



Conejo Valley Unified School District

2019-20 First Interim Financials

BOARD OF TRUSTEES:

Dr. Betsy Connolly, President

Ms. Cindy Goldberg, Vice-president

Mr. Bill Gorback, Clerk

Ms. Sandee Everett

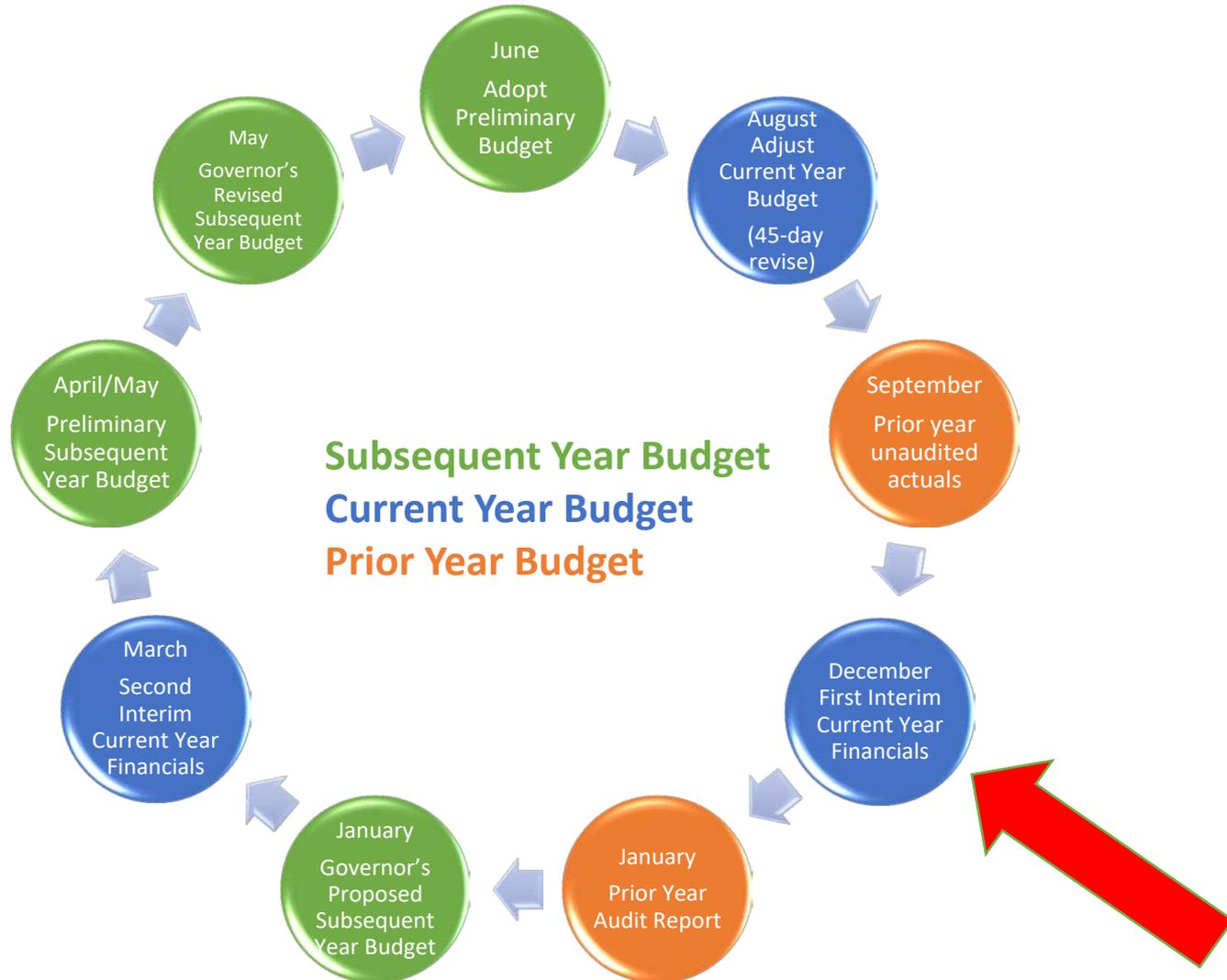
Ms. Jenny Fitzgerald

Purpose of the Presentation

- To present updated financials as of October 31, 2019.
- To provide the Board an update on the current budget environment and economic factors.
- To provide an updated multi-year forecast.
- To provide an updated schedule of the 2020-21 budget development process.

Budget Cycle and Reporting

Note: Fiscal Year is July 1 to June 30



Guidance from the Ventura County Office of Education

- The most recent four months of the State Fiscal Index have been in decline (tracks strength of economic conditions).
- The Department of Finance reports that California's unemployment rate in July was 4.1%, matching the state's lowest unemployment rate on record.
- Preliminary state general fund cash for the first two months is on pace with the forecast, up \$186 million.
- Although LEAs experienced a higher Cost of Living Adjustment (COLA) than seen in prior years, the need for fiscal prudence to maintain reserves and refrain from deficit spending remains.
- The School Services of California Dartboard projects COLA and the California Consumer Price Index as hovering at 3% in the coming years.
- The minimal increase in special education funding is not keeping pace with increased program costs.
- As LEAs begin to plan the new three-year Local Control Accountability Plan (LCAP), there is opportunity to re-evaluate spending priorities to address student achievement.

Projected Financials as of October 31

Revenue Source	2019-20 Adopted	Projected as of Oct 31
LCFF	\$164,994,980	\$165,072,433
Federal	\$5,695,714	\$6,397,144
State	\$6,165,202	\$8,415,681
Local	\$3,415,180	\$4,876,524
Incoming Transfers	\$8,040,591	\$8,036,912
Total Revenue	\$188,311,667	\$192,798,694

Expense Category	2019-20 Adopted	Projected as of Oct 31
Certificated Salaries	\$93,190,562	\$92,463,348
Classified Salaries	\$26,949,830	\$26,981,208
Benefits	\$47,987,886	\$47,832,768
Books/Supplies	\$8,421,351	\$10,828,590
Contracted Svcs/Oper Exp	\$16,841,767	\$18,636,304
Capital Outlay	\$100,000	\$429,702
Other Outgo	\$1,681,044	\$1,638,456
Total Expenses	\$195,172,440	\$198,810,376

Projected Ending Fund Balance

Category	Amount
Beginning Balance	\$28,066,316
Income	\$192,798,694
Expenses	\$198,810,376
Estimated ending balance	\$22,054,634
Projected Operating deficit +/-	(\$6,011,682)
<u>Breakdown of ending balance</u>	
Stores & revolving cash	\$199,030
Local fiscal stabilization reserve	\$3,000,000
Mandated reserve (3%)	\$5,964,311
Undesignated	\$12,891,293
Estimated ending fund balance	\$22,054,634

Multi-Year Projection

Projections are not predictions. They are assumptions based on today's information and are expected to change as various factors change.

Risk Factors for Multi-Year Projections

- Although LEAs experienced a higher Cost of Living Adjustment (COLA) than seen in prior years, the need for fiscal prudence to maintain reserves and refrain from deficit spending remains.
 - COLA is now the sole factor in increased revenue.
 - School Services of California Dartboard projects COLA and the California Consumer Price Index as hovering at 3% in the coming years.
- The minimal increase in special education funding is not keeping pace with increased program costs.
- New proposal for expanded parental leave (of which most details are unknown).
- Annual increases in the state minimum wage by \$1 per hour on January 1.
- Lack of affordable housing units.
- Increasing costs of health insurance premiums.
- Financial indicators showing hints of an economic downturn.
- New laws on school start times, charter schools, increased liability exposure to sexual assault and molestation claims.

Planning Factors for Multi-Year Projections

Budget Assumptions	2019-20	2020-21	2021-22
Cost Of Living Adjustment (COLA)	3.26%	3.00%	2.80%
One-time Special Education Early Intervention Preschool Grant (per ADA)	\$9,010	\$0	\$0
Enrollment Projection	18,338	18,185	17,903
P-2 Funded ADA estimate	17,775	17,725	17,578
Unduplicated Count %	27%	27%	27%
CalSTRS Employer Rate*	17.10%	18.40%	18.10%
CalPERS Employer Rate*	19.721%	22.70%	24.60%
Salary changes <i>(not reflected in the MYP)</i>	TBD	TBD	TBD
Anticipated Retirements	25	25	25
Staffing ratios	K-3 - 21.5:1 4-12 - 30:1	K-3 - 21.5:1 4-12 - 30:1	K-3 - 21.5:1 4-12 - 30:1

**The state has provided one-time non-Prop. 98 funds to alleviate the fiscal impact to LEAs' increasing pension contributions; however, the contribution rates are still increasing.*

Multi-Year Projection

Description	2019-20 1 st Interim	2020-21 Projection	2021-22 Projection
Estimated Beginning Balance July 1	\$28,066,316	\$22,054,634	\$17,136,688
Total Income	\$192,798,694	\$195,870,933	\$198,897,162
Total Expense	\$198,810,376	\$200,788,879	\$201,431,386
Ending Balance	\$22,054,634	\$17,136,688	\$14,602,465
<u>Components of Ending Fund Balance</u>			
Stores/Revolving Cash/PPE	\$199,030	\$199,030	\$199,030
Fiscal Stabilization Reserve*	\$3,000,000	\$3,000,000	\$3,000,000
Required Reserve 3%	\$5,964,311	\$6,023,666	\$6,042,942
Undesignated Funds	\$12,891,293	\$7,913,992	\$5,360,493

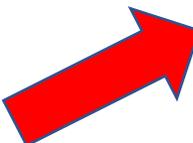
**VCOE comment on reserves: Prudent reserves afford districts and their governing boards time to thoughtfully identify and implement budget adjustments over time. Inadequate reserves force districts to react quickly, often causing significant disruption to student programs and employees.*

Education Code

Education Code requires districts to submit reports to the County Office of Education twice a year. These reports are “Interim” reports.

- 1st Interim Report covers financial activities through October 31
- 2nd Interim Report covers financial activities through January 31

Education Code Section 42130 (a) (1) defines the certifications:

- 
- **Positive** Certification: WILL MEET their financial obligations for the current and two subsequent fiscal years
 - **Qualified** Certification: MAY NOT MEET their financial obligations for the current OR two subsequent fiscal years
 - **Negative** Certification: UNABLE TO MEET their financial obligations for the current OR two subsequent fiscal years

Other District Funds

The Conejo Valley Unified School District is a premier comprehensive local education agency providing programs and supporting activities from pre-school to adult education.

	Other Funds	Beginning Balance	Est. Income	Est. Expenses	Net Est. End Balance
110	Adult Education	\$877,887	\$3,950,106	\$4,123,267	\$704,726
120	Child Care	\$258,616	\$5,979,356	\$5,793,317	\$444,655
121	Child Development	\$934	\$1,408,897	\$1,408,897	\$934
130	Child Nutrition	\$136,778	\$4,263,000	\$4,123,998	\$275,780
140	Deferred Maintenance	\$1,684,172	\$121,854	\$176,000	\$1,630,026
212	Measure I: Building 	\$20,357,463	\$550,000	\$19,989,760	\$917,703
213	Measure I: Technology 	\$9,001,163	\$200,000	\$2,320,091	\$6,881,072
251	Developer Fees	\$1,652,853	\$802,000	\$271,957	\$2,182,896
401	TOPASS	\$6,910,598	\$1,660,000	\$911,022	\$7,659,576
403	TOPASS Foundation	\$119,854	\$2,000	\$121,854	\$0
511	Bond Redemption	\$12,910,651	\$7,344,452	\$9,689,075	\$10,566,028
671	Worker Compensation	\$2,331,545	\$1,701,982	\$2,292,881	\$1,740,646
672	Health & Welfare	\$7,179,691	\$27,463,738	\$24,292,384	\$10,351,045
730	Private Purpose Trust	\$2,851	\$16,641	\$16,091	\$3,401

UPDATED 2019-20 Budget Timeline

- **June 15th** State Legislature must submit a budget to the Governor including any legislative proposals that both houses agree on.
- **June 18th** CVUSD Budget Adoption.
- **June 30th** Governor's Deadline, Signed Budget. If necessary, on or about **August 15th** CVUSD budget revision to align with State adopted budget.
- **September 2019** (1) Presentation of 2018-19 unaudited actuals (2) Board to agree on budget strategy and give direction to the Budget Committee. (3) Selection of Budget Committee (4) Start of monthly Budget Committee meetings to identify budget cuts.
- **November 2019** Administration to bring first round of cuts/changes recommended by Budget Committee to BOE at work session. **(Due to fires, moved to December)**
- **December 2019** Presentation of First Interim financial report. Budget work session to discuss first Budget Committee report.
- **January 2020** Governor's first 2021 budget proposal. LCAP work begins and continues through June.
- **February 2020** (1) Review of staffing. (2) Second report by Budget Committee to BOE at a work session.
- **March 2020** Presentation of Second Interim financial reports.
- **April 2020** Third report by Budget Committee to BOE at work session.
- **May 2020** (1) May Revise of Governor's proposed budget. (2) First draft of budget.
- **June 2020** Public hearing and approval of 2020-21 LCAP and Budget.

