

Fiscal Year 2019-20 Third Interim Report & Information on the 2020-21 May Revision

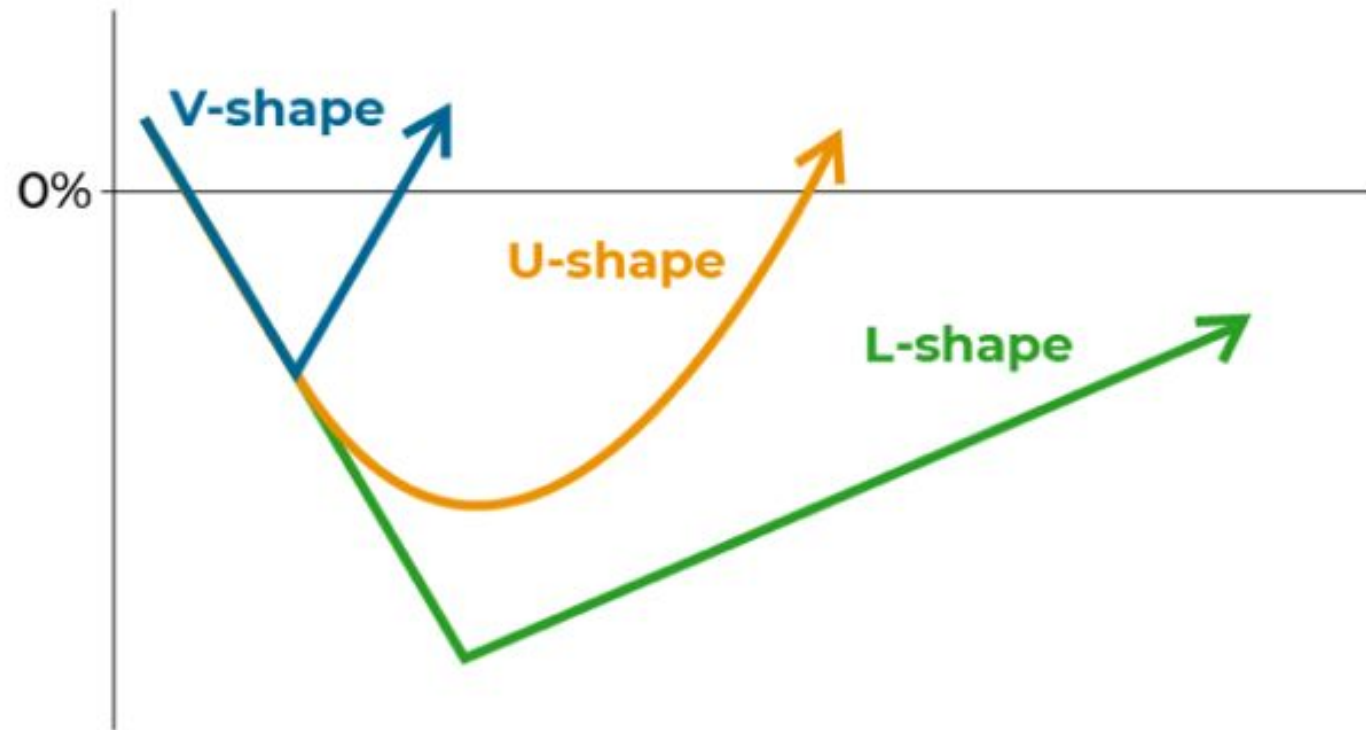
Presentation Items

- May Revision Update
- Overview / Annual Budget Cycle
- Key Budget Factors / Assumptions (updates from 2nd Interim)
- Financial Status
- 2019-20 Combined General Fund (updates from 2nd Interim)
- Multi-Year Projection
- Components of Fund Balance
- Other Funds
- Next Steps

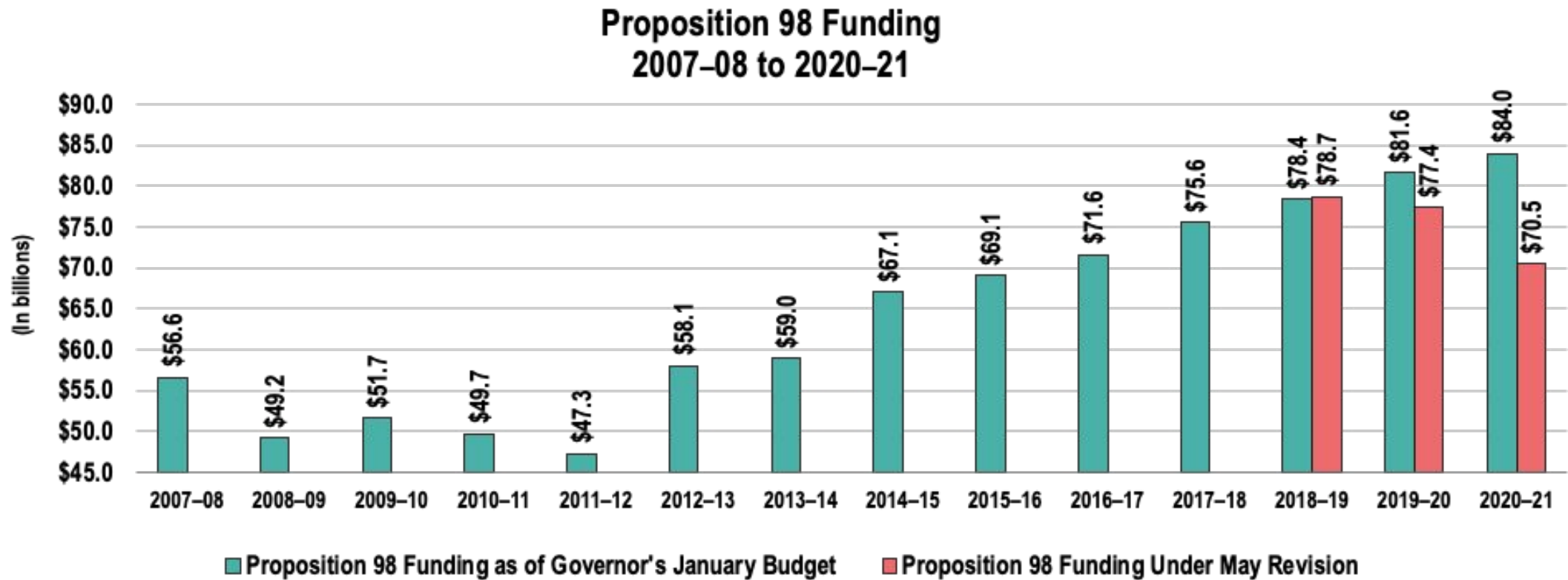
May Revision Update

Economic Recovery

The shape of recovery



Prop 98 Funding

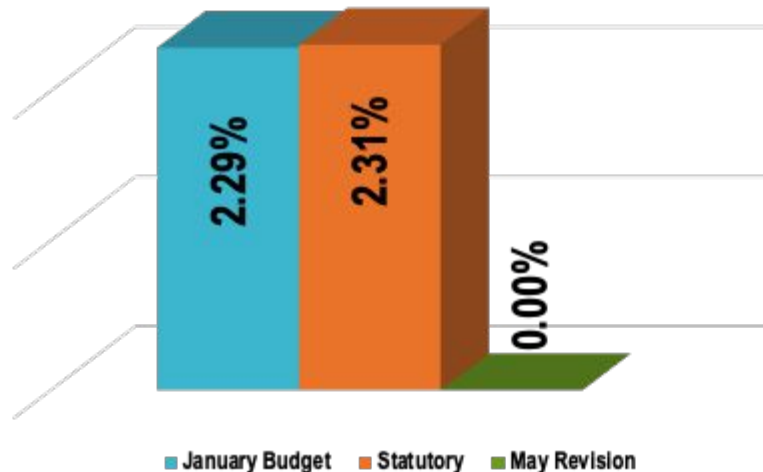


January Budget vs. May Revision

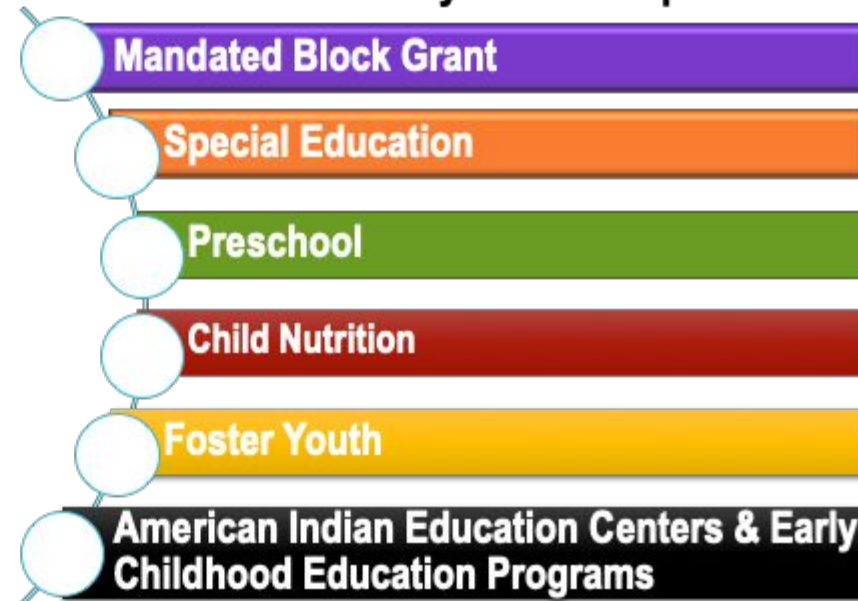
Item	January Budget	May Revision
2020–21 LCFF Funding Change	+\$1.2 billion	[-\$6.5 billion]
Proposition 98 Minimum Guarantee		
2018–19	\$78.4 billion	\$78.7 billion
2019–20	\$81.6 billion	\$77.4 billion
2020–21	\$84.0 billion	\$70.5 billion
2020–21 Statutory COLA	2.29%	2.31% (Suspended)
One-Time Discretionary Funds	\$0	\$0

Statutory COLA

- While the May Revision acknowledges a 2.31% statutory COLA (up slightly from the 2.29% estimated COLA in January), it suspends the COLA for 2020–21



- Categorical programs outside of the LCFF will also have the statutory COLA suspended



In typical years, as costs continue to rise, these programs would see adjustments for COLA only and average daily attendance (ADA) for special education

LCFF Funding Factors

- The May Revision suspends the 2.31% COLA and includes an additional reduction—for a total of 10% cut to the LCFF
 - ◆ First, the 2.31% COLA is applied to arrive at the 2020–21 base grants
 - ◆ Then the 10% reduction is applied—for an effective reduction of 7.92% to the 2019–20 base grant amounts

These reductions would be “triggered off” if the federal government provides sufficient funding to backfill the cuts

Grade Span	2019–20 Base Grant per ADA	2.31% COLA	2020–21 Base Grant per ADA	10% Reduction	Effective 2020–21 Base Grant per ADA
K–3	\$7,702	\$178	\$7,880	[-\$788]	\$7,092
4–6	\$7,818	\$181	\$7,999	[-\$800]	\$7,199
7–8	\$8,050	\$186	\$8,236	[-\$824]	\$7,412
9–12	\$9,329	\$215	\$9,544	[-\$954]	\$8,590

CalPERS/CalSTRS Rate Buydowns

CalSTRS Employer Rate

2020–21: ↓18.4% to 16.15%

2021–22: ↓18.2% to 16.02%

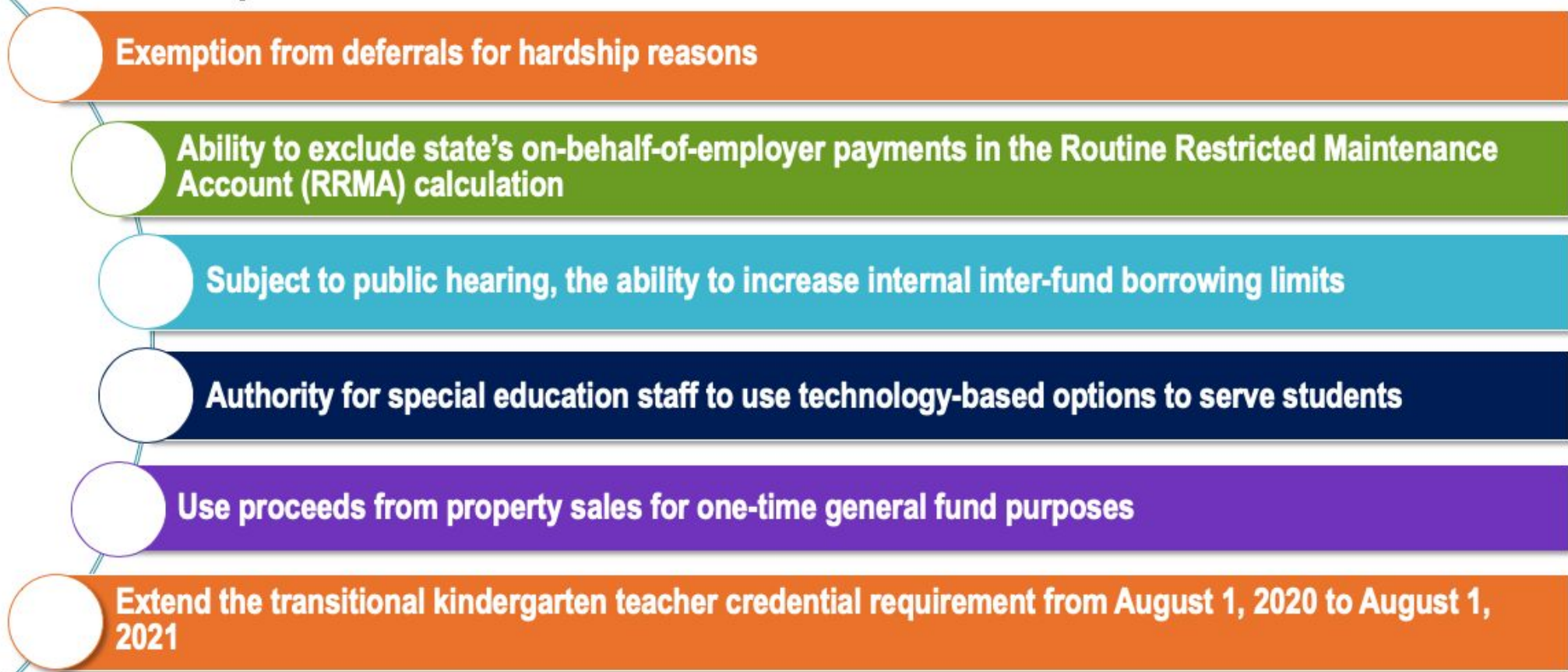
CalPERS Employer Rate

2020–21: ↓22.68% to 20.7%

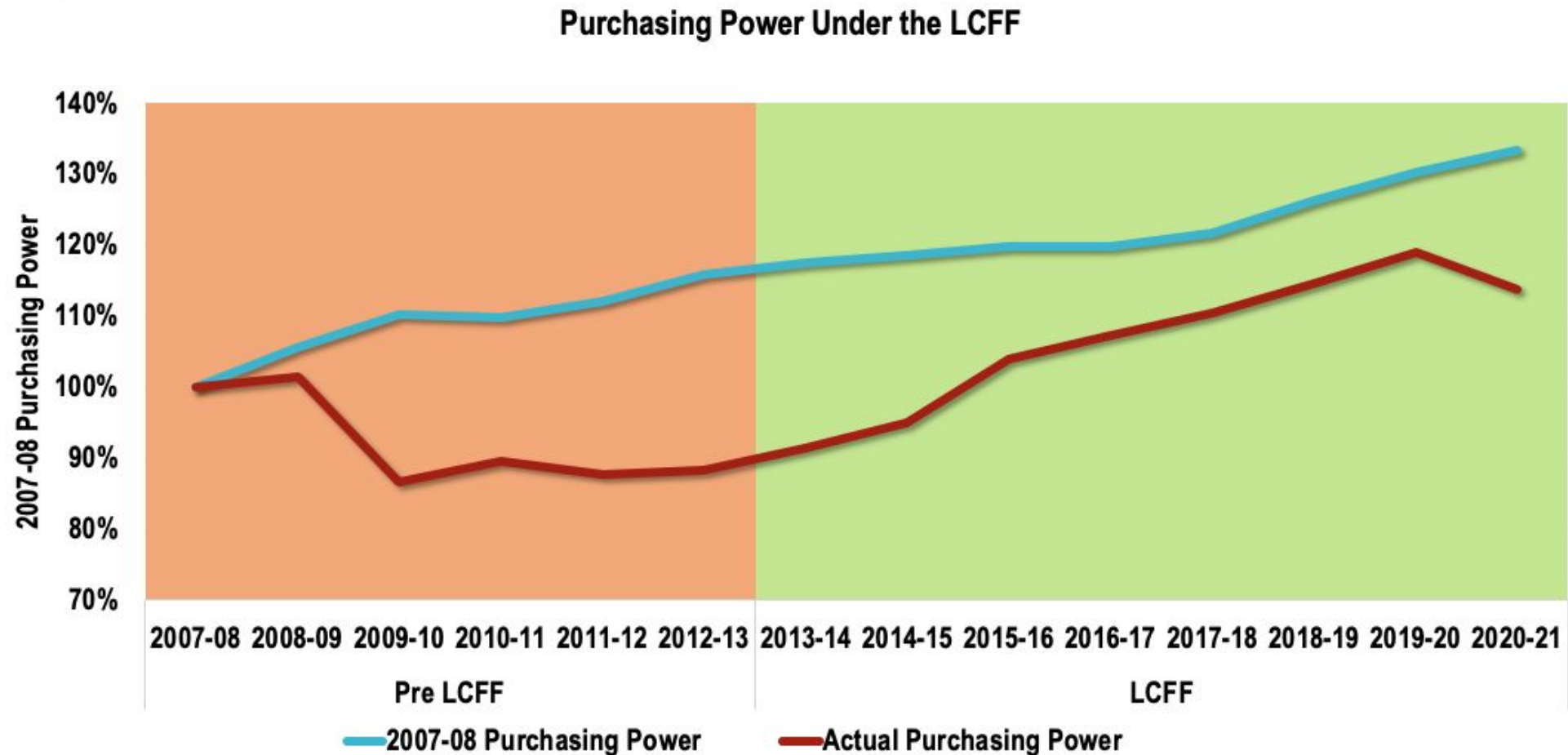
2021–22: ↓24.6% to 22.84%

Local Relief Measures

- In order to help LEAs absorb the reductions, the Governor offers a suite of relief measures



Purchasing Power Under LCFF



COLA Forecasts

Forecast	2020–21	2021–22	2022–23
DOF Forecast	2.31%	2.48%	3.26%
LAO "U" Shaped Forecast	2.31%	(0.03%)	1.11%
LAO "L" Shaped Forecast	2.31%	(0.63%)	(1.04%)
SSC Forecast	2.31%	0.70%	0.80%
SSC Recommends	0.00%	0.00%	0.00%

2019-20 Third Interim

Overview

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

- In the event that a district certifies as qualified or negative, the LEA will be required to submit an End of Year Projection Report, otherwise known as a Third Interim Report.
- A Third Interim financial report is a more condensed version of the First and Second Interim reports and does not require a certification of positive, qualified, or negative.
- The District shall provide to the County Superintendent, no later than June 1, financial statement projections of the fund and cash balances of the District through June 30, 2020, for the period ending April 30, 2020 (Third Interim Report) as well as a multi-year projection of the general fund through 2021-22.

Key Budget Factors / Assumptions

MYP Assumption updates for 3rd Interim:	2019/20	2020/21	2021/22
Statutory Cost of Living Adjustment (COLA)	3.26%	2.31%	0.00%
Augmentation	0.00%	-10.23%	0.00%
Statutory COLA & Augmentation	3.26%	-7.92%	0.00%
Proration factor used for LCFF add-ons		-10.00%	-10.00%
CalPERS Employer Rate	19.72%	20.70%	22.84%
CalSTRS Employer Rate	17.10%	16.15%	16.02%
Enrollment (Non-Charter Schools)	14,555	14,161	13,953
Projected ADA (Non-Charter Schools)	13,450.84	13,085.36	12,893.30
Funded ADA (Non-Charter Schools)	13,799.01	13,450.84	13,085.36

Key Budget Factors / Assumptions

General Fund 01 Revenue updates with 3rd Interim:	2019/20	2020/21	2021/22
Updated LCFF Funding after COVID-19 with May Revision & Updated Enrollment		-\$16,336,700	-\$22,663,814
Loss of 14.03 ADA from current year LCFF funding for SCOE & NPS	-\$162,965		
Loss in facility use fees after COVID-19 shelter-in-place	-\$250,772		
Loss in daycare fees after COVID-19 shelter-in-place	-\$258,056		
State SB117 COVID-19 Relief Funding	\$237,126		

Key Budget Factors / Assumptions

General Fund 01 Expenditure updates with 3rd Interim:	2019/20	2020/21	2021/22
<u>Salaries & Benefits</u>			
Vacancies and supplemental pay year end savings projection	-\$161,130		
PERS May Revise		-\$114,504	-\$128,051
STRS May Revise		-\$341,932	-\$318,406
State SB117 COVID-19 Relief Expenses	\$184,714		
<u>Books/Supplies & Outlay</u>			
Year end savings projection after COVID-19 shelter-in-place	-\$315,898		
State SB117 COVID-19 Relief Expenses	\$39,110		
<u>Services & Operating Expenses</u>			
Year end savings projection after COVID-19 shelter-in-place	-\$145,659		
Utilities year end savings projection after COVID-19 shelter-in-place	-\$98,855		
State SB117 COVID-19 Relief Expenses	\$13,302		

Financial Status

- The Fiscal Stabilization Plan - Part 1 provided the foundation to meet Future Unidentified Reductions. The Fiscal Stabilization Plan - Part 2 is underway with added needs from the State economic recession due to COVID-19.
- It is important to note that SRCS must continue to prepare for:
 - ❑ **Opening schools with COVID-19**
 - ❑ **CSEA employee negotiations**
 - ❑ **SRTA employee negotiations**
 - ❑ **Uncertain education funding in California**
 - ❑ **Declining enrollment**

2019-20 3rd 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)
A. REVENUES								
1) LCFF Sources		8010-8099	145,257,092.00	144,954,488.00	133,551,881.37	144,791,523.00	(162,965.00)	-0.1%
2) Federal Revenue		8100-8299	8,831,724.00	10,027,373.00	3,114,550.38	9,937,076.00	(90,297.00)	-0.9%
3) Other State Revenue		8300-8599	13,254,580.00	14,182,358.00	4,846,857.30	14,419,484.51	237,126.51	1.7%
4) Other Local Revenue		8600-8799	10,248,304.00	13,095,017.00	9,269,170.30	12,632,598.03	(462,418.97)	-3.5%
5) TOTAL, REVENUES			177,591,700.00	182,259,236.00	150,782,459.35	181,780,681.54		
B. EXPENDITURES								
1) Certificated Salaries		1000-1999	76,577,133.00	79,350,280.00	69,450,368.21	79,233,135.93	117,144.07	0.1%
2) Classified Salaries		2000-2999	24,564,981.00	22,846,125.00	18,856,648.33	22,943,693.25	(97,568.25)	-0.4%
3) Employee Benefits		3000-3999	40,250,585.00	39,803,072.00	29,098,548.77	39,728,245.11	74,826.89	0.2%
4) Books and Supplies		4000-4999	3,856,502.00	9,983,768.00	8,234,413.86	9,938,974.79	44,793.21	0.4%
5) Services and Other Operating Expenditures		5000-5999	39,307,309.00	40,922,546.00	30,351,908.28	40,783,953.22	138,592.78	0.3%
6) Capital Outlay		6000-6999	84,000.00	164,722.00	116,259.21	171,839.00	(7,117.00)	-4.3%
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)	(225,994.31)	(1,051,953.00)	0.00	0.0%
9) TOTAL, EXPENDITURES			183,716,274.00	192,146,277.00	155,878,207.35	191,875,605.30		
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)			(6,124,574.00)	(9,887,041.00)	(5,095,748.00)	(10,094,923.76)		

General Fund Multi-Year Projection

General Fund 01 2019-20 3rd Interim Combined Unrestricted and Restricted Multi Year Projection (MYP)			
REVENUES	2019-20	2020-21	2021-22
LCFF Sources	144,791,523	129,942,081	126,547,951
Remaining Revenues	36,989,159	36,313,811	36,313,811
Total Revenues	181,780,682	166,255,892	162,861,762
EXPENDITURES			
Salaries & Benefits	141,905,074	149,057,373	152,446,415
Books/Supplies & Outlay	10,110,814	7,421,171	5,421,171
Services & Operating Expenses	40,783,953	39,110,165	38,710,165
Other Outgo & Indirect Costs	-924,236	-924,236	-924,236
Future Unidentified Fiscal Stabilization Measures		-9,739,162	-31,332,984
Total Expenditures	191,875,605	184,925,310	164,320,530
Operating Net Increase/Decrease	-10,094,924	-18,669,418	-1,458,768
Transfers In and Other Sources	979,415	979,415	979,415
Transfers Out and Other Uses	-138,790	-138,790	-138,790
Current Year Increase/Decrease In Fund Balance	-9,254,299	-17,828,793	-618,143
Beginning Balance	30,825,874	25,371,576	7,542,783
Ending Balance	21,571,576	7,542,783	6,924,640

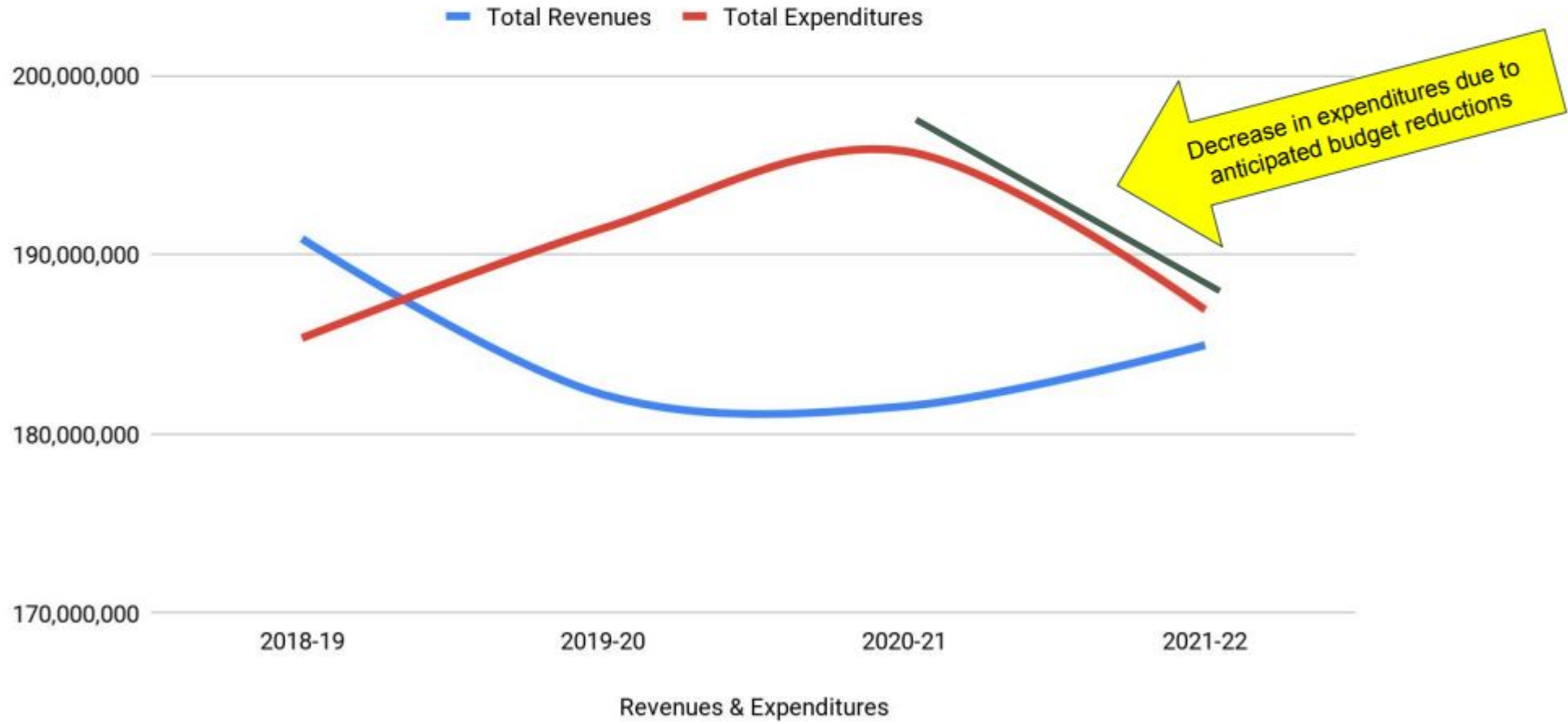
If 2020-21
Measures are
on-going then
\$21,593,822 in
2021-22

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)	2,304,576	1,990,860	1,990,860
Reserve for Economic Uncertainty	5,760,432	5,551,923	4,933,780
Unassigned/Unappropriated Ending Balance	13,506,568	0	0

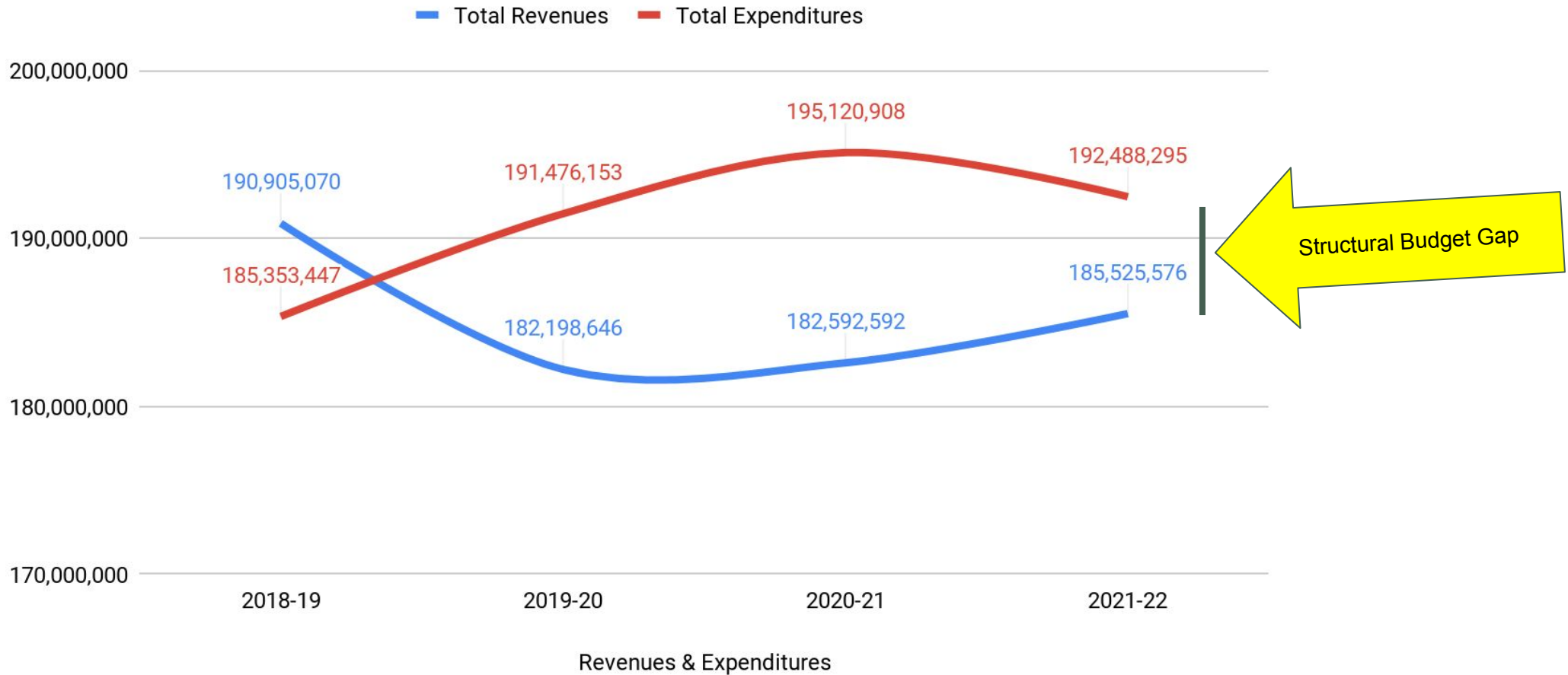
Revenue vs Expenditure - 1st Interim

Total Revenues and Total Expenditures



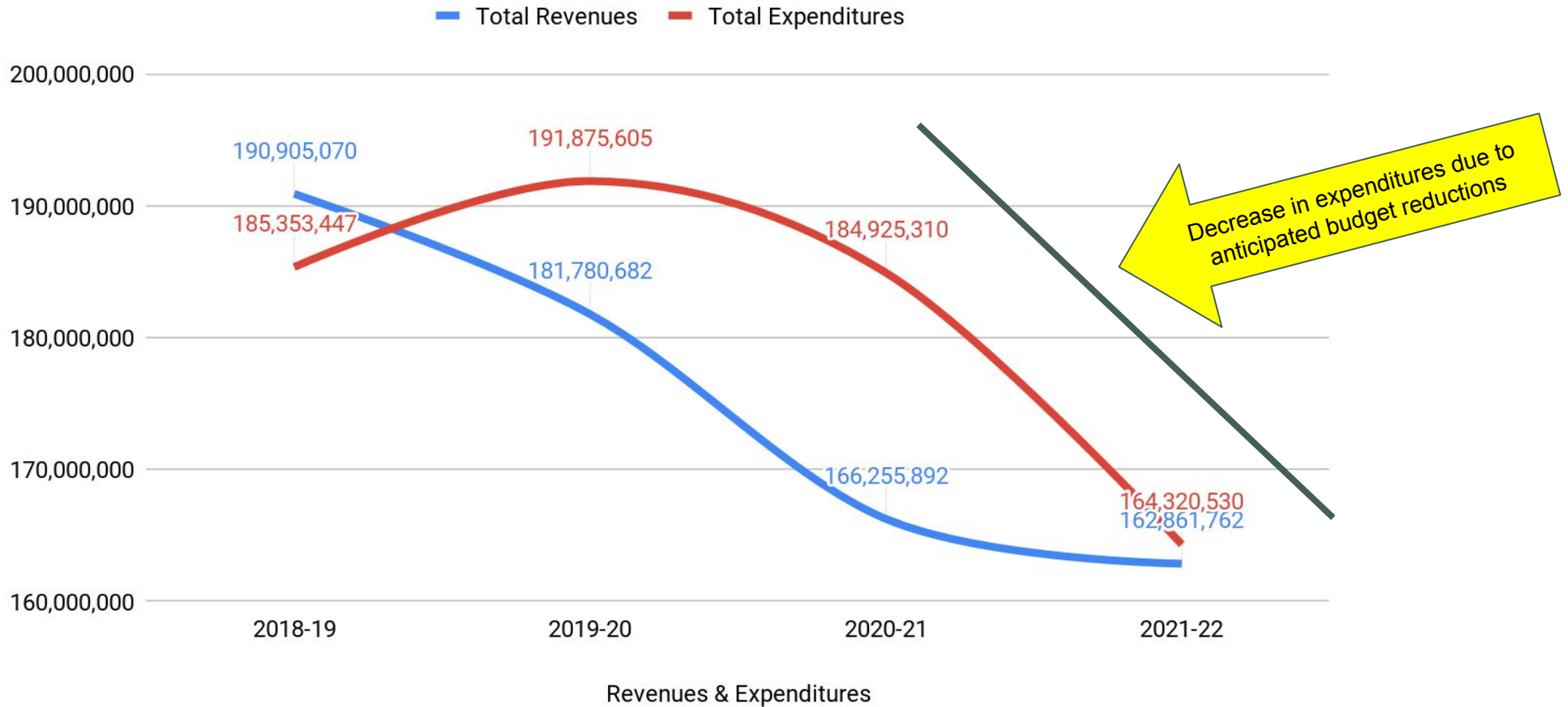
Revenue vs Expenditure - 2nd Interim

Total Revenues and Total Expenditures



Revenue vs Expenditure - 3rd Interim

Total Revenues and Total Expenditures



Other Funds

Fund	Projected Ending Balance
Fund 09 (Charters)	\$4,078,261
Fund 12 (Child Dev)	\$4,298
Fund 13 (Cafeteria)	\$0
Fund 14 (DM)	\$718,616
Fund 17 (Spec Res)	\$550,659

Fund	Projected Ending Balance
Fund 21 (Bond)	\$38,766,114
Fund 25 (DF)	\$4,482,297
Fund 35 (County School Facilities Fund)	\$1,039
Fund 40 (Cap Outlay)	\$10,681,537
Fund 67 (Dental)	\$1,226,814

Next Steps

June 2020

- ☐ BAC recommendations to the Superintendent
- ☐ Fiscal Stabilization Plan - Part 2
- ☐ 2020-21 Budget Public Hearing
- ☐ 2020-21 Budget Adoption