

# Fiscal Year 2020-21 First Interim Report

# Presentation Items

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- Overview
- Annual Budget Cycle
- Key Budget Factors / Assumptions
- 2020-21 Combined General Fund - Changes at First Interim
- Multi-Year Projection
- Components of Fund Balance
- Other Funds
- Budget Advisory Committee
- Next Steps
- Certification

# 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 1st Interim:				
	2019/20	2020/21	2021/22	2022/23
Statutory COLA & Augmentation/Suspension (Funded COLA)	3.26%	0.00%	1.14%	0.00%
Statutory Cost of Living Adjustment (COLA)	3.26%	2.31%	2.48%	3.26%
Augmentation/(COLA Suspension)	0.00%	-2.31%%	-1.34%	-3.26%
Enrollment (Non-Charter Schools)	14,531	14,161	13,953	13,775
Projected ADA (Non-Charter Schools)	13,554.49	13,554.49*	12,992.56	12,827.32
Funded ADA (greater of current or prior year) (Non-Charter Schools)	13,816.54	13,554.49	13,554.49	12,992.56

\*Hold Harmless due to COVID-19 Pandemic in 2020-21 by using same ADA reporting as 2019-20

# Assumptions - CalPERS Rate Increases

- ❑ Employer Contribution to CalPERS is proposed to increase to 20.70% in 20-21, 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	20.70%	7.00%	6.00%
2021-22	23.00%	7.00%	6.00%
2022-23	26.30%	7.00%	6.00%

	2019-20	2020-21	2021-22	2022-23
<b>PERS</b>	\$4,497,734	\$4,960,114	\$5,630,699	\$6,370,527

# 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	16.15%	10.25%	9.21%
2021-22	16.00%	10.25%	9.21%
2022-23	18.10%	10.25%	9.21%

	2019-20	2020-21	2021-22	2022-23
<b>STRS</b>	\$13,469,862	\$13,320,243	\$12,657,739	\$14,156,364



# Additional Assumptions in First Interim

Budget Assumption Updates included in 2020-21 1st Interim:	2020-21	2021-22	2022-23
Move Coordinator of State & Federal Programs into Title Funding with new Admin reservation and Migrant Ed Funding	(148,513.00)	(152,968.00)	(157,557.00)
Move District Ran Daycare Positions into Learning Loss Mitigation Funds with new 2020-21 Distance Learning Support Care	(1,282,552.00)		
Move Senior Secretary, State and Federal Programs into Title Funding with new Admin reservation and Migrant Ed Funding	(55,898.00)	(57,575.00)	(59,302.00)
Close Vacancies (Including as a result of Distance Learning in 2020-21 and not filling in future years)	(1,619,045.00)	(1,619,045.00)	(1,619,045.00)
Savings From Distance Learning during 2020-21 in Books & Supplies (additional costs covered by Learning Loss Mitigation Funds)	(142,328.00)		
Savings From Distance Learning during 2020-21 in Services & Other Operating Expenditures (additional costs covered by Learning Loss Mitigation Funds)	(810,756.00)		
Budget CARES ESSER Funds with Daycare positions and % of T&L Directors		(2,197,379.00)	
Move 20% Custodians & 17% District Directors into Learning Loss Mitigation Funds	(1,042,031.00)		
Postpone Textbook adoptions	(2,106,662.00)		

# Additional Assumptions in First Interim Continued

Continued Budget Assumption Updates included in 2020-21 1st Interim:	2020-21	2021-22	2022-23
Reduce positions in line with and due to declining enrollment (45 in 2021-22; 45 in 2022-23 - Management/Classified/Certificated)		(4,050,000.00)	(8,100,000.00)
Reduce Books & Supplies in line with and due to declining enrollment (-10% 2021-22, -5% 2022-23)		(410,000.00)	(615,000.00)
Reduce Services and Operating Expenses in line with and due to declining enrollment (-10% excluding SPED)		(1,300,000.00)	(2,560,000.00)
Move Dental Fund 67 Reserve to Fund 01 after the 2019-20 unaudited actuals ending balance.		(500,000.00)	
Move Fund 17 to Fund 01 after the 2019-20 unaudited actuals ending balance.		(557,092.00)	
Move Power Purchase Agreement with MMA Renewable Ventures expenditures out of Fund 01 into Fund 21	(300,000.00)	(300,000.00)	(300,000.00)
West County Transportation Cost Savings From Distance Learning during 2020-21	(1,000,000.00)		
RESIG Return of Equity	(400,000.00)	(400,000.00)	(400,000.00)
Total	(8,907,785.00)	(11,544,059.00)	(13,810,904.00)

# Financial Outlook

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- ❑ It is important to note that SRCS must continue to prepare for:
  - ❑ **CSEA employee negotiations**
  - ❑ **SRTA employee negotiations**
  - ❑ **Uncertain education funding in California**
  - ❑ **Declining enrollment**

# 2020-21 1st Interim Combined General Fund

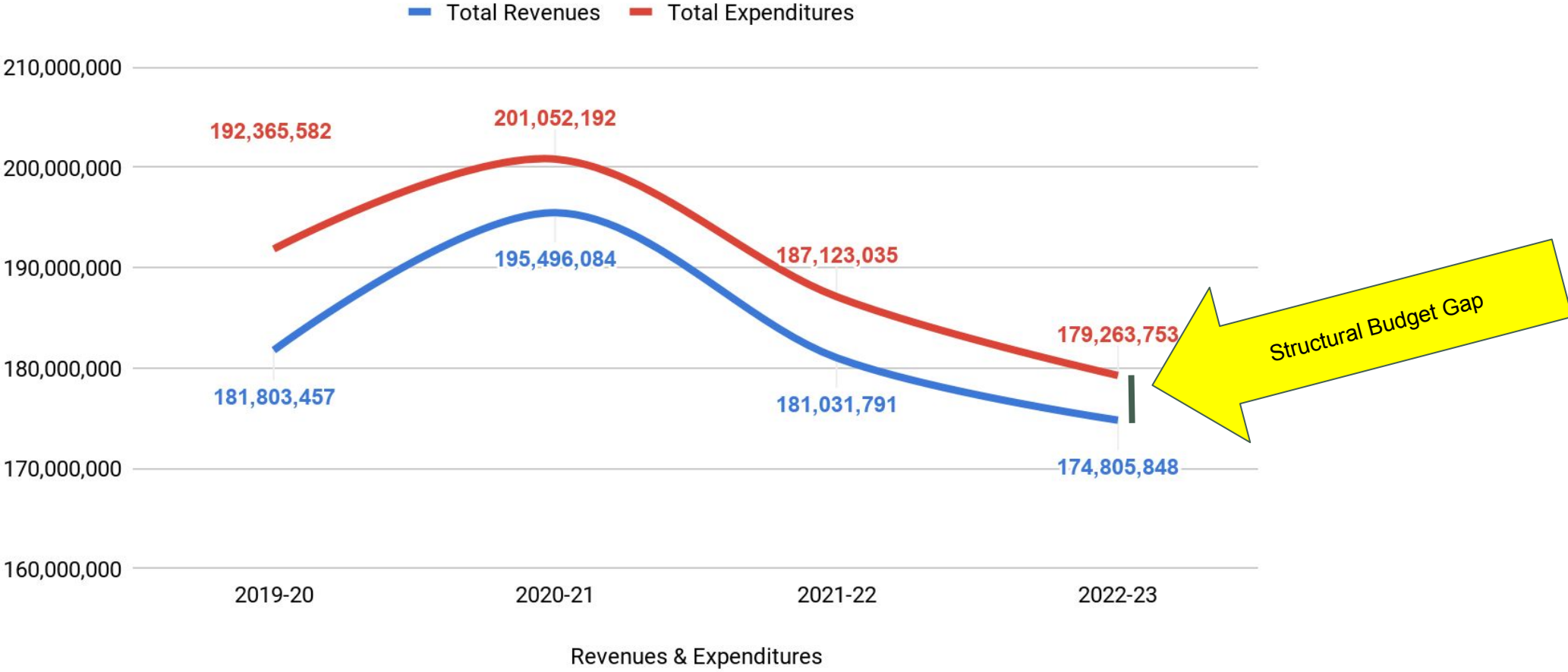
Description	Resource Codes	Object Codes	Original Budget (A)	Board Approved Operating Budget (B)	Actuals To Date (C)	Projected Year Totals (D)	Difference (Col B & D) (E)	% Diff (E/B) (F)
<b>A. REVENUES</b>								
1) LCFF Sources		8010-8099	145,023,173.00	141,761,216.00	16,121,191.76	141,761,216.00	0.00	0.0%
2) Federal Revenue		8100-8299	8,726,737.00	21,393,915.00	7,410,177.08	21,393,916.09	1.09	0.0%
3) Other State Revenue		8300-8599	13,980,252.00	15,432,150.00	1,032,211.46	15,432,149.76	(0.24)	0.0%
4) Other Local Revenue		8600-8799	11,845,740.00	11,511,308.00	2,332,981.49	11,511,307.55	(0.45)	0.0%
5) TOTAL, REVENUES			179,575,902.00	190,098,589.00	26,896,561.79	190,098,589.40		
<b>B. EXPENDITURES</b>								
1) Certificated Salaries		1000-1999	80,519,787.00	82,478,292.00	23,265,303.45	82,478,286.09	5.91	0.0%
2) Classified Salaries		2000-2999	25,099,606.00	23,864,624.00	6,522,706.61	23,864,622.51	1.49	0.0%
3) Employee Benefits		3000-3999	43,092,668.00	42,287,217.00	10,121,333.01	42,287,205.68	11.32	0.0%
4) Books and Supplies		4000-4999	6,027,657.00	10,214,364.00	2,841,478.79	10,214,359.56	4.44	0.0%
5) Services and Other Operating Expenditures		5000-5999	40,318,463.00	41,822,252.00	10,247,210.44	41,822,254.17	(2.17)	0.0%
6) Capital Outlay		6000-6999	151,256.00	181,087.00	5,795.53	181,087.56	(0.56)	0.0%
7) Other Outgo (excluding Transfers of Indirect Costs)		7100-7299 7400-7499	88,086.00	88,086.00	0.00	88,086.00	0.00	0.0%
8) Other Outgo - Transfers of Indirect Costs		7300-7399	(759,773.00)	(759,774.00)	0.00	(759,773.00)	(1.00)	0.0%
9) TOTAL, EXPENDITURES			194,537,750.00	200,176,148.00	53,003,827.83	200,176,128.57		
<b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)</b>			(14,961,848.00)	(10,077,559.00)	(26,107,266.04)	(10,077,539.17)		
<b>D. OTHER FINANCING SOURCES/USES</b>								
1) Interfund Transfers								
a) Transfers In		8900-8929	4,779,415.00	5,397,495.00	0.00	5,397,495.24	0.24	0.0%
b) Transfers Out		7600-7629	0.00	660,774.00	42,694.08	660,774.32	(0.32)	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	0.00	(1.00)	0.00	0.00	1.00	100.0%
4) TOTAL, OTHER FINANCING SOURCES/USES			4,779,415.00	4,736,720.00	(42,694.08)	4,736,720.92		
<b>E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)</b>			(10,182,433.00)	(5,340,839.00)	(26,149,960.12)	(5,340,818.25)		

# 2020-21 1st 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>F. FUND BALANCE, RESERVES</b>								
1) Beginning Fund Balance								
a) As of July 1 - Unaudited		9791	21,592,534.00	23,636,527.00		23,636,527.14	0.14	0.0%
b) Audit Adjustments		9793	0.00	0.00		0.00	0.00	0.0%
c) As of July 1 - Audited (F1a + F1b)			21,592,534.00	23,636,527.00		23,636,527.14		
d) Other Restatements		9795	0.00	0.00		0.00	0.00	0.0%
e) Adjusted Beginning Balance (F1c + F1d)			21,592,534.00	23,636,527.00		23,636,527.14		
2) Ending Balance, June 30 (E + F1e)			11,410,101.00	18,295,688.00		18,295,708.89		
Components of Ending Fund Balance								
a) Nonspendable								
Revolving Cash		9711	0.00	0.00		0.00		
Stores		9712	0.00	0.00		0.00		
Prepaid Items		9713	0.00	0.00		0.00		
All Others		9719	0.00	0.00		0.00		
b) Restricted		9740	2,375,730.00	5,412,162.00		5,412,161.69		
c) Committed								
Stabilization Arrangements		9750	0.00	0.00		0.00		
Other Commitments		9760	0.00	0.00		0.00		
d) Assigned								
Other Assignments		9780	0.00	0.00		0.00		
e) Unassigned/Unappropriated								
Reserve for Economic Uncertainties		9789	5,836,132.50	6,025,107.66		6,025,107.09		
Unassigned/Unappropriated Amount		9790	3,198,238.50	6,858,418.34		6,858,440.11		

# Revenue vs Expenditure - 1st Interim

## Total Revenues and Total Expenditures



# General Fund Multi-Year Projection

2020-21 1st Interim Multi Year Projection (MYP)			
REVENUES	2020-21	2021-22	2022-23
LCFF Sources	141,761,216	143,212,031	138,043,180
Remaining Revenues	48,337,373	35,783,253	35,783,253
<b>Total Revenues</b>	<b>190,098,589</b>	<b>178,995,284</b>	<b>173,826,433</b>
EXPENDITURES			
Salaries & Benefits	148,630,114	145,609,956	144,184,503
Books/Supplies & Outlay	10,395,447	3,683,913	3,478,913
Services & Operating Expenses	41,822,254	38,529,785	37,269,785
Other Outgo & Indirect Costs	-10,913	-700,619	-700,619
<b>Future Unidentified Fiscal Stabilization Measures</b> <i>*(Identified Measures and Assumptions for 20/21 - 22/23 are on slides 9 &amp; 10)</i>	*	*	<b>-4,968,828</b>
<b>Total Expenditures</b>	<b>200,836,903</b>	<b>187,123,035</b>	<b>179,263,753</b>
Operating Net Increase/Decrease	<b>-10,738,314</b>	<b>-8,127,752</b>	<b>-5,437,321</b>
Transfers In and Other Sources & Transfers Out and Other Uses	5,397,495	2,036,507	979,415
<b>Current Year Increase/Decrease In Fund Balance</b>	<b>-5,340,819</b>	<b>-6,091,245</b>	<b>-4,457,906</b>
<b>Beginning Balance</b>	<b>23,636,527</b>	<b>18,295,708</b>	<b>12,204,464</b>
<b>Ending Balance</b>	<b>18,295,708</b>	<b>12,204,464</b>	<b>7,746,558</b>

# Components of Ending Fund Balance

Components of Ending Balance	2020-21	2021-22	2022-23
Restricted Ending Balance (only can be spent on federal or state mandates, or per donor requirements)	5,412,162	2,573,969	2,368,646
Reserve for Economic Uncertainty	6,025,107	5,613,691	5,377,913
<b>Unassigned/Unappropriated Ending Balance</b>	<b>6,858,440</b>	<b>4,016,803</b>	<b>0</b>





# Other Funds

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Fund	Projected Ending Balance
Fund 09 (Charters)	\$1,423,853
Fund 12 (Child Dev)	\$6,656
Fund 13 (Cafeteria)	\$0
Fund 14 (DM)	\$744,372
Fund 17 (Spec Res)	\$559,174

Fund	Projected Ending Balance
Fund 21 (Bond)*	\$8,142,896
Fund 25 (DF)	\$4,805,626
Fund 35 (CSF)	\$0
Fund 40 (Cap Outlay)	\$8,427,955
Fund 67 (Dental)	\$1,089,765

\*SRCS plans to sell Bonds during Spring 2021. This balance will be adjusted at the time of sale.

# Budget Advisory Committee

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## Future meetings

- ❑ January 7, 2021
  - ❑ Current Budget and Expenditures (focus 3000s, 4000s, and 5000s)
  
- ❑ January 21, 2021
  - ❑ Enrollment Projections and associated impacts
  
- ❑ February 4, 2021
  - ❑ Fiscal Stabilization Plan 20/21 Part 1
  
- ❑ February 11, 2021 (If necessary)
  
- ❑ February 18, 2021
  - ❑ Final Recommendations to the Superintendent: Fiscal Stabilization Plan 20/21 Part 1

# Next Steps

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## January 2021

- BAC Meetings - January 7 & 21
- 2021-22 CA State Budget Proposal
- 2021-22 SRCS Enrollment Projections

## February 2021

- BAC Meetings - February 4, 11, & 18
- Approval of FSP 20/21 P1

## March 2021

- Second Interim Report
- BAC Meetings

## April 2021

- BAC Meetings
- Present Governor's 2020-21 May Revise

## May 2021

- Third Interim (If Necessary)
- BAC Meetings

## June 2021

- 2021-22 Budget and LCAP Public Hearings
- 2021-22 Budget and LCAP Adoption

# Certification & Considerations

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## Certification of financial condition:



**Positive Certification:** The District will meet its financial obligations for the current fiscal year and subsequent two years.

## Considerations:

- ❑ California underfunds education on a per pupil basis ranking **~43 out of 50** states.
- ❑ Over the last four years, SRCS has made approximately **(\$24M)** in expenditure reductions.
- ❑ Increasing costs for STRS and PERS are placing additional burdens on our budget.
  - ❑ Approximately **\$28.2M** cumulative in additional expenditures for STRS and PERS compared annually to 15-16
- ❑ The structural budget issues are not fixed during periods of declining enrollment.
- ❑ Since 15-16 school year, enrollment (based on CBEDS) has declined by ~1,309 students **(~\$12M)**.
- ❑ The crises since 2017 and this pandemic creates major uncertainty about how many students will actually return to in-person learning.