



May 29, 2020

Ms. Rosemary Smithfield, Board President
Dr. Matthew Doyle, Superintendent
Vista Unified School District
1234 Arcadia Avenue
Vista, CA 92084-3495

Subject: 2019-20 End of Year Projection Report

Dear Dr. Doyle:

Our office has completed its review of your district's End of Year Projections in compliance with Education Code Section 42131(e). This report was required because the district submitted a qualified certification for the Second Interim Report. A qualified certification indicates that the district may not meet its financial obligations for the current fiscal year or two subsequent years.

The district's End of Year Projection has been analyzed in the context of the Governor's 2020-21 Proposed Budget and appears to adequately reflect the financial status of your district as of April 30, 2020.

This letter satisfies Education Code Section 1240(e), which requires the County Superintendent to present an annual report to a school district's governing board and the Superintendent of Public Instruction regarding the fiscal solvency of any school district with a qualified certification.

**Summary of Financial Status at End of Year Projections
Changes from Second Interim Submission**

- Unrestricted General Fund revenues increased by approximately \$85,602 due to miscellaneous local revenue receipts
- Unrestricted General Fund expenditures decreased by approximately \$380,462
 - Salaries and benefits decreased by \$369,000 as a result of vacancy savings, unused stipends, and sick leave differential
 - Curriculum and operational savings due to closures, transportation fuel and repair savings; resulting in a decrease of around \$570,000 in expenditures
 - Supplemental Early Retirement Plan expenditure adjustment resulting in an increase of approximately \$600,000
- Unrestricted General Fund other financing sources increased by approximately \$376,649
 - Contributions decreased by \$247,269 due to increased restricted revenues of approximately \$1.1 million from Federal Title I CSI Funds, State COVID LEA Response Funds, and other local revenues for special education
 - Interfund Transfers In increased by \$129,380
- The estimated net impact to the 2019-20 budget is a decrease in the unrestricted deficit of \$842,713

Multi-Year Projection

The district is projecting to deficit spend in 2019-20, however, the incorporation of budget reductions is projecting surplus spending in the unrestricted general fund in the subsequent years. Deficit spending has been lowered due to interfund transfers of \$1.6 million in 2019-20 and \$605,245 in the subsequent years. The district does maintain the minimum required reserve throughout the multi-year projection.

Non-Voter Approved Debt - Approval

Because the district filed a qualified Second Interim Report, the district must obtain approval from the San Diego County Office of Education prior to the issuance of all non-voter-approved debt, including Tax and Revenue Anticipation Notes (TRANS) and Certificates of Participation (COPs) during the current and subsequent year. [Education Code Section 42133(a)]

Conclusion

The End of Year Projection shows a decrease in the level of deficit spending in 2019-20 as compared to the second interim. This is the result of decreased expenditures and increased restricted revenues. The district projects to maintain the required minimum reserve throughout the multi-year projection as a result of incorporating significant budget reductions. We encourage the district to closely monitor its expenditures and ensure reductions are implemented.

It is critical to note that the district's End of Year Projection was developed prior to release of the Governor's May revision, which proposes a 10% reduction to state programs including K-12 education. The reduction to the Local Control Funding Formula (LCFF) base grant amount is a 7.92% decline from 2019-20 funding levels. In addition, all funding expansions outlined in the Governor's January budget proposal for early childhood education and new categorical programs have been eliminated. The changes associated with the Governor's May revision should be incorporated in the district's 2020-21 Adopted Budget and multi-year projections.

A copy of this letter will be transmitted to the Superintendent of Public Instruction pursuant to Education Code Section 1240(e). Should you have any questions concerning this review, please feel free to call me or Alex Wilmot, Business Advisor, at (858) 292-3649.

Sincerely,



Michael L. Simonson
Deputy Superintendent, Chief Business Officer

BW: AW: VS

cc: Ami Shackelford, Assistant Superintendent, Business Services, Vista Unified School District
Elizabeth Dearstyne, Director of School Fiscal Services Division, California Department of Education