

2020-21 First Interim Financial Report

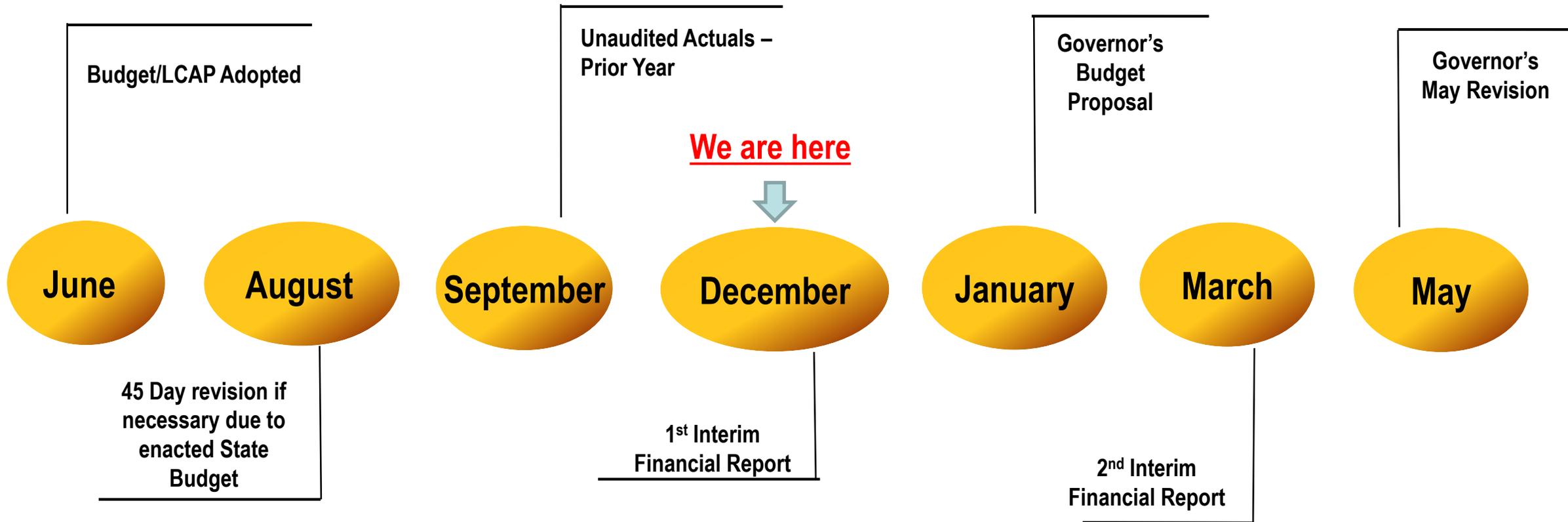
**Tim Zearley
Associate Superintendent,
Business Services**

December 14, 2020



Every Student Matters, Every Moment Counts

Budget Reporting Cycle



What Is A Budget?

Goal Four - Ensure the District is Fiscally and Operationally Sound

- A policy document – to reflect the **philosophy** of the Board, administration, and the education community
- A financial **plan** – to show where we have been and where we are going
- An operations guide – to **guide** administrative decisions and actions throughout the year
- A communications device – to share **strengths** and **challenges** with the community of the instructional programs through integration with the **LCAP**

What Is A Budget?

- **General Fund** (Fund 01) includes **Unrestricted** and **Restricted** Funds
 - **Unrestricted** Funds are **not** subject to specific constraints and may be **used for any educational purpose not prohibited by law**
- LCFF Funds are unrestricted but **Supplemental** and **Concentration** Funds **must** be used to **increase** services for the most at **risk** students
- **Restricted** Funds have been received by an external source and are **legally** restricted by the donor to be used for **specific** purposes
 - Every Student Succeeds Act (ESSA)
 - Special Education (IDEA)
 - Other State funded programs
 - Local Funds

First Interim Report

Financial Update (since Budget Adoption)

- Average Daily Attendance (ADA) Assumptions
- Revenue Assumptions
- Expenditure Assumptions
- **Multi Year Projection (MYP) Summary**
- Criteria and Standards
- Next Steps
- Questions



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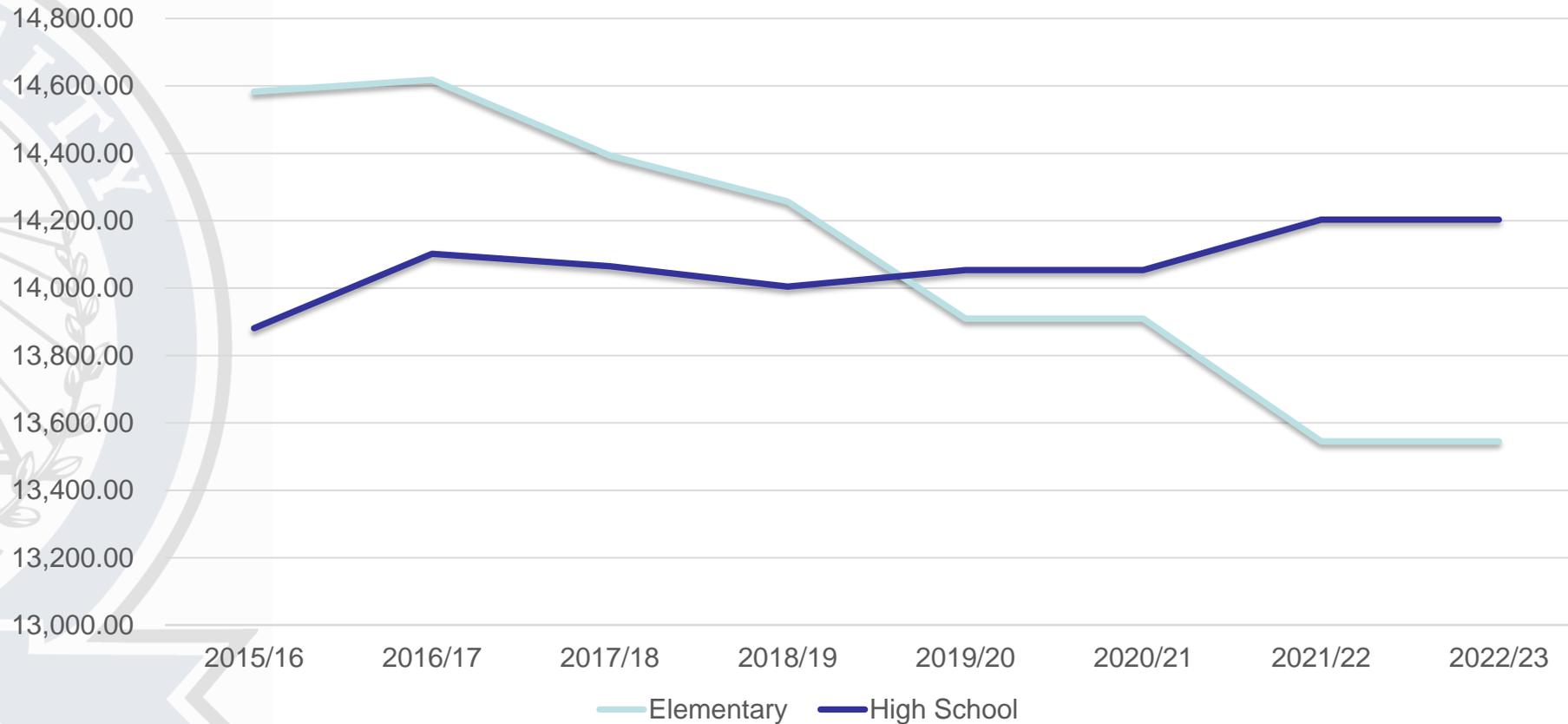
ADA Assumptions

ADA Factors:

- Increase to projected funded ADA of 66.16 resulting from Annual ADA reporting
- Projected flat enrollment in subsequent years for the MYP



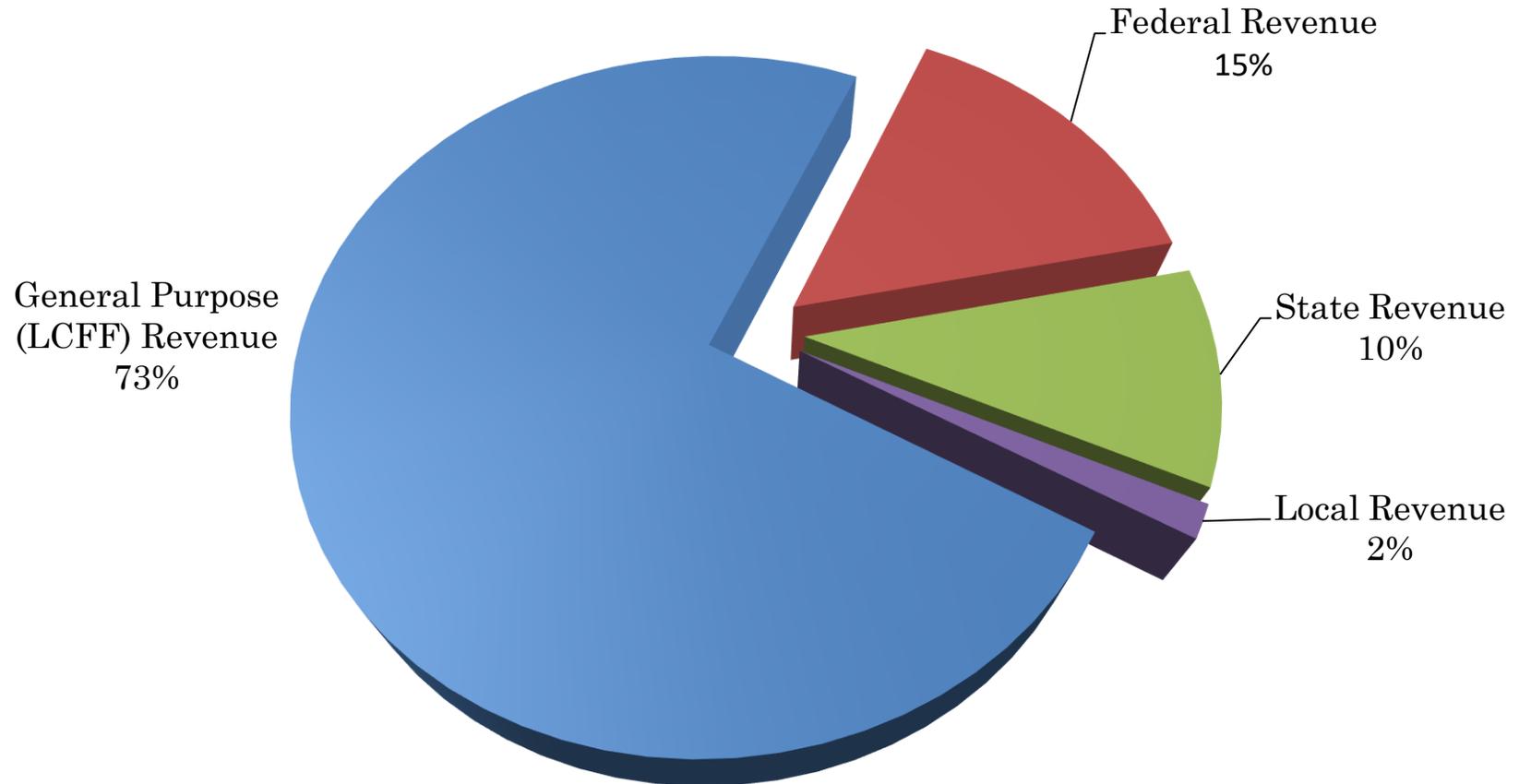
ADA Assumptions



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Revenue Assumptions

**Total General Fund Revenues
First Interim Budget 2020-21**



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Revenue Assumptions

Local Control Funding Formula (LCFF)

- Annual growth in **LCFF** funding is **now** be determined by (1) change in ADA, and (2) the statutory COLA
- **Supplemental** and **Concentration** grant funding is determined by the **Unduplicated Pupil Percentage (UPP)**

YEAR	COLA	Base Increase	Supplemental/Concentration Increase
2020/21	0.00%	<\$2.8M>	<\$4.0M>
2021/22	2.48%	\$1.4M	\$3.4M
2022/23	3.26%	<\$3.0M>	<\$5.0M>

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Revenue Assumptions

LCFF Calculation- Elementary

Grades	ADA	Base	Grade Span	Supp.	Conc.	TARGET
Unduplicated % of Enroll.				87.67%	87.67%	
K-3	6,041.34	\$7,702	\$801	\$1,491	\$1,389	\$68,767,855
4-6	4,700.49	\$7,818		\$1,371	\$1,277	\$49,194,757
7-8	3,274.70	\$8,050		\$1,411	\$1,315	\$35,289,656
TOTAL						\$153,252,267
TIIG Add-On						\$1,084,014
Transportation Add-On						\$474,814
19-20 LCFF FUNDING						\$154,811,095



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Revenue Assumptions

LCFF Calculation – High School

Grades	ADA	Base	Grade Span	Supp.	Conc.	TARGET
Unduplicated % of Enroll.				67.93%	67.93%	
9-12	14,534.29	\$9,329	\$243	\$1,300	\$619	\$167,017,621
TOTAL						\$167,017,621
TIIG Add-On						\$717,582
Transportation Add-On						\$458,416
19-20 LCFF FUNDING						\$168,193,619



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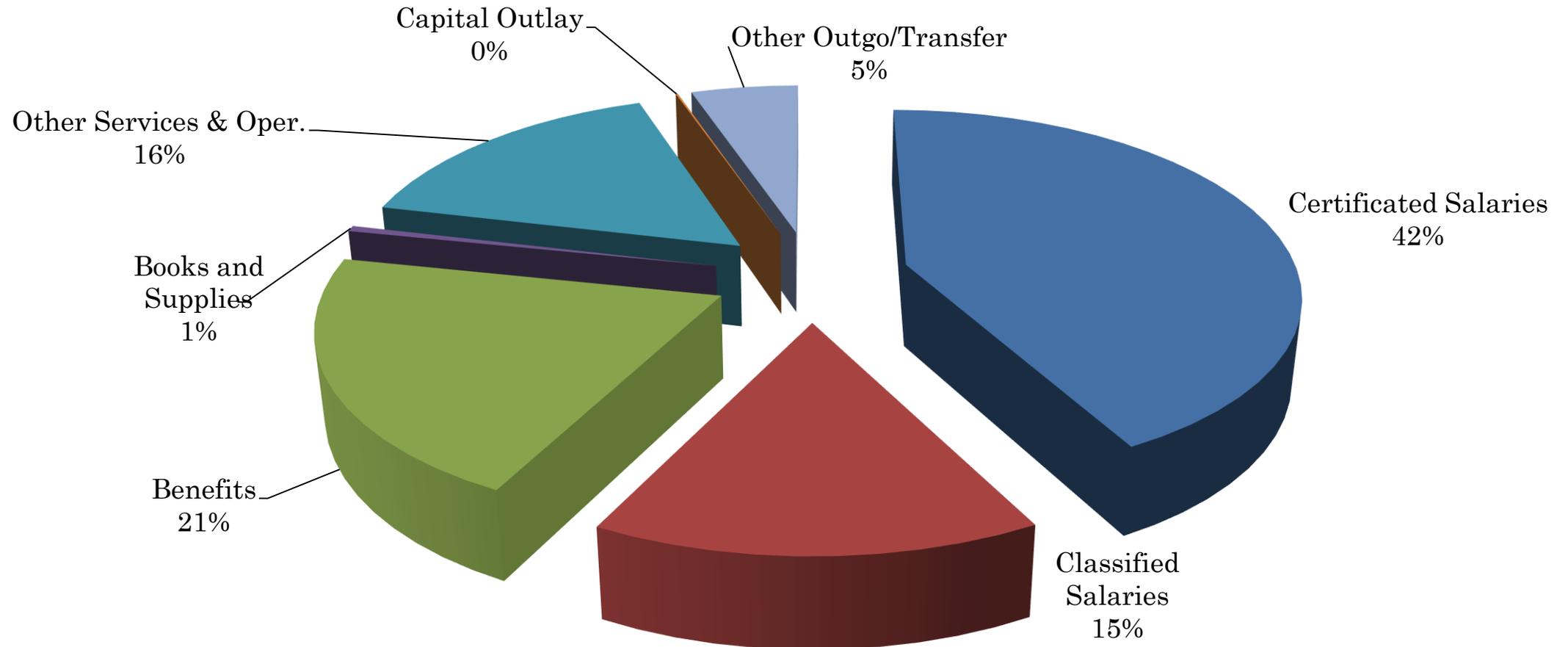
Revenue Assumptions

Other Revenue Factors:

- Federal Deferred and Prior Year Revenue - \$7.3M
- Increase Title I - \$953K
- Increase Title II - \$197K
- Increase RSI Grant - \$73K
- State Deferred and Prior Year Revenue - \$2.1M
- Establish California Partnership Grant - \$236K
- Establish California Agricultural Incentive Grant - \$137K
- Establish Strong Workforce Grant - \$1.4M

Expenditure Assumptions

Combined General Fund Expenditures First Interim Budget 2020-21

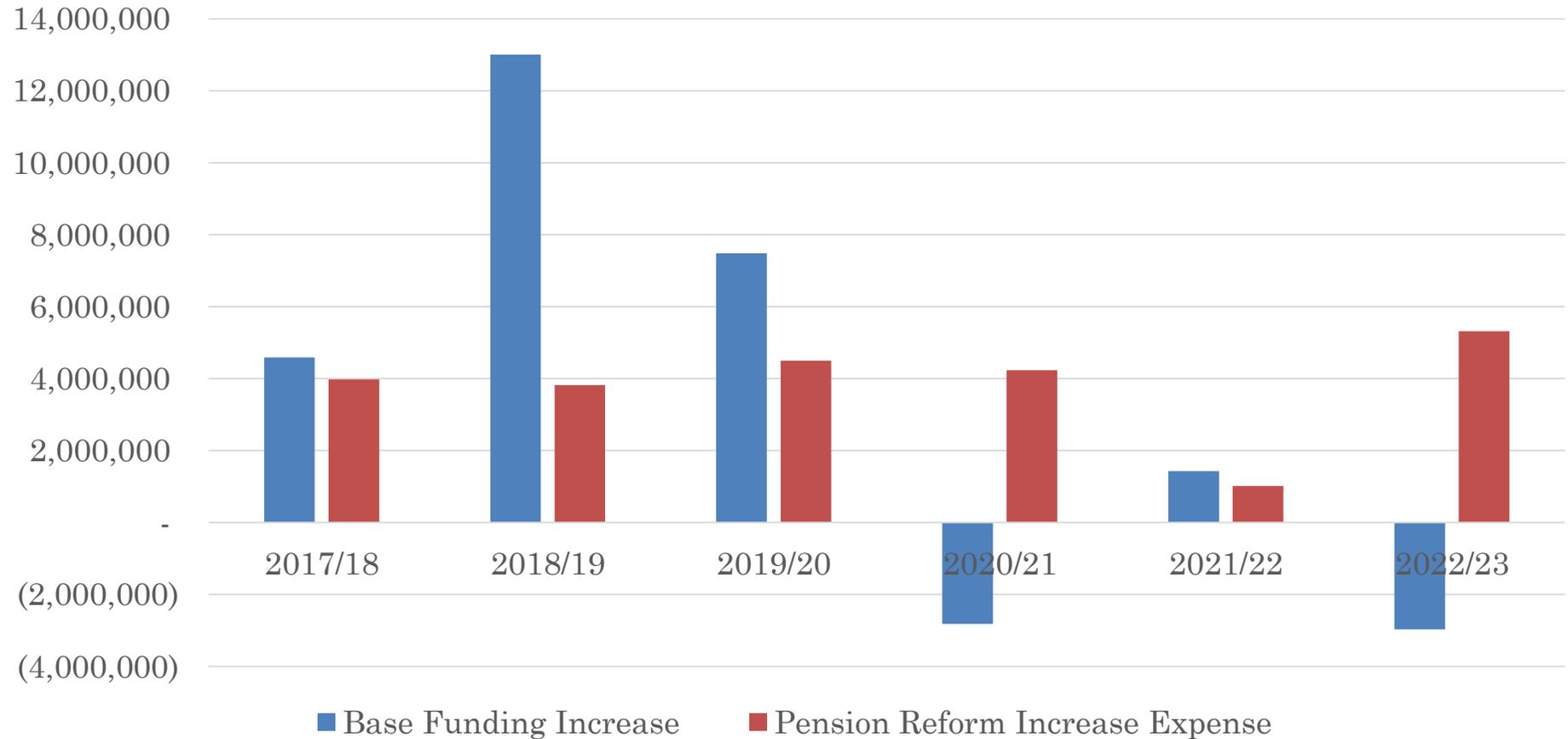


Expenditure Assumptions

PENSION REFORM	2020-21	2021-22	2022-23
STRS	16.15%	16.00%	18.10%
Increase Over 2020-21		<\$253K>	\$3.3M
PERS	20.70%	23.00%	26.30%
Increase Over 2020-21		\$1.3M	\$3.0M

Expenditure Assumptions

Unrestricted Pension Reform Expenses vs New Base Funding



Expenditure Assumptions

Other Expenditure Factors:

- **First** month enrollment, staffing and site allocation adjustments
- Posting of **2019-20** carryover and deferred revenue into **2020-21**
- **One-time approved expenditures** are reflected in 2020-21 but **removed** from subsequent years
- No **increases** reflected for pending negotiations

Expenditure Assumptions

BUDGET CHANGE – UNRESTRICTED GENERAL FUND

EXPENDITURES	BUDGET ADOPTION	CHANGE +/-	45-DAY REVISION	CHANGE +/-	FIRST INTERIM
Cert. Salaries	\$137,908,632	\$0	\$137,908,632	\$3,042,340	\$140,950,972
Class. Salaries	\$43,109,351	\$0	\$43,109,351	\$295,604	\$43,404,955
Benefits	\$57,989,923	<\$3,924,984>	\$54,064,939	\$2,269,229	\$56,334,168
Books & Supplies	\$16,731,477	\$0	\$16,731,477	\$1,543,954	\$18,275,431
Services & Other Operating	\$22,002,573	\$0	\$22,002,573	\$2,545,635	\$24,548,208
Capital Outlay	\$993,000	\$0	\$993,000	\$210,000	\$1,203,000
Other Outgo	\$10,557,777	\$0	\$10,557,777	<\$1,101,444>	\$9,456,333
TOTAL Expenditures	\$289,292,733	<\$3,924,984>	\$285,367,749	\$8,805,318	\$294,173,067

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Expenditure Assumptions

Budget Change:

- **Adoption to 45-Day Revision**
 - AB84 Pension Reform Adjustments
- **45-Day Revision to First Interim**
 - MTA & Management Contract Settlement
 - Site Administrator Wage Comparability
 - First Month Staffing & Site Allocation Adjustments
 - SWUN Math Adoption
 - Helmet Replacement
 - MTSS Expansion
 - Carryover

Multi Year Projection (MYP)

- Since 1992, when Assembly Bill (AB) 1200 was enacted, MYPs have been **required by law**
 - Must demonstrate the ability to meet the financial obligations both in the current fiscal year, and the subsequent two years
 - **Interim reports must** meet the same **multiyear** standards
- Decisions made today affect today and tomorrow
 - MYPs show the impact of **today's** decisions on the budgets of **future** years
 - MYPs have take on a greater significance during **volatile** years in State Funding

Multi Year Projection (MYP)

- Recognize that MYPs are **projections**, not **forecasts**
 - Projections are expected to change as various factors change – **they are not predictions**
 - Projections are the mathematical result of today's decisions based on a given **set of assumptions**
 - **Forecasts** are predictions of the future – there is a **higher implied reliability factor** than for projections
- Projections **will change** any time the underlying factors change – therefore, plan to **adjust as conditions change**

MYP Summary

Assumptions reflected in subsequent years:

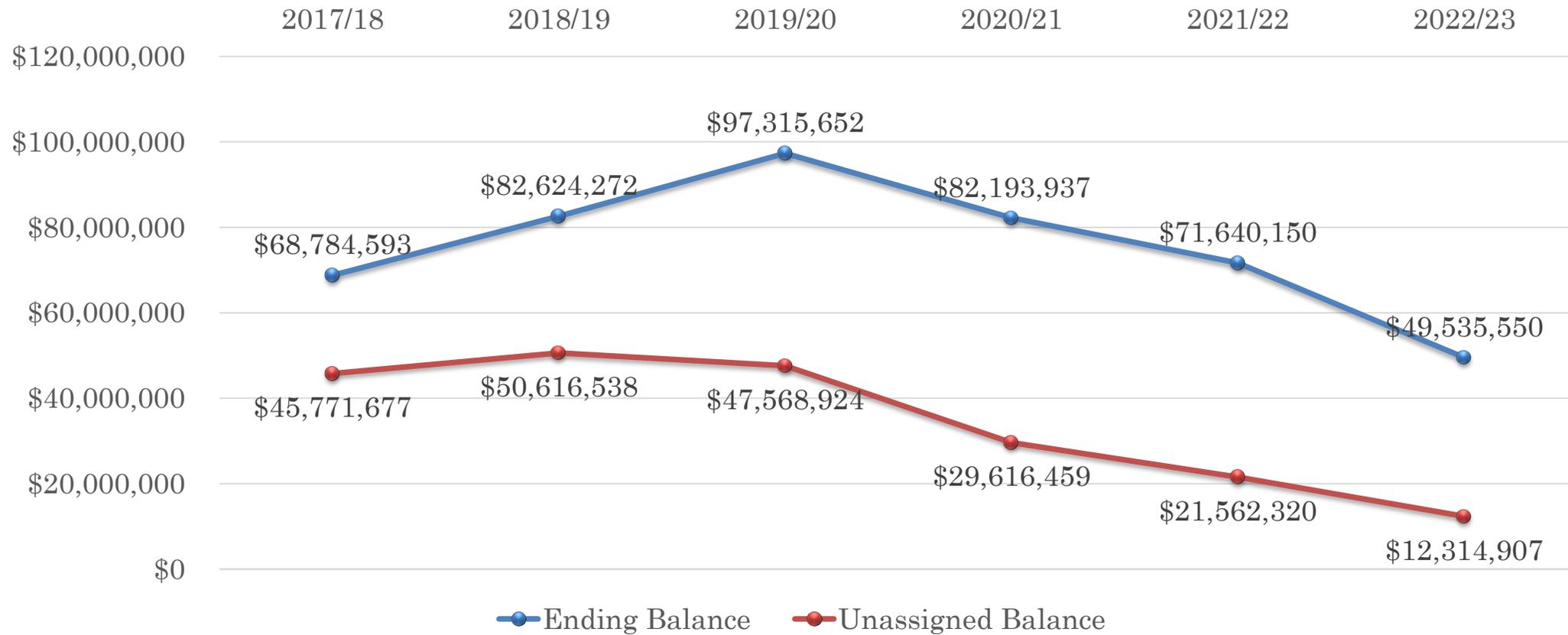
- **Step/Column** costs of 1% year over year
- **Pension** increases year over year
- **Removal** of 2020-21 **one-time** expenditures
- **Removal** of deferred and **carryover** funds

MYP Summary

Unrestricted Fund Balance	2019/20	2020/21	2021/22	2022/23
Fund Balance	\$97,315,652	\$82,193,937	\$71,640,150	\$49,535,550
Nonspendable – Stores, Revolving Cash, Prepaid Expenses	\$1,481,921	\$1,600,000	\$1,600,000	\$1,600,000
Assigned				
Economic Uncertainties	\$23,895,729	\$27,695,300	\$24,182,872	\$12,327,796
County Cash FMV Adjustments	\$1,509,783	\$1,509,783	\$1,509,783	\$1,509,783
LCAP Supplemental & Concentration	\$21,521,482	\$21,521,482	\$22,534,263	\$21,532,153
Carryover Obligation – Misc.	\$1,337,812	\$912	\$912	\$912
One Time Expenditures	\$-0-	\$250,000	\$250,000	\$250,000
Unassigned Balance	\$47,568,924	\$29,616,459	\$21,562,320	\$12,314,907
Unassigned Reserve Percentage	17.09%	10.07%	7.50%	4.20%

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MYP Summary



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MYP Summary

Items **NOT** included in the MYP:

- **Potential** savings from site closures
- **Future** impacts from Collective Bargaining Agreements
- **Increases** in the Special Education Contribution – Compensatory Education

Criteria and Standards

- **Criterion 3 – Comparison of ADA to Enrollment**

The District ADA to Enrollment historical ration is projected at 93.1%. Prior year ratio was 94.2%. Projecting a ratio of 93.7%.

- **Criterion 4 – Local Control Funding Formula**

The change in LCFF from adoption to First Interim reflects the removal of the Governor's May revise 10% projected deficit.

- **Criterion 6 – Change in Operating Revenues and Expenditures**

The District **does not budget** deferrals and carryover at adoption. Additionally, the subsequent years reflect the removal of all **one-time funding and expenditures**

Criteria and Standards

- **Criterion 8 – Deficit Spending**

Deficit spending is a result of spending one-time carryover funds, projected step and column increase and impacts of pension reform

- **Criterion S5 – Contributions, Transfers and Capital Projects**

The change since adoption is the result of additional transfers in from the **Curriculum Reserve Fund** for the purchase of **Board approved curriculum adoptions**

Next Steps

Based on the factors and assumptions included and noted in the First Interim Budget document, the District is able to propose a Positive Certification.

Questions



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