

**Sacramento Valley Charter School
2020-21 Draft Budget Narrative
May 27, 2020**

The following narrative is provided to highlight and explain significant components and assumptions used in developing the 2020-21 draft budget.

Revenue:

LCFF:

The main reasons for the decrease in LCFF revenue is the State's budget recession from COVID-19 that translates into a 10% decrease in funds.

- 1) Supplemental and concentration funding is based on a three-year rolling average and will continue at the higher levels as long as SVCS' unduplicated population remains stable:
2016-17 act: \$119,414
2017-18 act: \$181,208
2018-19 est: \$333,339
2019-20 est: \$462,219
2020-21 est: \$428,382
- 2) SVCS has experienced an enrollment and ADA growth trend. The projection for 2020-21
2016-17: 198.58 ADA
2017-18: 220.42 ADA
2018-19: 239.78 ADA
2019-20: 262.42 ADA
2020-21 est: 267 ADA
- 3) Governor Newsom's May Revise set a 0% COLA (was 2.31% at January 2020) and 7.69% cut for a 10% overall reduction. In addition to the immediate reduction, there are funding deferrals of State Aid which will impact cash flow. The State Budget will be adopted by the June 15 deadline but the Governor has advised that a revision is expected once the State receives the tax collection from April 15, 2020 that has been extended to July 15, 2020.

Federal Revenue:

A new category at \$60,950 if SVCS applies for and is awarded Title I funds, the amount is estimated at \$30,000 and \$30,950 for federal special education funds if awarded.

Other State Revenue:

Other State revenue will decrease by SB740 at a 10% deficit for being oversubscribed and no COLA and lower lottery sales. Other State revenue increases for State Special Education revenue of approximately \$130,000.

Local Revenue: Local revenue was reduced by \$4,000 as some families will face financial hardship and may not be able to pay for some or all of the transportation fee or after school program costs.

Expenses:

Certificated: The budget includes the salary schedule base pay increase of \$1,000 per teacher who completed a year of service at SVCS and adding one FTE teacher for the additional enrollment. The Principal's salary is based on the Board approving the Principal's compensation package and has a minimum placed holder for now.

Classified: Pay increases are for 1) the technology coordinator position for the full year and 2) for positions at or near minimum wage that would be affected in Jan. 2021 by the minimum wage rate increase.

Benefits: The employer share of medical benefits is reflected at the Board-approved level of 100% for employee-only coverage at the selected base plan. The renewal rates will be received in August 2020 and included in SVCS' 45-day budget revise (a 6% increase is included in the budget) plus benefits for one more teacher. The workers' compensation rate is estimated at a slight increase from 1.258% to 1.3% with the actual rate to be included in a future budget.

Books and Supplies: Decreases in books and supplies reflects the prior year adoptions of curriculum so that only replenishing consumables and adding instructional materials and supplies at the correct grade level for increased student counts, are budgeted. The budget for fuel is decreased as fuel prices are low but likely to rise and the school operates three vans and five buses.

Services and Operating Expenses: Reductions include all items where services can reasonably be reduced (SWEAT Team replaced by a PE teacher), facility maintenance, vehicle maintenance, marketing, technology and certain professional development. The increases are for Special Education costs as a place-holder as well as the costs of monitoring and reporting special education and federal funds.

Other Outgo/Financing Uses:

Depreciation expense increases by about \$6,188 for a full year's depreciation on all vehicles owned including the three buses purchased in 2019-20.

Summary:

With a strong balance sheet, the ability to reduce costs and the CSC financing mechanism in place, SVCS is in a good position for the challenging times we are facing.

The multi-year projection shows that SVCS will be able to meet its future obligations as well as maintain its reserves in excess of the 5% level contained in the Operations MOU. Until the economy recovers from the COVID-19 recession, the board policy of three months of operating reserves may not be achievable.

Based on the State deficits and deferrals, it will be necessary for SVCS to closely monitor cash flow and may need to discuss delaying payments to vendors (possibly making 40% rent payments until SB 740 funding is received).

Once the school year begins in August 2020, enrollment is confirmed, and the State's budget has been adopted and revised, the SVCS budget will be updated for any significant changes.

Sacramento Valley Charter School

Fiscal Year Budget Cycle	Draft Budget	MYP	MYP
	2020-21	2021-22	2022-23
Key Budget and Financial Variables			
Enrollment	280.00	280.00	280.00
Estimated School P2 ADA	267.00	270.00	270.00
Unduplicated Count - EL/FRLE	200.00	195.00	195.00
A. Revenues:			
State (using FCMAT LCFF Calculator)			
Base Grade Span (includes CiL & EPA)	\$ 2,010,617	\$ 2,168,010	\$ 2,226,697
Supplemental and Concentration	428,382	467,467	477,493
PY Adj to Cil, EPA, State Aid	-	-	-
Subtotal - State Revenue	<u>\$2,438,999</u>	<u>\$2,635,477</u>	<u>\$2,704,190</u>
Federal	60,950	-	-
Other State (Lottery, MBG, SB740 CSFGP)	371,499	361,239	361,239
Local (bus, fund raising, donations, after school)	74,000	70,000	70,000
Total Revenue	<u>\$ 2,945,448</u>	<u>\$ 3,066,716</u>	<u>\$ 3,135,429</u>
B. Expenditures:			
1000-1999 Certificated Personnel Salaries	\$993,370	\$1,010,870	\$1,026,870
1100 Teachers (all)	869,650	884,650	899,650
1100 2 P.D. days, 14 teachers @ \$140/day + 50 hours@\$20/hr	4,920	4,920	4,920
1100.01 Substitutes	14,400	14,400	14,400
1100.02 LT Subs at \$199/day	-	-	-
1100.03 Substitutes for PD	2,400	2,400	2,400
1100 Teacher-in-Charge Stipend	2,000	2,500	2,500
1100 Hard-to-Fill Position (Math+Science) Stipends	2,000	3,000	3,000
1300 Principal @ 210 days/yr	98,000	99,000	100,000
2000-2999 Classified Personnel Salaries	\$515,853	\$526,170	\$536,693
2100 Instructional Aides/EL, hourly (rates/hours vary, 180 days)	117,308	119,654	122,047
2200 Non-Certificated Support (drivers, food srvc)	250,809	255,825	260,942
2400 School Office/Clerical (all)	91,984	93,824	95,700
2900 Other Classified (RM, After School)	55,752	56,867	58,004
3000-3999 Employee Benefits	\$278,060	\$287,372	\$297,642
3300 OASDI and Medicare	118,474	120,658	122,740
3400 Health & Welfare	118,700	125,822	133,372
3500 State Unemployment	21,266	21,266	21,266
3600 Worker's Compensation	19,620	19,626	20,264
4000-4999 Books and Supplies	\$165,200	\$188,154	\$189,637
4100 Textbooks	45,500	61,500	61,500
4200 Other Books/Library	2,500	5,000	5,000
4300 Materials and Supplies (incl. after school)	40,700	41,514	42,344
4300 Transportation - Fuel	40,000	40,000	40,000
4400 Non-capitalized Furn/Equip (>\$500, <\$5,000)	2,500	5,000	5,000
4700 Food	32,000	32,640	33,293
4700 After School Program Snacks	2,000	2,500	2,500
5000-5999 Services and Other Operating Expenditures	\$865,054	\$901,865	\$919,275
5200 Travel & Conferences	2,500	3,000	3,000
5300 Dues & Memberships	3,200	3,200	3,200
5400 Insurance	46,445	47,606	48,796
5501 Operations & Housekeeping	33,330	40,000	41,000
5530 Utilities	15,000	20,000	20,000
5610 Facility Rent/Lease	280,344	287,297	296,662
5600 Facility Maintenance	7,500	7,688	7,880

Sacramento Valley Charter School

Fiscal Year Budget Cycle	Draft Budget	MYP	MYP
	2020-21	2021-22	2022-23
5630 Copier Leases	9,660	9,660	9,660
5600 Transportation - Bus/Van Maint	35,000	41,500	41,500
5625 Van Rental for Student Transportation	29,500	29,500	29,500
5640 Food Service Shopping & Delivery	4,725	4,725	4,725
5800 District Admin Oversight (1% State Aid)	24,390	26,355	27,042
5800 Nursing Services (screenings) est.	1,500	1,575	1,654
5800 Accounting Services	37,660	37,660	37,660
5820 Audit Services	11,025	12,025	12,025
5800 Fieldtrips	9,500	9,500	9,500
5810 Special Education Placeholder	200,000	204,000	208,080
5830 Legal Services	10,000	10,000	10,000
5800 Marketing/Recruiting	8,000	10,000	10,000
5800 Technology Upgrade	5,000	5,000	5,000
5800 Technology Support	15,000	15,000	15,000
5800 Other Contracted Srvc (ADP, banking, tech, licenses, driver traini	40,000	40,800	41,616
5800 Professional Development	28,775	28,775	28,775
5900 Postage and Communications	7,000	7,000	7,000
6000-6999 Capital Outlay	\$117,533	\$116,163	\$93,926
6400 Furniture and Equipment (>\$5,000)	-	-	-
6500 FF&E Replacement (>\$5,000)	-	-	-
6900 Depreciation Expense (non-cash)	117,533	116,163	93,926
Total Expenditures	\$2,935,070	\$3,030,594	\$3,064,043
Net Annual Operations	\$10,378	\$36,122	\$71,386
7000-7999 Other Outgo/Other Financing Uses			
7141 Special Ed. Pro-Rata Share of Unfunded Costs	\$ -	\$ -	\$ -
7438 Debt Service (bus loan interest 3 buses)	-	-	-
7438 Debt Service (bus loan interest 1 bus)	7,122	5,108	2,965
7438 Debt Service (bus loan interest 3 buses)	15,569	11,771	7,871
Other Uses	-	-	-
Total Other Outgo	\$22,691	\$16,879	\$10,836
Net increase (decrease):	(\$12,313)	\$19,243	\$60,550
Beginning Balance	\$ 961,110	\$ 948,797	\$ 968,040
Ending Balance	\$ 948,797	\$ 968,040	\$ 1,028,590

Sacramento Valley Charter School

Fiscal Year Budget Cycle

Key Budget and Financial Variables

	2nd Interim Budget 1/31/2020 2019-20	Difference	Draft Budget 5/27/2020 2020-21
Enrollment	278.00	2.00	280.00
Estimated School P2 ADA	260.53	6.47	267.00
Unduplicated Count - EL/FRLE	206.00	(6.00)	200.00

A. Revenues:

State (using FCMAT LCFF Calculator)	\$ 2,131,024	\$ (120,407)	\$ 2,010,617
Base Grade Span (includes CIL & EPA)	462,219	(33,837)	428,382
Supplemental and Concentration	-	-	-
PY Adj to CIL, EPA, State Aid	\$ 2,593,243	\$ (154,244)	\$ 2,438,999
Subtotal - State Revenue	-	60,950	60,950
Federal	273,521	97,978	371,499
Other State (Lottery, MBG, OTO, SB740 CSFGP)	78,000	(4,000)	74,000
Local (bus, fund raising, donations, after school)	\$ 2,944,764	\$ 684	\$ 2,945,448
Total Revenue			

B. Expenditures:

1000-1999 Certificated Personnel Salaries	\$ 901,270	\$ 92,100	\$ 993,370
1100 Teachers (all)	778,550	91,100	869,650
1100 2 P.D. days, 14 teachers @ \$140/day + 50 hours@\$20/hr	4,920	-	4,920
1100.01 Substitutes (absence coverage)	14,400	-	14,400
1100.03 Substitutes for PD release time	2,400	-	2,400
1100 Teacher-in-Charge Stipend	2,000	-	2,000
1100 Hard-to-Fill Position (Math+Science) Stipends	2,000	-	2,000
1300 Principal @ 210 days/yr	97,000	1,000	98,000
2000-2999 Classified Personnel Salaries	\$ 468,193	\$ 47,660	\$ 515,853
2100 Instructional Aides/EL, hourly (rates/hours vary, 180 days)	125,929	(8,621)	117,308
2200 Non-Certificated Support (drivers, food srvc, tech)	196,888	53,921	250,809
2400 School Office/Clerical (all)	90,944	1,040	91,984
2900 Other Classified (RM, After School)	54,432	1,320	55,752
3000-3999 Employee Benefits	\$ 254,045	\$ 24,016	\$ 278,060
3300 OASDI and Medicare	107,503	10,971	118,474
3400 Health & Welfare	108,048	10,652	118,700
3500 State Unemployment	21,266	-	21,266
3600 Worker's Compensation	17,228	2,392	19,620
4000-4999 Books and Supplies	\$ 203,700	\$ (38,500)	\$ 165,200
4100 Textbooks	61,500	(16,000)	45,500
4200 Other Books/Library	5,000	(2,500)	2,500
4300 Materials and Supplies	50,700	(10,000)	40,700
4300 Transportation - Gasoline	47,000	(7,000)	40,000
4400 Non-capitalized Furn/Equip (>\$500, <\$5,000)	5,000	(2,500)	2,500
4700 Food	32,000	-	32,000
4700 After School Program Snacks	2,500	(500)	2,000
5000-5999 Services and Other Operating Expenditures	\$ 703,286	\$ 161,767	\$ 865,054
5200 Travel & Conferences	3,000	(500)	2,500
5300 Dues & Memberships	3,200	-	3,200
5400 Insurance	45,092	1,353	46,445
5501 Operations & Housekeeping	34,791	(1,461)	33,330
5530 Utilities	15,000	-	15,000
5610 Facility Rent/Lease	280,344	-	280,344
5600 Facility Maintenance and Safety Improvements	15,400	(7,900)	7,500
5630 Copier Leases	9,660	-	9,660
5600 Transportation - Bus/Van Maint	41,500	(6,500)	35,000

Sacramento Valley Charter School

Fiscal Year Budget Cycle	2nd Interim	Difference	Draft
	Budget		Budget
	1/31/2020		5/27/2020
	<u>2019-20</u>		<u>2020-21</u>
5625 Van Rental for Student Transportation	-	-	-
5625 Contracted Student Transportation (Three Drivers)	29,500	-	29,500
5640 Food Service Shopping & Delivery	4,725	-	4,725
5800 District Admin Oversight (1% State Aid)	25,932	(1,542)	24,390
5800 Nursing Services (screenings) est.	1,500	-	1,500
5800 Accounting Services	27,660	10,000	37,660
5820 Audit Services	11,025	-	11,025
5800 Fieldtrips	9,500	-	9,500
5810 Special Education Placeholder	-	200,000	200,000
5830 Legal Services	10,000	-	10,000
5800 Marketing/Recruiting	10,000	(2,000)	8,000
5800 Technology Upgrade	10,211	(5,211)	5,000
5800 Technology Support	15,000	-	15,000
5800 Other Contracted Srvc (ADP, banking, tech, licenses, driver trainir	60,471	(20,471)	40,000
5800 Prop 39 Expenses	-	-	-
5800 Professional Development	32,775	(4,000)	28,775
5900 Postage and Communications	7,000	-	7,000
6000-6999 Capital Outlay	\$ 111,345	\$ 6,188	\$ 117,533
6400 Furniture and Equipment (>\$5,000)	-	-	-
6500 FF&E Replacement (>\$5,000)	-	-	-
6900 Depreciation Expense (non-cash)	111,345	6,188	117,533
Total Expenditures	\$ 2,641,839	\$ 293,231	\$ 2,935,070
Net Annual Operations	\$ 302,925	\$ (292,547)	\$ 10,378
7000-7999 Other Outgo/Other Financing Uses			
7141 Special Ed. Pro-Rata Share of Unfunded Costs	\$ 190,775	\$ (190,775)	\$ 0
7438 Debt Service (bus loan interest 3 buses)	86	(86)	-
7438 Debt Service (bus loan interest 1 bus)	9,016	(1,894)	7,122
7438 Debt Service (bus loan interest 3 buses)	12,984	2,585	15,569
Other Uses	-	-	-
Total Other Outgo	\$ 212,861	\$ (190,170)	\$ 22,691
Net increase (decrease):	\$ 90,064	\$ (102,377)	\$ (12,313)
Beginning Balance	\$ 961,110	\$ 90,064	\$ 1,051,174
Ending Balance*	\$ 1,051,174	\$ (12,313)	\$ 1,038,861

Bank cash balance at 6/30/2019:	\$272,076
Book cash balance at 6/30/2019:	\$269,619
Bank balance 05/26/20:	\$550,960
Est cash balance at 6/30/2020:*	\$439,315

* Revised from 2nd Interim since June State Aid will be deferred to July plus EPA will be late even though it was supposed to be a guarantee of a minimum amount of on-time payments so \$283,737 reduce cash balance
Plus estimated \$170,885 increase cash for CSC advance funding of Sept. State Aid and CiL

Vicky Dali, CPA

vdali@sacvalleycharter.org

BUSINESS AND FISCAL SERVICES MANAGEMENT AGREEMENT

This agreement is by and between Vicky Dali, CPA (Contractor) and Sacramento Valley Charter School (Client). In consideration of the covenants herein, Contractor and Client hereby agree to the following:

The purpose of this agreement is to appoint Contractor as the Fiscal Services Consultant for the Client. The contracted services to be rendered may include:

- Prepare the Annual Budget (based on management and Board assumptions) and present to the Board for approval as required by the CDE (public hearing and approval, in two separate meetings).
- Prepare the financial components of the LCAP and present to the Board for approval as required by State regulations (public hearing and approval, in two separate meetings).
- Prepare the 45-day budget revision and present to the Board for approval (if there are material changes since the budget adoption).
- Prepare First Interim, Second Interim and Unaudited Actual Reports and present the reports to the Board for approval as required by the CDE.
- Assist with SELPA transition and on-going reporting to El Dorado Charter SELPA.
- Assist with ConApp preparation and on-going compliance and reporting for federal funding.
- Assist the Principal with Charter Renewal/MOU annual compliance reporting and annual presentation to the authorizer's Board.
- Prepare audit schedules and tax information returns supporting documentation as requested by the auditors and tax return preparer.
- Provide support to the audit team during interim and year-end procedures, as applicable.
- Provide guidance and supervision to accounting/office staff consistent with the duties of a part-time Fiscal Services Consultant.
- Provide training, technical assistance and review of office staff business-related and accounting transactions in QuickBooks and ADP (i.e. coding, entries, reconciliations, chart of accounts maintenance).
- Assist with benefits analysis, implementation and maintenance, as needed (dental, vision, life, 403(b) and medical benefits).
- Assist staff with developing, documenting and updating internal controls for business office procedures such as receipts and deposits; payables including vendor set up with W-9, sales & use tax, 1099; hiring and termination process; payroll and benefits set up, changes and terminations, etc.
- Perform Grant and One-Time Funds accounting and reporting, as applicable.
- Advise Management and the Board about funding streams (i.e. Local Control Funding Formula, Education Protection Account, One-Time Funding, SB 740, Prop 39 Energy, etc.)
- Provide requested documents to First Northern Bank, Charter School Capital or other institutions (for Line of Credit, Loans, etc.).
- Prepare and submit the State deferral exemption application, if needed and available.
- Agendize the timing for annual completion and retention of Form 700s Statement of Economic Interests.
- Serve as a designated liaison with YCOE BMAS, WUSD Business Services, El Dorado Charter SELPA and CDE, as needed.

1. APPOINTMENT: This appointment shall begin on July 1, 2020 and end on June 30, 2021. This agreement may be extended by a duly-executed Addendum that shall document the terms of the

extension. This agreement may be terminated by either party, with or without cause, by giving sixty (60) days written notice. Client agrees to pay Contractor at the rate of \$105 per hour, billed monthly, based on the following schedule: July 2020 – June 2021 not to exceed 25.5 hours per month.

If the estimated hours are insufficient to perform the necessary and appropriate tasks, Contractor shall explain and receive approval from the SVCS President or SVCS Principal, by email or in writing, prior to incurring any further cost to Client. If the requested additional time is not approved, Client understands and accepts that work will cease until time becomes available in the subsequent month. It is understood that Contractor will cease services on the 15th day of the month if the fees have not been received by Contractor on or before the 14th day of the month. The Contractor will only invoice for hours worked; if actual hours worked are less than the estimated hours listed above, the invoice will reflect the lesser amount.

In addition, Contractor shall provide services as administrative coordinator to the Board to include preparing draft meeting minutes at the rate of .50 hours per Board meeting included above at the rate of one board meeting per month.

2. **LOCATION OF WORK TO BE PERFORMED:** It is understood that most of these services can and may be performed off-site. This agreement does not create or establish a requirement for on-site office hours or work days. However, when Client requests work to be performed on site, all reasonable attempts will be made to meet Client's request.
3. **ACCURACY OF FINANCIAL INFORMATION:** It is understood that the accuracy of financial information supplied to Contractor is the sole responsibility of the Client. Contractor shall not be held responsible for the production of inaccurate financial statements or any other financial reports if the financial data submitted by the Client is inaccurate. In addition, the Client agrees to be responsible for all costs, expenses, and attorneys' fees incurred in an independent financial review for the purpose of correcting financial data of the Client.
4. **INDEMNIFICATION:** Contractor shall have no obligation under this section with respect to any loss or damage arising from, in connection with or caused, directly or indirectly, by any act, omission, active negligence or willful misconduct of Client and its board members, officers, employees, authorized volunteers and agents and is not contributed to by any act or omission by Contractor. Contractor shall indemnify and hold harmless the Client and its board members, officers, employees, authorized volunteers and agents with respect to any loss or damage arising from, in connection with or caused, directly or indirectly, by any act, omission, active negligence or willful misconduct of Contractor and is not contributed to by any act or omission of Client and its board members, officers, employees, authorized volunteers and agents.
5. **WORKERS COMPENSATION INSURANCE:** Contractor is aware of the provisions of the California Labor Code which require employers to be insured or self-insured against liability for workers' compensation. As an independent contractor, Contractor is not eligible to participate in Client's Workers' Compensation insurance.
6. **ENTIRE AGREEMENT:** It is specifically agreed by both parties to this agreement that the entire agreement of the parties is contained in this written agreement and this agreement supersedes all other previous agreements, written, oral or otherwise. This agreement shall only be modified and/or amended in writing signed by the parties hereto.
7. **EFFECTIVE DATE OF AGREEMENT:** Even though the date this agreement is signed by each party may be different, the parties hereto agree that this agreement shall be effective as of July 1, 2020.

8. **APPLICABLE LAW AND PARTIAL INVALIDITY:** The execution, interpretation and performance of this agreement shall in all respects be controlled and governed by the laws of the State of California. If any part of this agreement shall be deemed invalid or unenforceable, the remainder of this agreement shall continue in full force and effect.

In witness whereof, this agreement has been executed in the county of Yolo, State of California, as of the date herein:

Vicky Dali, CPA

Date

Narinder Thandi, President
Sacramento Valley Charter School

Date