



## LAS VIRGENES UNIFIED SCHOOL DISTRICT FINANCE COMMITTEE

**September 3, 2021**

Present: Angela Cutbill, Board Representative  
Dallas Lawrence, Board Representative  
Dan Stepenosky, Superintendent  
Karen Kimmel, Assistant Superintendent, Business  
Steve Scifres, Assistant Superintendent, Human Resources  
Ryan Gleason, Assistant Superintendent, Administrative Services  
Kristine Torres, Director of Accounting  
Angie Falk, Director of Pupil Services  
Hallie Chambers, Director of HR

The meeting was called to order at 9:00 a.m. via teleconference/video conference.

Ms. Torres went over the agenda for today's Finance Meeting noting that the following topics would be covered:

- Year End Closing
- Multi-Year Projections
- Deferred Maintenance
- Enrollment/ ADA
- 2021-2022 First Interim Budget

### **2020-2021 Year End Closing**

Ms. Torres shared data from the year end close for 2020-2021. She noted that there have been both positives and challenges as a result of the ongoing pandemic. Challenges include:

- Classified Vacancies
  - Special Ed - 31 Instructional Aides, OT, SLPA
  - Campus Supervisors
  - Maintenance & Custodial
  - Site clerical
  - Accounting/Purchasing

These openings do provide a cost savings but it is difficult not having these positions filled.

The District is also experiencing supply chain delays for items like Acers, PPE and Maintenance and Operations supplies.

On a positive note, for special education, there have been fewer residential placements and lower legal fees. Ms. Torres noted that the full unaudited actuals will be presented to the Board at the September 14 meeting.

### **STRS On-Behalf**

Ms. Torres spoke about STRS On-Behalf which is required by GASB 71 which amended the accounting and financial reporting for pensions. The District must recognize the state's proportionate share of the CalSTRS net pension liability as revenue and the state's contribution made on-behalf of districts as an expense. Ms. Torres noted that this is a "paper only" journal entry with no effect to the bottom line.

### **COVID Grant Timing**

Ms. Torres shared that the CDE revised the guidelines which require COVID ESSER II and III revenues to align with expenses over four years. The original guidance required recognition of revenues in the year they were granted. This timing change results in a change to the budget of \$6.2M for 2020-21 and \$1.4M for 2021-22.

### **2020-21 Unaudited Actuals**

Ms. Torres shared the unaudited actuals for 2020-21, noting that total revenue decreased \$500K. Ms. Torres shared that expenses are going down \$1.1M. The revenue includes the \$5.5M STRS On-Behalf entry as well as the ESSER II and III reporting shift to future years.

The decrease in expenses can be attributed to reduced substitutes, fewer stipends for athletics and activities and delayed professional development. There are also unfilled Special Education positions as well as other vacancies. There were \$1.1M lower benefits based on vacancies offset by \$5.5M STRS On-Behalf. \$1.7M were saved due to supply chain delays and there were another \$1.5 in operational savings.

## **Multi-Year Projection**

Ms. Kimmel shared three years of actuals, 2018-19, 2019-20 and 2020-21 along with the current budget and three years of projections. Ms. Kimmel noted that the personnel costs fluctuated immensely due to vacancies due to the pandemic. Pension costs have also gone down as a result of the vacancies. Ms. Kimmel stated that not being able to re-staff fully, even when the district has wanted to, has had a significant impact to the bottom line. Layering in one-time COVID money results in a large positive for the 2020-21 year.

Ms. Kimmel projects a healthy cost of living for this school year with good ones in the years following. Ms. Kimmel also noted that enrollment changes are happening and will continue to decline. Due to LCFF funding, next school year will have to recognize the 7% decline in enrollment over the past two years and efficiencies will need to be made starting with 2022-23 school year.

Dr. Gleason asked if the efficiencies are from beyond the loss of one-time funds or if it is rolling. Ms. Kimmel replied that the one-time money is in the projection and all expenses aligned with that money as part of the strategic plan were maintained and will be for the Board to decide if they are retained or dismantled.

Mr. Lawrence asked why there is a \$5M difference in net operating results. Ms. Kimmel answered that the one-time revenue is higher in 2022-23 than it is in 2023-24. Dr. Gleason asked where efficiencies need to come from in 2024-2025 and Ms. Kimmel stated that the District will look at all expenses, value, and cost to determine how to right-size the budget.

## **Deferred Maintenance Contribution**

Ms. Kimmel spoke about the annual contribution of funds that are needed to fix and repair items related to the deferred maintenance plan. These funds are used to provide a safe learning environment for our students.

Some current issues involve:

- Failing HVAC units
- Breaking rigging ropes at the PAEC's
- Water main breaks/ plumbing repairs

The District proposes increasing the contribution to the deferred maintenance fund to \$1.25M for the 2021-22 school year. Ms. Kimmel noted that project updates will be brought before the Board on September 14.

Ms. Cutbill explained that the PAEC's have been maintained but issues have arisen because of age.

Mr. Lawrence would like to discuss a bond measure and put a push out for students to vote. Ms. Cutbill feels strongly about gaining support in the community. Mr. Lawrence would like to look

at a bond measure to be placed on the ballot in June 2022 with a potential of following up in November 2022 if need be. Dr. Stepenosky will move forward with getting the necessary information.

### **Enrollment/ ADA**

Ms. Kimmel shared that the District's enrollment dropped 69 students more than budgeted. She also shared the state is basing the current 2021-22 funding of \$99.2M on 2019-20 ADA. The 2022-23 funding of \$94.6M is based on 2021-22 ADA. This 7% reduction over two years will result in a \$4.6M loss in LCFF funding for next school year.

Ms. Kimmel also shared that there is new legislation for Independent Study (IS) which includes:

- Significant recordkeeping requirements
- All quarantine students must have an IS agreement on file to claim ADA
- Restrictions on short-term IS
  - limits ADA to 15 days per year

If 10 students are ineligible for short-term Independent Study, there is a financial impact of \$95K.

### **2021-22 First Interim Planning**

Ms. Torres shared that the District is taking the following into account for the first interim planning of the 2021-22 planning:

- LCFF funding will be lower with the 2021-22 enrollment and is projected to decline 1.75% in coming years.
- Review staffing after two complete payrolls – look at classified vacancies
- Transportation revenue & expenses
  - ALC & ACS cost increase for SpEd
  - Durham bus driver shortage
  - District-wide study of routes, rates, and board policy

### **Grant Management**

Ms. Torres shared the District is awaiting trailer language for potential new grants.

She also spoke about the ELC COVID-19 Testing Grant which was awarded. It includes:

- \$1.7 million from the Department of Public Health
- Allowable expenses from 6/7/21 - 7/30/22
- Weekly testing program reporting & monthly financial reporting for reimbursement
- Expenses over \$5k must be pre-approved by DPH

### **Timeline**

Ms. Torres spoke about the finance timeline. Upcoming items include:

Sept 14 <sup>th</sup>	Board Mtg: 2020-21 Unaudited Actuals
Oct 15 <sup>th</sup>	Finance Committee
Dec 3 <sup>rd</sup>	Finance Committee
Dec 14 <sup>th</sup>	Board Mtg: First Interim Budget Revision

The meeting adjourned at 10:15 a.m.