$11,145.95
50	75556	Riverbank Unified	Unified, TK-	86.37%	2,334.00	\$8,380.05	\$1,447.57	\$1,314.41	\$110.19	\$11,252.22
50	71274	Shiloh Elementary	Elem., K-8	72.07%	31.78	\$8,230.46	\$1,186.34	\$702.49	\$1,253.37	\$11,372.66

V. Budget Assumptions (Sandoval, Aguilar)

Updates to this section are highlighted in yellow and bold italics.

PURPOSE:

Multi-year projections (MYP) are the mathematical result of today's decisions based on a given set of assumptions. MYP's are expected to change as various factors are updated and revised. Projections will change any time the underlying factors and assumptions are modified; therefore, we must plan and prepare to make changes as conditions and situations change. ***The MYP projections have been updated from the 2019-2020 2nd Interim budget and adjusted for the change in assumptions. Projections for 2020-2021 and beyond are rough estimates at this time.***

The assumptions described below will be implemented as the 2020-21 Fiscal Year Budget and the MYP is prepared. The primary source of these assumptions are the current 2019-20 Fiscal Year Budget, approved State Budget, California Department of Education, Department of Finance, School Services of California's Financial Projection Dart Board, other external sources and organizations, and of course the District's historical trends.

OVERALL ASSUMPTIONS:

1. Enrollment projection for 2020-21 is projected to decrease compared to 2019-20. The projected enrollment for 2020-21 is 8,136.

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
Enrollment	8,190	8,102	8,058	8,255	8,211	8,136	8,091
Increase / (Decrease)	(93)	(88)	(44)	197	(44)	(75)	(45)
				Actual			
ADA	7,865	7,761	7,718	7,926	7,871	7,799	7,757
Increase / (Decrease)	(93)	(105)	(43)	208	(55)	(72)	(42)

3-Year Average Retention

2. Staffing Guidelines:

- K – 3 = Average 24/1 (Target for each class will vary based on grade and school enrollment to ensure compliance with GSA (Grade Span) requirements.)
- 4 – 6 = (32.0) / 1
- 7 – 8 = (32.0) / 1

REVENUE ASSUMPTIONS:

3. Remove One-Time Special Ed Funding in 2020-2021 (\$660,600)

4. Consider impact of additional scenarios of reduced COLA for 2020-2021

5. The Local Control Funding Formula based on the latest FCMAT (Fiscal Crisis & Management Team) LCFF calculator (v20.2c) released January 2020 includes the following factors:

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
		LCFF COLA	3.26%			
COLA	1.56%	3.70%	3.26%	2.29%	2.71%	2.82%
<i>Previous</i>			3.46%	3.00%	2.80%	3.16%
Gap Funding %	42.97%	100.00%	100.00%	100.00%	100.00%	100.00%
UPP	55.71%	55.41%	55.92%	55.57%	55.97%	56.03%
(Unduplicated Pupil Count)						

	<u>2020-21</u>		
	<u>TK-3</u>	<u>4-6</u>	<u>7-8</u>
Base	\$7,878	\$7,997	\$8,234
Class Size, 10.4%	\$819	\$0	\$0
Supplemental	\$967	\$889	\$915
<i>Previous</i>	\$965	\$887	\$914
Concentration	\$25	\$23	\$23
<i>Previous</i>	\$4	\$4	\$4

6. Below are dollars set aside in a locally defined account.
 - Instructional Material adoptions \$450,000
 - Pupil Transportation \$1,109,746
 - Technology Reserve and Replacement \$100,000
7. Lottery unrestricted revenue will be calculated at \$153.00 per unit of annual attendance and is projected to be \$1.193 million.
8. Lottery restricted revenue for instructional materials will be calculated at \$54.00 per unit of annual attendance and is projected to be \$421,146.
9. The District receives Special Education funding based on its average daily attendance entered into a formula by the Special Education Local Plan Area (SELPA).

EXPENDITURE ASSUMPTIONS:

10. Salaries

- a. Step increases are reflected for those employees who qualify for movement based upon their longevity with the District.
- b. Column increases are budgeted for those certificated employees who have indicated completion of the required number of units.
- c. Vacancies created due to retirements or employees indicating the intent not to return are budgeted as follows:

Certificated: Class D, Step IV
 Classified: Step 2, Range per Classification
 Administrative: Step 3, Range per Classification

Any vacancies will be analyzed to determine the need to fill such vacancy. Currently, the following vacancies will remain unfilled and removed from the budget:

- ***Director of Human Resources***
- ***1st grade classroom (due to student enrollment)***
- ***6th grade classroom (due to student enrollment)***
- ***1 mod/severe classroom (due to student enrollment)***
- ***1 mild/mod classroom (due to student enrollment)***
- ***Induction Teacher***

- d. The Sylvan Educators Association and the California School Employees Association settled negotiations with the district for FY 2019-20.
- e. Costs resulting from a paid leave of absence are budgeted under the corresponding program.
- f. For federally funded programs, the positions allocated are reflective of the funding available.
- g. Health insurance premium increases for the budget year are estimated as follows:

Sutter	5%
Kaiser	5%
Dental	0%
Vision	5%

9. Benefits

Employer statutory benefits for the budget year are estimated with the following rate

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
STRS	12.58%	14.43%	16.28%	17.10%	18.40%	18.10%	18.10%
PERS	13.888%	15.531%	18.062%	19.72%	22.80%	24.90%	25.9%
<i>Previous PERS %</i>	-	-	17.70%	20.70%	22.70%	24.60%	25.40%
SS	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%
Medicare	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%
SUI	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
W/C	1.1%	0.8%	0.8%	1.0%	1.0%	1.0%	1.0%
Certificated	15.180%	16.730%	18.580%	19.600%	20.900%	20.600%	20.600%
Classified	22.688%	24.031%	26.562%	28.421%	31.500%	33.600%	34.600%

10. Supplies, Services, Capital Outlay, and Other Outgo

- a. School sites receive an allocation for instructional and non-instructional materials based on a formula as follows:

- K-5 Traditional \$51.16 / enrolled
- 6-7-8 \$66.93 / enrolled

- b. Approximately \$653,838 has been set aside from fiscal year 2019-20 for textbook adoptions.
- c. Actual costs for special education are dependent on the type of services that the District is required to provide each individual student. For the District to provide these specialized services a contribution from General Education is necessary. The contribution for 2020-21 is projected to be **\$14,198,463 (an increase of approximately \$116,492, 2 OT's added).**

<i>Actual 2018-19</i>	<i>Projected Budget 2019-20</i>	<i>Projected Budget 2020-21</i>	<i>Projected Budget 2021-22</i>
\$12,293,544	\$13,541,448	\$14,198,463	\$14,207,981
<i>Increase</i>	\$1,247,904	\$657,015	\$9,518

- d. The following increases over the prior year projected expense for utilities:

Natural Gas	1.5%
Electricity	4.0%
Water, Sewer & Storm Drain	3.0%
Telephone	1.0%
Trash Disposal	3.0%

- e. Liability insurance rates are projected to increase 5% over the 2019-20 rates, and will be adjusted as additional information is received by the District's Risk Manager.
- f. The Stanislaus County Office of Education (SCOE) master agreements to SUSD were developed for fiscal year 2020-21. For Fiscal year 2020-21, the agreements approved by the board were **\$227,145.25 (a reduction of \$48,518 from 2019-20.) SUSD intends to modify the master agreement to reduce an additional \$13,749.75 for Media Streaming. The final SCOE master agreement total, \$213,395.50.** County services include Audiology Screening Services, Internet/Telecommunications Access, Media Streaming, Mail Delivery, Teacher Induction Program, and Information Systems for accounting, budget, and human resources. Outdoor Education for 6th grade students under a separate agreement is currently contracted with SCOE for \$196,490 for a four day program.
- g. Pupil Transportation expenditures for 2020-21 are projected to be \$1,109,746. Under the Local Control Funding Formula the district must expend no less than the amount expended in 2012-13, \$200,268 of State funds.
- h. The Debt Service payment for the budget year to pay for the California Energy Commission (CEC) loan will be \$73,085. In fiscal year 2019-20, the District entered into a lease agreement with Santander Financial to upgrade the technology infrastructure, devices and new phone system. Commencing fiscal year 2019-20, estimated annual payments will be \$682,187.32.

- i. An annual allocation of \$100,000 to support technology replacements for middle schools, as noted in the Local Control Accountability Plan (LCAP).

11. Indirect/Direct Costs

- a. Inter-program indirect costs will be calculated at the maximum allowable rate per program. The district's indirect cost rate is projected to be 3.72%. The rate is pending certification by the CDE.
- b. Cafeteria Fund will be charged indirect costs using the district rate or state-wide Cafeteria rate, whichever is less. Education Code Sections 38101 and 52616.4(a)(3) specify that the indirect cost rate for Cafeteria Funds is the lesser of the school district rate or the statewide average rate.
- c. Direct costs will be charged to the Childcare Fund for staff time to support the program, use of facilities, and transportation services.

12. Transfers to Other Funds

- a. As a requirement of receiving state General Obligation bond funding for facilities, pursuant of Education Code 17070.75, 3% of General Fund expenditures must be set aside in a Routine Restricted Maintenance Account. For 2020-21 the transfer is estimated at **\$2,750,025 (an increase of \$17,054)**.
- b. The following interfund transfers are assumed to be ongoing:

\$337,000 To Fund 20 – Special Reserve for Postemployment Benefits
It is recommended the Board consider temporary suspension of this transfer for 2020-2021, currently this fund has a balance of \$1.8 million

\$200,000 To Fund 40 – Special Reserve for Bus Replacements
 \$ 25,000 To Fund 40 – Special Reserve for Equipment Replacement
 \$100,000 To Fund 40 – Special Reserve for New Phone System
\$100,000 To Fund 14 – Deferred Maintenance
 \$762,000 TOTAL

BALANCES:

13. Reserve for “Economic Uncertainty” of 3% will be maintained.
It is recommended a line be added to the MYP to show a combined reserve to include both the economic uncertainty and the unassigned/unappropriated.
14. Insurance Deductible Set-aside for insurance claims in the amount of \$200,000.
15. Instructional Materials Set-aside for State mandates of new instructional materials in Mathematics, English Language Arts, Science and Social Studies. The District allocates revenue annually to support ongoing and new adoptions.

The budget is developed in support of the Local Control and Accountability Plan (LCAP). The purpose of the LCAP is to provide information on services and programs planned by the District to support positive student outcomes across a broad spectrum of areas. The LCAP and the proposed budget documents are presented to the Board of Trustees concurrently for adoption at one meeting.

End of Budget Assumptions

VI. Budget Guidelines (Sandoval, Aguilar) – **NO CHANGES**

1. Continue to provide an effective and current educational program, which meets District and state standards at all grade levels, shall be the prime consideration in developing the budget.
2. Budgeted expenditures shall not exceed income plus any carry over from prior years.
3. Board goals, directions, and priorities will be a driving force in the development of the budget to the extent allowed within the available funding.
4. When the Board authorizes or approves a new goal, project, or program, it shall specify the allocation or reallocation of resources required.
5. When new projects, plans, or programs are presented to the Board for approval, the estimated fiscal impact of the project and available funding sources shall be included. Upon approval, the budget shall be adjusted as deemed appropriate based on the availability of funds.
6. Funds shall be made available in the budget to support current and anticipated collective bargaining commitments in accordance with BP3100.
7. The budget shall include a General Fund Reserve for Economic Uncertainty of no less than 3% of the total General Fund appropriations in objects 1000 through 7000.
8. Staffing shall be maintained so as to appropriately carry out Board policies, support future growth, and honor collective bargaining agreements.
9. All employees will be provided competitive salary and benefits packages that reflect a level of incentive sufficient to continue to attract and retain qualified people.
10. Furniture and equipment replacement will be funded to the extent that can be justified in relationship to available resources.
11. Supply and equipment formulas in effect for the current year shall be reviewed and adjusted as necessary.
12. Allowance shall be made for increases and/or decreases in the cost of services and supplies; e.g., gasoline, natural gas, electricity, insurance, water, postage, trash collection, telephone services, lease agreements, debt repayment, employee retirement contributions, or benefits mandated by law.

13. Unless there is a mandated level of General Fund participation, all categorical programs shall be self-supporting and, where allowable, shall include allocations for indirect and support costs. Special Education and Transportation are not recognized as self-supporting; however, a goal of self-support shall be maintained. An annual review of each of these programs shall be conducted to ensure as much of a reduction in the use of General Fund dollars as possible.
14. The Cafeteria Fund, Child Care Fund, and Associated Student Body funds shall be self-supporting and, where allowable, shall include allocations for direct, indirect, and support costs. An annual review of each of these funds/programs shall be conducted by the Business Department to ensure they are self-supporting.
15. The Multiple Year Projection budget document shall display General Fund Unrestricted and Restricted revenues and expenditures. This budget document shall be itemized by major revenue and expense categories. Revenues and expenses shall be displayed for the prior year, current year, and projected two years into the future. Detailed budget information shall be available so the Board and the public can examine the components of a specific program.
16. All Special funds, such as Building, Cafeteria, Capital Facilities, Special Reserve Funds, etc., shall be shown separately in a format similar to the Multiple Year Projection budget document.
17. The budget development process will include user friendly information that provides disclosure of anticipated beginning balances, revenues, expenditures and ending balances for all of the District's funds. This information will be provided to highlight the intended uses of these funds during the budget year.
18. A separate accounting shall be maintained to portray the receipt and expenditure of Lottery funds. Lottery funds received in the current fiscal year are not expended until the following fiscal year.
19. Provisions shall be made for an orderly program to preserve the use and value of existing facilities and equipment through capital improvements and preventive maintenance to the extent allowed within the available funding.
20. Any/all debt service obligations shall be included in the budget.
21. Start-up and ongoing expenses related to bringing new schools online shall be identified and budgeted within sufficient time to allow for the adequate transition to the opening of new schools.
22. All carryover funds in Federal categorical programs are considered restricted balances and will be continued as deferred income.

End of Budget Guidelines

VII. MYP Update

2ND INTERIM BUDGET REPORT UPDATED WITH BUDGET REQUESTS

1. The MYP presented is based on the fiscal year 2019-2020 2nd Interim Reporting Period.
2. The current focus of work is to calculate the 2019-2020 estimated actuals. The preceding effort will assist in determining the availability of funds at year-end.
3. Budget requests and cost savings items are highlighted and added in the revenue and expenditure section of the MYP.
4. Once the Board provides direction to staff, the 2020-2021 budget preparation will begin.

UNRESTRICTED	2018-2019 Audited Actuals	2019-2020 Estimated Actuals	2020-2021 Budget Projections	2021-2022 Budget Projections
REVENUES	COLA 3.70%	COLA / LCFF COLA 3.26%	COLA 2.29%	COLA 2.71%
Local Control Funding Formula (LCFF)	\$ 71,048,516	\$ 73,443,444	\$ 74,392,517	\$ 75,902,239
Federal Revenues (MAA)	299,535	229,811	-	-
Other State Revenues	1,637,638	2,699,627	2,215,060	1,598,003
<i>Reduce: Special ED Early Intervention Entitlement, FY2020-21</i>			(660,600)	
One-Time Mandate Reimbursement	1,421,494	-	-	-
Other Local Revenues	693,087	859,294	884,701	908,404
<i>One-Time Wrks. Comp.</i>	882,000		-	-
Total Revenues	\$ 75,982,269	\$ 77,232,176	\$ 76,831,678	\$ 78,408,646
OTHER FINANCING SOURCES				
Interfund Transfers In	\$ 1,415	\$ -	\$ -	\$ -
Other Sources, Proceeds from Lease Agreements	-	2,508,152	-	-
Contributions To Restricted Programs:				
Special Education (RS 6500)	(12,293,544)	(13,541,448)	(14,198,463)	(14,207,981)
<i>Impacts Calculated & Included in Restricted RS6500 Contribution:</i>				
<i>Cost Savings for FY 2019-20: 1.0 FTE Resource Teacher Vacant</i>				
<i>New Positions for FY 2020-21: 2.0 FTE Occupational Therapist</i>				
Ongoing & Major Maintenance (RS 8150)	(2,729,818)	(3,056,942)	(2,750,025)	(2,765,021)
Total Other Financing Sources	\$ (15,021,947)	\$ (14,090,238)	\$ (16,948,488)	\$ (16,973,002)
TOTAL REVENUES and OTHER FINANCING SOURCES	\$ 60,960,323	\$ 63,141,938	\$ 59,883,190	\$ 61,435,644

UNRESTRICTED	2018-2019 Audited Actuals	2019-2020 Estimated Actuals	2020-2021 Budget Projections	2021-2022 Budget Projections
EXPENSES				
Certificated Salaries	\$ 33,248,749	\$ 34,758,003	\$ 35,016,362	\$ 35,016,980
Classified Salaries	7,494,850	8,371,319	8,366,331	8,362,105
Cost Savings for FY 2019-20:				
Substitute Administration, Salary & Benefits		(37,298)		
Substitute Teacher, Salary & Benefits		(179,831)		
Substitute Long-Term Teacher, Salary & Benefits		(32,376)		
Substitute Classified Support, Salary & Benefits		(12,593)		
Substitute Clerical Support, Salary & Benefits		(26,072)		
Cost Savings for FY 2020-21 & 2021-22:				
1.0 FTE Director of HR Certificated, Salary & Benefits			(155,743)	(155,743)
1.0 FTE 1st Grade Teacher, Vacant, Salary & Benefits			(87,444)	(87,444)
1.0 FTE 6th Grade Teacher, Vacant, Salary & Benefits			(87,444)	(87,444)
1.0 FTE Mild-Mod Teacher, Vacant, Salary & Benefits			(87,444)	(87,444)
1.0 FTE Mod-Severe Teacher, Vacant, Salary & Benefits			(87,444)	(87,444)
1.0 FTE, Induction Teacher, Salary & Benefits to Restricted RS4035 Title II			(118,246)	(118,246)
Reduction of Total Costs to Master Agreement w/ SCOE			(62,268)	(62,268)
Retiree Cost Savings, Salary & Benefits Estimate			(271,960)	(271,960)
New Positions for FY 2020-21 & 2021-22:				
3.0 FTE ASB Food Services Student Store Manager, Salary & Benefits			83,293	83,293
Employee Benefits				
STRS	5,422,582	5,994,407	6,443,011	6,337,873
PERS	1,152,106	1,651,126	1,929,252	2,050,457
Social Security	417,070	498,750	518,712	518,450
Medicare	558,243	628,649	629,031	628,979
H&W	3,900,862	4,219,096	4,430,069	4,650,398
SUI	19,252	21,499	21,691	21,617
W/C	307,697	432,112	433,830	433,792
OPEB	343,474	452,575	452,575	452,575
Other Benefits	329,949	322,495	322,495	320,515
Other Supplies & Materials	1,351,904	1,094,556	1,179,007	1,181,978
State Adopted Textbooks & Instructional Materials (Partially funded w/ Restricted funds)	579,307	2,209,628	347,198	344,392
Services & Other Operating Expenditures				
Printing Services for Adopted Textbook Consumables	3,332,902	3,737,568	3,659,481	3,659,592
	331,496	69,228	69,228	71,229
Capital Outlay	151,585	2,512,152	-	-
Other Outgo	226,846	800,271	800,271	850,271
Direct Support/Indirect Costs	(952,489)	(1,054,034)	(1,046,766)	(1,033,630)
Total Expenses	\$ 58,216,385	\$ 66,431,230	\$ 62,697,078	\$ 62,992,873

UNRESTRICTED	2018-2019 Audited Actuals	2019-2020 Estimated Actuals	2020-2021 Budget Projections	2021-2022 Budget Projections
BEGINNING FUND BALANCE	\$ 15,274,385	\$ 17,356,323	\$ 12,523,031	\$ 9,047,143
NET INCREASE/(DECREASE) IN FUND BALANCE	\$ 2,081,938	\$ (4,833,292)	\$ (3,475,888)	\$ (2,219,229)
ENDING FUND BALANCE	\$ 17,356,323 19.07%	\$ 12,523,031 12.29%	\$ 9,047,143 9.87%	\$ 6,827,914 7.41%
GENERAL FUND - COMPONENTS OF ENDING FUND BALANCE				
Nonspendable: Revolving Cash & Prepaid	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	3,718,673	853,838	747,239	637,821
Insurance Deductibles	200,000	200,000	200,000	200,000
Modernization	882,000			
Professional Learning	112,881		-	-
Textbook Adoptions	2,523,792	653,838	547,239	437,821
Unassigned/Unappropriated Reserve for Economic Uncertainties (REU)	2,729,818 3.00%	3,056,942 3.00%	2,750,025 3.00%	2,765,021 3.00%
Unassigned/Unappropriated Amount	\$ 10,897,832 11.98%	\$ 8,602,251 8.44%	\$ 5,539,879 6.04%	\$ 3,415,072 3.71%
TOTAL COMPONENTS OF ENDING FUND BALANCE	\$ 17,356,323 19.07%	\$ 12,523,031 12.29%	\$ 9,047,143 9.87%	\$ 6,827,914 7.41%

VIII. Fiscal Impacts to Consider (Aguilar, Sandoval)

- Under these assumptions, the district would have fair reserves as we enter the 2020-2021 fiscal year budget planning cycle but would be severely impacted by reduced revenues in 2020-2021 and beyond.
- Unknown reductions to revenues as a result of COVID-19 economic impact.
- Increases to STRS & PERS contribution requirement included but there is potential for further increases beginning in the 2021-2022 fiscal year.

IX. Next Steps (Aguilar, Sandoval)

- April 21, 2020: Regular Board Meeting:
 - Budget Assumptions Draft Updated
 - Final Board Direction on the 2020-2021 Fiscal Year Budget provided to Staff
- May 12, 2020: Regular Board Meeting:
 - TBD Update on Governor's May Revise, Budget and LCAP Progress
- June 2, 2020: Regular Board Meeting:
 - Public Hearing for the 2020-2021 Local Control and Accountability Plan
 - Public Hearing for the 2020-2021 Fiscal Year Budget
- June 23, 2020 Regular Board Meeting:
 - Adopt the 2020-2021 Local Control and Accountability Plan
 - Adopt the 2020-2021 Fiscal Year Budget