

# Fiscal Year 2019-20 First Interim Report

# Presentation Items

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# 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

# Overview

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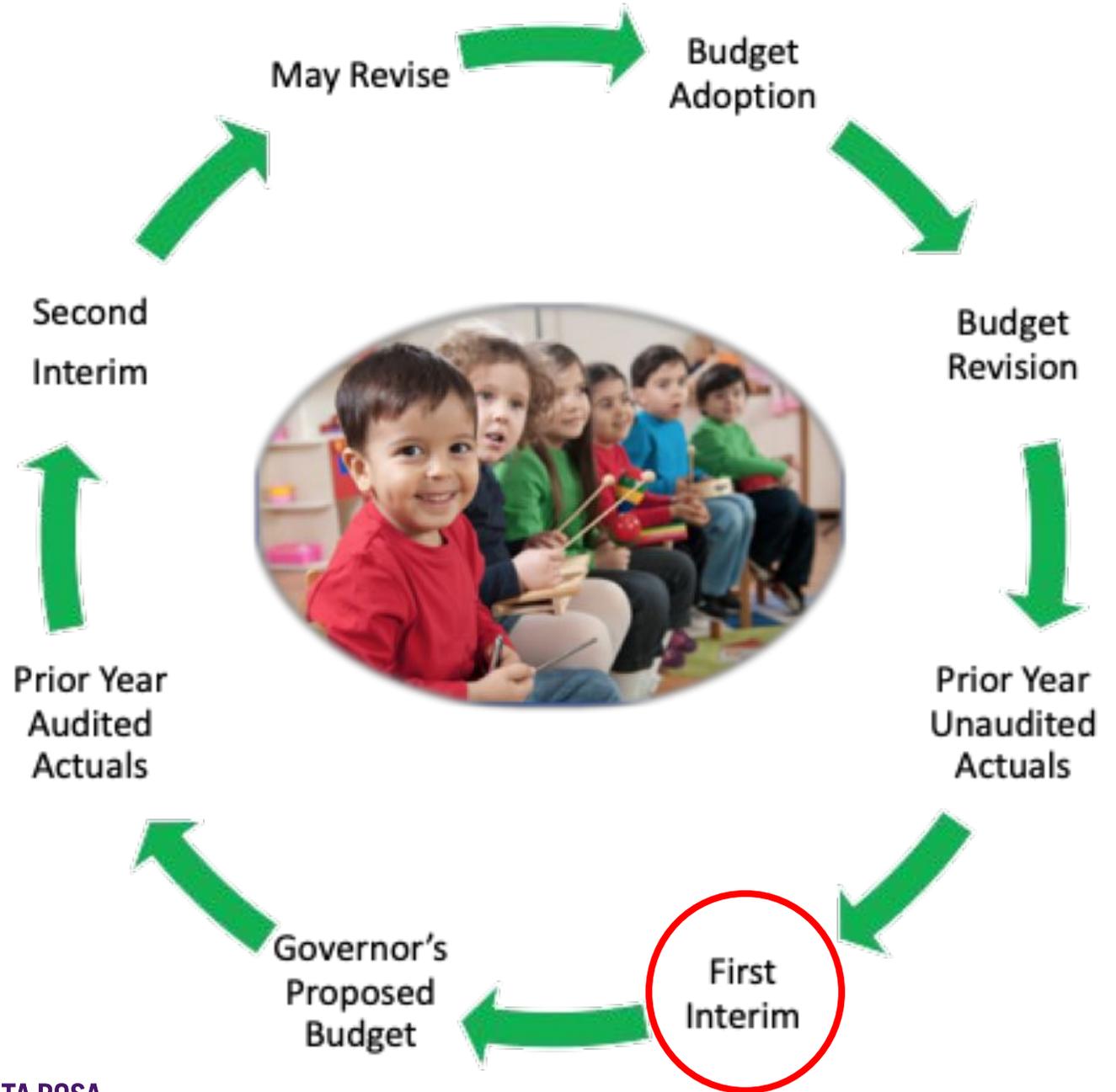
The Certification of the District's financial condition may take one of three forms:

-  **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.

# 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



# Key SRCS Budget Factors

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## ☐ **Negotiations - 2018-19**

- ☐ CSEA 19-20 7.5% + Benefit Increase
- ☐ SRTA 19-20 3% + \$750 Benefit Increase
- ☐ SRTA 20-21 4% + \$750 Benefit Increase

## ☐ **Declining Enrollment**

- ☐ Expected to continue in declining enrollment for 20-21 and 21-22

## ☐ **Revenues**

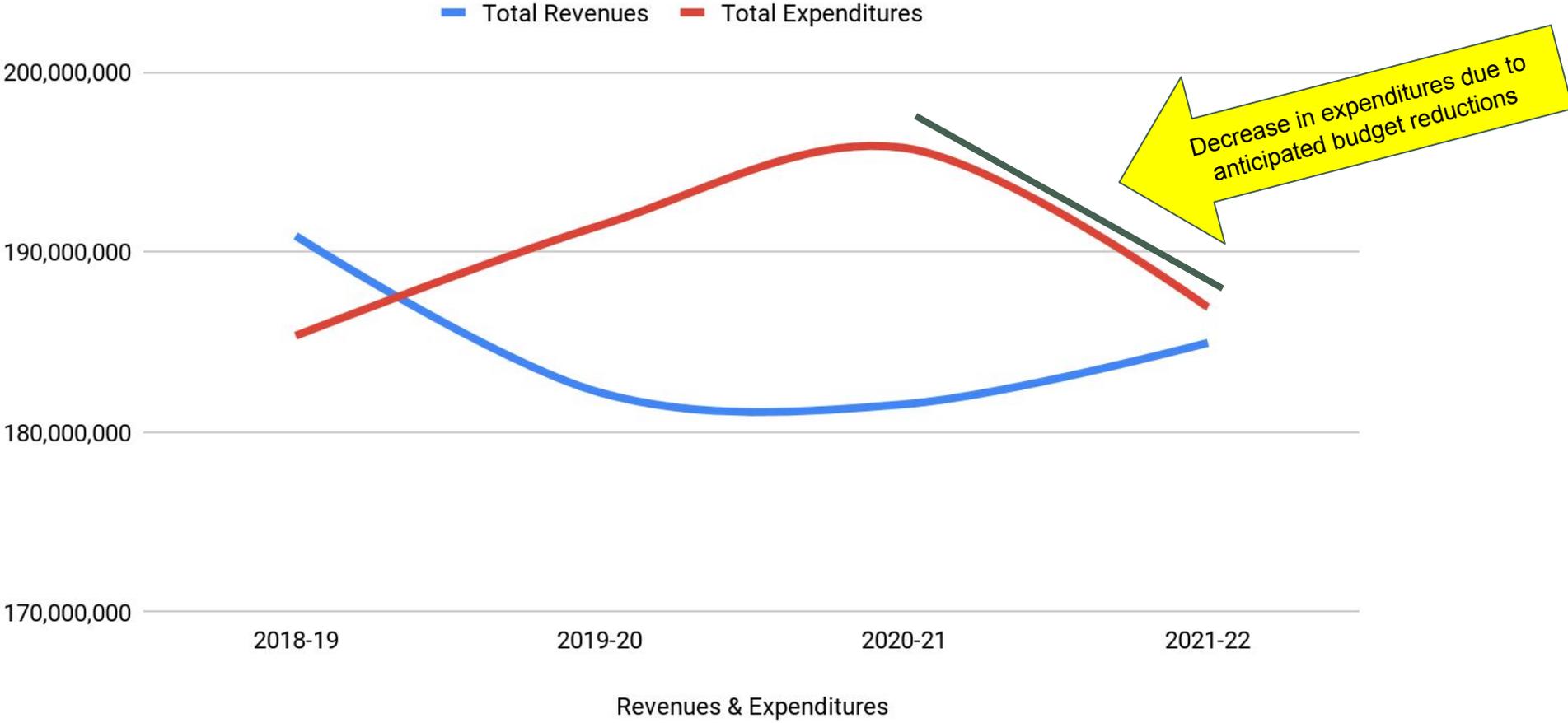
- ☐ COLA only environment - potential to be less than projected for 2020-21
- ☐ Lack of “One-Time” Revenue
- ☐ Unknown if new ongoing funding will be proposed

# 2019-20 Combined General Fund

<b>REVENUES AND OTHER FINANCING SOURCES</b>		<b>Adopted Budget</b>	<b>Changes</b>	<b>First Interim</b>
LCFF Sources	8010-8099	\$ 145,257,092.00	\$ 504,547.00	\$ 145,761,639.00
Federal Revenue	8100-8299	\$ 8,831,724.00	\$ 870,622.94	\$ 9,702,346.94
Other State Revenue	8300-8599	\$ 13,254,580.00	\$ 923,887.27	\$ 14,178,467.27
Other Local Revenue	8600-8799	\$ 10,248,304.00	\$ 2,307,888.46	\$ 12,556,192.46
Transfers In		\$ 979,415.00	\$ -	\$ 979,415.00
<b>Total</b>		\$ 178,571,115.00	\$ 4,606,945.67	\$ 183,178,060.67
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Certificated Salaries	1000-1999	\$ 76,577,133.00	\$ 3,022,066.69	\$ 79,599,199.69
Classified Salaries	2000-2999	\$ 24,564,981.00	\$ (322,891.94)	\$ 24,242,089.06
Employee Benefits	3000-3999	\$ 40,250,585.00	\$ 791,557.93	\$ 41,042,142.93
Books and Supplies	4000-4999	\$ 3,856,502.00	\$ 3,543,760.21	\$ 7,400,262.21
Services and Other Operating Expenditures	5000-5999	\$ 39,307,309.00	\$ 635,937.80	\$ 39,943,246.80
Capital Outlay	6000-6999	\$ 84,000.00	\$ 89,448.72	\$ 173,448.72
Other Outgo (excluding Transfers of Indirect Costs)	7100-7299, 7400-7499	\$ 127,717.00	\$ -	\$ 127,717.00
Other Outgo - Transfers of Indirect Costs	7300-7399	\$ (1,051,953.00)	\$ -	\$ (1,051,953.00)
Transfer Out		\$ 138,790.00	\$ -	\$ 138,790.00
<b>Total</b>		\$ 183,855,064.00	\$ 7,759,879.41	\$ 191,614,943.41
			\$ -	
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>		\$ (5,283,949.00)	\$ (3,152,933.74)	\$ (8,436,882.74)
			\$ -	
<b>BEGINNING FUND BALANCE</b>		\$ 22,918,085.74	\$ 7,907,788.56	\$ 30,825,874.30
<b>ENDING FUND BALANCE</b>		\$ 17,634,136.74	\$ 4,754,854.82	\$ 22,388,991.56
<b>RESERVE FOR ECONOMIC UNCERTAINTIES</b>		\$ 5,515,651.92	\$ 232,796.38	\$ 5,748,448.30

# Revenue vs Expenditure

## Total Revenues and Total Expenditures



# General Fund Multi-Year Projection

2019-20 1st Interim Multi Year Projection (MYP)			
REVENUES	2019-20	2020-21	2021-22
LCFF Sources	145,761,639	148,221,844	151,640,336
Remaining Revenues	36,437,007	33,320,906	33,320,906
<b>Total Revenues</b>	<b>182,198,646</b>	<b>181,542,750</b>	<b>184,961,242</b>
EXPENDITURES			
Salaries & Benefits	144,883,432	153,216,911	157,333,078
Books/Supplies & Outlay	7,573,553	4,937,101	4,937,101
Services & Operating Expenses	39,943,405	38,669,093	38,669,093
Other Outgo & Indirect Costs	-924,236	-1,026,320	-1,026,320
<b>Future Unidentified Fiscal Stabilization Measures</b>		<b>0</b>	<b>-12,983,466</b>
<b>Total Expenditures</b>	<b>191,476,153</b>	<b>195,796,784</b>	<b>186,929,486</b>
Operating Net Increase/Decrease	-9,277,508	-14,254,034	-1,968,244
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>-8,436,883</b>	<b>-13,413,409</b>	<b>-1,127,619</b>
<b>Beginning Balance</b>	<b>30,825,874</b>	<b>22,388,992</b>	<b>8,975,582</b>
<b>Ending Balance</b>	<b>22,388,992</b>	<b>8,975,582</b>	<b>7,847,963</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)	2,235,899	2,235,899	2,235,899
Reserve for Economic Uncertainty	5,748,448	5,878,067	5,612,048
<b>Unassigned/Unappropriated Ending Balance</b>	<b>14,404,644</b>	<b>861,616</b>	<b>15</b>



# MYP - Key Assumptions

MYP Assumption updates for 1st Interim:			
	2019/20	2020/21	2021/22
Cost of Living Adjustment (COLA)	3.26%	3.00%	2.80%
LCFF Gap Percentage	100.00%	100.00%	100.00%
Enrollment	14,500	14,430	14,259
Projected ADA	13,702.54	13,636.17	13,480.25
Funded ADA	13,817.40	13,702.54	13,636.17

# Assumptions - CalPERS Rate Increases

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- ❑ 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 PEPRA 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	22.70%	7.00%	6.00%
2021-22	24.60%	7.00%	6.00%
2022-23	25.40%	7.00%	6.00%

# Assumptions - CalSTRS Rate Increases

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- Employer rates are increasing to 18.13% 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%

# Other Funds

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Fund	Projected Ending Balance
Fund 9 (Charters)	\$3,876,100
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)	\$7,166,534
Fund 25 (DF)	\$4,805,626
Fund 35	\$1,039
Fund 40 (Cap Outlay)	\$11,377,685
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 winter break

- Review ideas with cost impact to budget
- Prepare recommendations

## Meeting Dates:

- September 26
- October 17
- November 21
- December 5
- January 23
- February 13
- February 27 / March 5 - TBD

# Budget Advisory Committee

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- ❑ Tammy Affonso, CSEA
- ❑ Linda Zabala, CSEA
- ❑ Betty Garcia, CSEA
- ❑ Kristen Hendricks, Parent
- ❑ Mark Jenkins, Parent
- ❑ Jeff Gospe, Community / Parent
- ❑ Alex Chui, Student Representative
- ❑ Dan Condron, Business Member
- ❑ Mike Lopez, Business Member
- ❑ Frank Pugh, Community Member

- ❑ Margie Bradylong, SRTA
- ❑ Kyle Hart, SRTA
- ❑ Gabe Albavera, SRCS HS Admin
- ❑ Kimberly Clissold, SRCS HS Admin
- ❑ Valerie Jordan, SRCS HS Admin
- ❑ Vicki Zands, SRCS MS Admin
- ❑ Jeanine Wilson, SRCS Elem Admin
- ❑ Kaesa Enemark, SRCS DO Admin

## Meetings Facilitators:

- ❑ Rick Edson, Deputy Superintendent
- ❑ Joel Dontos, Executive Director Fiscal Services

# Next Steps

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## January 2020

- Present Governor's Proposed Budget 19-20
- Begin 2019-20 Budget Development
- Enrollment Projections

## February 2020

- Present 2019-20 Audit Report
- BAC Recommendations

## March 2020

- Present Second Interim
- Present Budget Assumptions

## May 2020

- Present Governor's May Revise
- Present Updated Budget Assumptions

## June 2020

- Budget and LCAP Hearings
- Budget Adoption