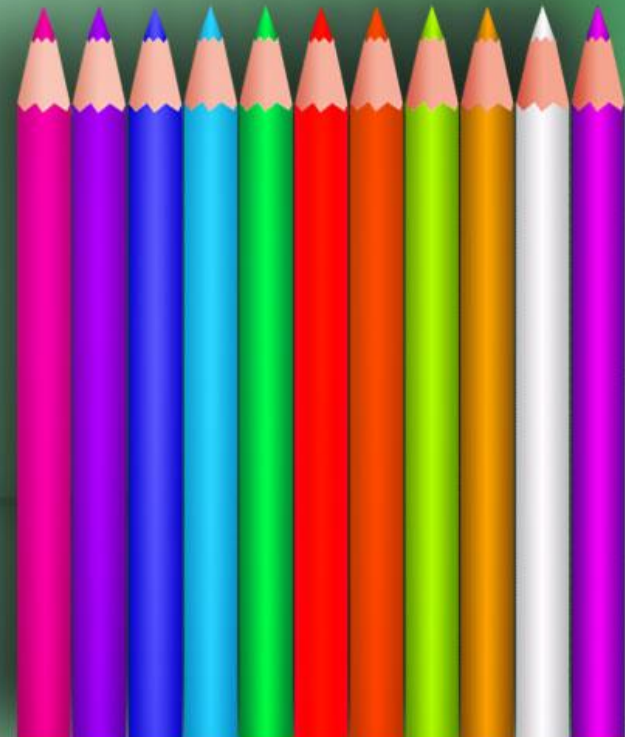


# SAN PASQUAL UNION SCHOOL DISTRICT

2020-21 PROPOSED  
BUDGET

Rhonda Brown, Chief Business Officer



# BUDGET CYCLE

- **COVID-19 LCAP & Budget Adoption – June 2020**
  - June 2020, 1<sup>st</sup> Board Meeting
    - COVID-19 LCAP & Proposed Budget
  - June 2020, 2<sup>nd</sup> Board Meeting
    - COVID-19 LCAP Approval & Proposed Budget Adoption
- **45 Day Budget Update – August 2020**
- **Unaudited Actuals – September 2020**
  - Close out Fiscal Year as of June 30<sup>th</sup>
  - Board reviews and approves report
- **First Interim – December 2020**
  - First Revision of Adopted Budget
- **Annual Audit – December 2020**
  - Independent audit firm submits report on district's fiscal & programs review/findings
- **Board Review of final Audit Report – January 2021**
- **Second Interim – March 2021**
  - Second Revision of Adopted Budget



# June 2020 Budget Report

## *Governor's Proposal for 2020-21 State Budget*

- On May 14, 2020 The Governor presented an overview of the May Revision.
  - “This is no normal year. And this is no ordinary May Revision”
- The Governor in his May Revision takes action to bring expenditures in line with the available funding, using reserves to soften the blow. He is implementing a 10% cut to state programs. Recognizing a statutory COLA that flows into LCFF, he has applied the 10% reduction, which will net a 7.92% decline in LCFF base grant amount.



# 2020–21 LCFF Funding Factors

- The May Revision suspends the 2.31% COLA and includes an additional reduction—for a total of 10% cut to the Local Control Funding Formula (LCFF)
  - First, the 2.31% COLA is applied to arrive at the 2020–21 base grants
  - Then the 10% reduction is applied—for an effective reduction of 7.92% to the 2019–20 base grant amounts

These reductions would be “triggered off” if the federal government provides sufficient funding to backfill the cuts

Grade Span	2019-20 Base Grant Per ADA	2.31% COLA	2020-21 Base Grant per ADA	10% Reduction	Effective 2020-21 Base Grant per ADA
K-3	\$7,702	\$178	\$7,880	[-\$788]	\$7,092
4-6	\$7,818	\$181	\$7,999	[-\$800]	\$7,199
7-8	\$8,050	\$186	\$8,236	[-\$824]	\$7,412



# 2020–21 LCFF Funding Factors

- Two grade span adjustments (GSAs) are applied as percentage increases against the effective base grant amounts
  - Grades K–3 receive a 10.4% increase for smaller average class sizes

<b>Grade Span</b>	<b>Effective 2020-21 Base Grant Per ADA</b>	<b>GSA</b>	<b>2020-21 Adjusted Base Grant Per ADA</b>
K-3	\$7,092	\$738	\$7,830
4-6	\$7,199	-	\$7,199
7-8	\$7,412	-	\$7,412





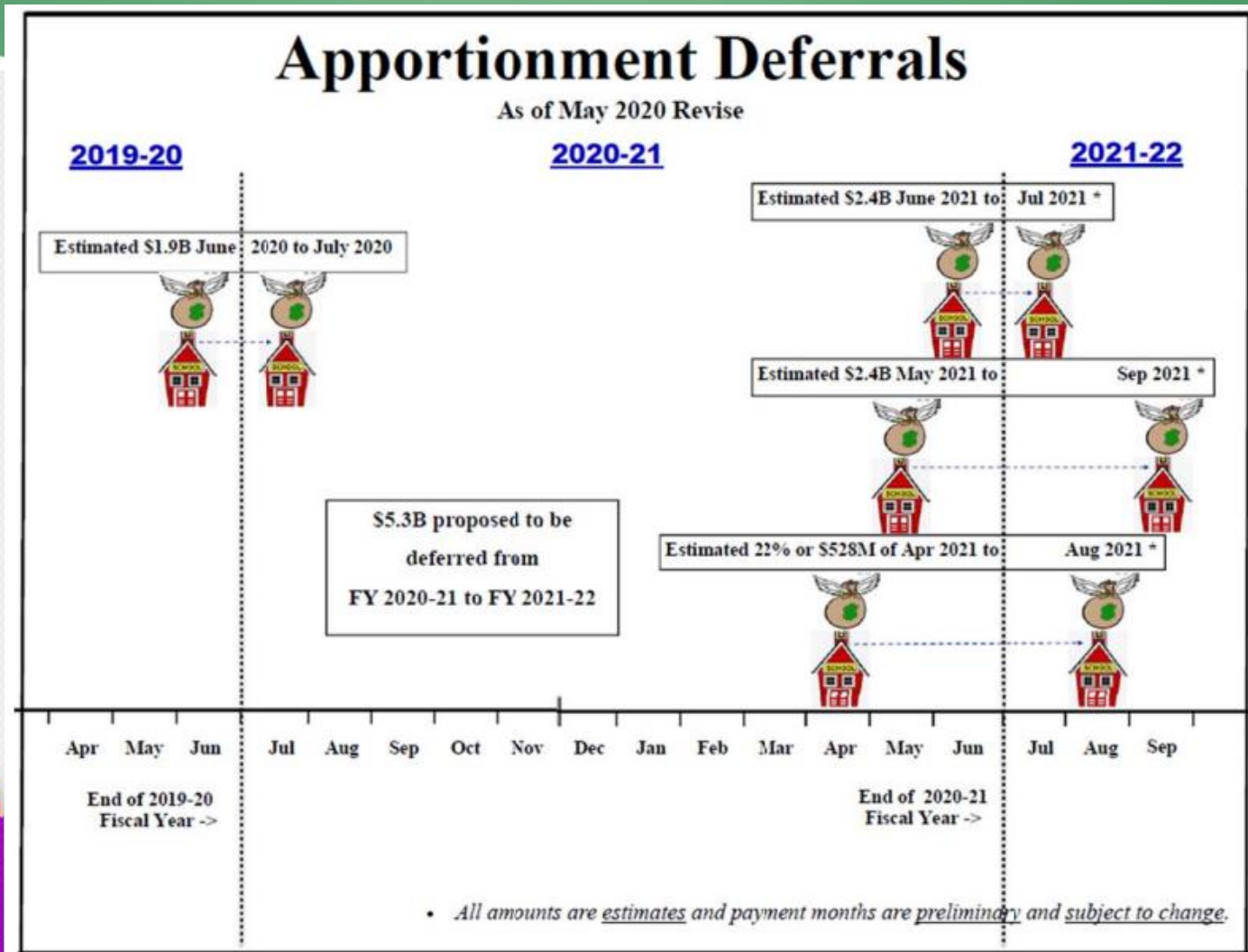
# Enrollment/Funded ADA

LCFF funding is based on greater of total current or prior year P2.

	<b>2018-19</b>	<b>2019-20</b>	<b>Projected 2021-22</b>	<b>Projected 2022-23</b>
Enrollment	584	564	543	543
P2 ADA	568.89	540.01	529.43	529.43
Funded P2 ADA	568.89	568.89	540.01	529.43



# Apportionment Deferrals



# Assumptions for Proposed Budget

## ➤ Assumptions were based on Governor's May Revise

– Mandate Block Grant – K-8	\$32.18/ PY P2 ADA
– Unrestricted Lottery	\$153.00/Annual ADA
– Restricted Lottery	\$54.00/Annual ADA
– STRS Employer Rate	16.15%
– PERS Employer Rate	20.7%
– Social Security Employer Rate	6.2%
– Med Employer Rate	1.45%
– SUI Employer Rate	0.05%
– Workers Comp Rate	1.75%





# Pension Contribution Rates

## CalSTRS

- The May Revision revised the CalSTRS employer contribution rate in 2020-21 from 18.4% to 16.15%.
- Beginning in 2021-22 the CalSTRS Board will have some authority to increase or decrease employer contribution rate by a maximum of 1% annually – not to exceed 20.25%
- Any investment returns below the CalSTRS target of 7% will likely reduce the funded status of the plan and potentially increase employer contributions in the future.

CalSTRS Rates	
Year	Employer Rate
2017-18	14.43%
2018-19	16.28%
2019-20	17.10%
2020-21	16.15%
2021-22	16.02%
2022-23	18.10%



# Pension Contribution Rates

## CalPERS

- To provide increased fiscal relief, the May Revision revised the CalPERS 2020-21 employer contribution rate to 20.70%
- CalPERS investment losses will cause pressure to increase employer contribution rates in the future.

CalPERS Employer Contribution Rate Estimates		
Year	Previous Rates	Revised Rates
2020-21	*22.68%	20.70%
2021-22	*24.60%	22.84%
2022-23	25.90%	25.50%
2023-24	26.60%	26.20%
2024-25	27.00%	26.50%
2025-26	26.80%	26.40%
2026-27	26.70%	26.20%

\*CalPERS Board approved 2020-21 contribution rate as of April 21 ,2020



# Multiyear Projections

- Multiyear projections (MYPs) are required by AB 1200 (Chapter 1213/1991) and AB 2756 (Chapter 52/2004)
- 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



# Multi-Year Projections

## San Pasqual Union Elementary Multi-Year Projections Summary Report 2020-21 Adopted Budget

DESCRIPTION	OBJECT CODE	FY 2020-21			FY 2021-22			FY 2022-23			
		Current (Base Year)			First Projected Year			Second Projected Year			
		Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	
<b>A</b>	<b>Beginning Balance as of July 1</b>	\$1,132,828	\$164,927	\$1,297,755	\$923,166	\$152,948	\$1,076,114	\$589,113	\$118,845	\$707,957	
<b>B</b>	<b>Revenues</b>										
1	Revenue Limit Sources	8010-8099	4,324,909	31,223	4,356,132	4,249,433	31,223	4,280,656	4,252,301	31,223	4,283,524
2	Federal Revenues	8100-8299	0	225,663	225,663	0	215,330	215,330	0	206,547	206,547
3	Other State Revenues	8300-8599	105,173	337,061	442,234	99,881	335,193	435,074	99,881	335,193	435,074
4	Other Local Revenues	8600-8799	90,550	553,767	644,317	90,550	553,767	644,317	90,550	553,767	644,317
<b>5</b>	<b>Total Revenues</b>		<b>4,520,632</b>	<b>1,147,714</b>	<b>5,668,346</b>	<b>4,439,864</b>	<b>1,135,513</b>	<b>5,575,377</b>	<b>4,442,732</b>	<b>1,126,730</b>	<b>5,569,462</b>
<b>Beginning Balance &amp; Revenue (A+B5)</b>			<b>\$5,653,460</b>	<b>\$1,312,641</b>	<b>\$6,966,101</b>	<b>\$5,363,030</b>	<b>\$1,288,461</b>	<b>\$6,651,491</b>	<b>\$5,031,845</b>	<b>\$1,245,575</b>	<b>\$6,277,419</b>
<b>C</b>	<b>Expenditures</b>										
1	Certificated Salaries	1000-1999	2,267,004	332,907	2,599,911	2,307,859	331,151	2,639,009	2,243,928	334,364	2,578,292
2	Classified Salaries	2000-2999	637,818	293,688	931,506	648,782	297,435	946,217	660,003	301,234	961,236
3	Employee Benefits	3000-3999	946,845	452,791	1,399,636	922,423	459,676	1,382,098	970,013	475,924	1,445,936
4	Books & Supplies	4000-4999	167,465	99,172	266,637	170,362	100,888	271,250	173,974	103,026	277,000
5	Services, Other Operating Exp	5000-5999	474,263	111,937	586,200	487,037	109,990	597,026	498,202	112,321	610,523
6	Capital Outlay	6000-6999	0	0	0	0	0	0	0	0	0
7	Other Outgo - exclude Direct Sup.	7100-7299	35,000	71,097	106,097	35,606	72,327	107,932	36,360	73,860	110,221
8	Debt Service	7400-7499	0	0	0	0	0	0	0	0	0
9	Direct Support/Indirect Costs	7300-7399	(2,886)	2,886	0	(2,936)	2,936	0	(2,998)	2,998	0
10	CSR Reduction (for info only)	1000-7999	0	0	0	0	0	0	0	0	0
11	Projected Budget Reduction		0	0	0	0	0	0	0	0	0
<b>12</b>	<b>Total Expenditures:</b>		<b>\$4,525,509</b>	<b>\$1,364,478</b>	<b>\$5,889,987</b>	<b>\$4,569,132</b>	<b>\$1,374,402</b>	<b>\$5,943,534</b>	<b>\$4,579,481</b>	<b>\$1,403,727</b>	<b>\$5,983,209</b>
<b>D</b>	<b>Interfund Xfers/Other Sources</b>										
1	Transfers In	8910-8929	0	0	0	0	0	0	0	0	0
2	Transfers Out	7610-7629	0	0	0	0	0	0	0	0	0
3	Sources	8930-8979	0	0	0	0	0	0	0	0	0
4	Uses	7630-7699	0	0	0	0	0	0	0	0	0
5	Contributions	8980-8999	(204,785)	204,785	0	(204,785)	204,785	0	(204,785)	204,785	0
<b>E</b>	<b>Net Increase (Decrease) In Fund Balance</b>		<b>(\$209,662)</b>	<b>(\$11,979)</b>	<b>(\$221,641)</b>	<b>(\$334,053)</b>	<b>(\$34,103)</b>	<b>(\$368,157)</b>	<b>(\$341,535)</b>	<b>(\$72,212)</b>	<b>(\$413,747)</b>
<b>F</b>	<b>Ending Balance</b>		<b>\$923,166</b>	<b>\$152,948</b>	<b>\$1,076,114</b>	<b>\$589,113</b>	<b>\$118,845</b>	<b>\$707,957</b>	<b>\$247,578</b>	<b>\$46,632</b>	<b>\$294,211</b>
1	Revolving Cash	9711	1,000	0	1,000	1,000	0	1,000	1,000	0	1,000
2	Other Reserves	97xx	0	0	0	0	0	0	0	0	0
3	Restricted	9740	0	152,948	152,948	0	118,845	118,845	0	46,632	46,632
4	Stabilization Arrangements	9750	0	0	0	0	0	0	0	0	0
5	Other Commitments	9760	0	0	0	0	0	0	0	0	0
6	Assigned - Other Assignments	9780	0	0	0	0	0	0	0	0	0
7	Reserve for Economic Uncertainties	9789	235,599	0	235,599	237,741	0	237,741	239,328	0	239,328
8	Unassigned/unappropriated Amount	9790	686,567	0	686,567	350,372	0	350,372	7,250	0	7,250
<b>G</b>	<b>Components of Ending Fund Balance Total</b>		<b>\$923,166</b>	<b>\$152,948</b>	<b>\$1,076,114</b>	<b>\$589,113</b>	<b>\$118,845</b>	<b>\$707,957</b>	<b>\$247,578</b>	<b>\$46,632</b>	<b>\$294,211</b>

### 4% Calculated Reserve, or \$50,000 (greater of the two)

Reserve Percentage Level for this district:	4.00%	Total Reserves	4% Calculated	Difference*	
FY 2020-21 ADA Input Sheet (District):	529.43	FY 2020-21 Bud	\$235,599	\$235,599	\$0
		FY 2021-22 Proj	\$237,741	\$237,741	\$0
		FY 2022-23 Proj	\$239,328	\$239,328	\$0

FY 2021-22 Unappropriated Amount is: **Positive**  
 FY 2022-23 Unappropriated Amount is: **Positive**



# Balance of Excess Minimum Reserve

District: San Pasqual Union School  
 CDS #: 37-68353

Adopted Budget  
 2020-21 Budget Attachment

## Balances in Excess of Minimum Reserve Requirements

### Reasons for Assigned and Unassigned Ending Fund Balances in Excess of Minimum Recommended Reserves

Education Code Section 42127(a)(2)(B) requires a statement of the reasons that substantiates the need for assigned and unassigned ending fund balances in excess of the minimum reserve standard for economic uncertainties for each fiscal year identified in the budget.

Combined Assigned and Unassigned/unappropriated Fund Balances		2020-21 Budget	Objects 9780/9789/9790
Form	Fund		
01	General Fund/County School Service Fund	\$1,076,114.00	Form 01
17	Special Reserve Fund for Other Than Capital Outlay Projects	\$236,498.00	Form 17
Total Assigned and Unassigned Ending Fund Balances		\$1,312,612.00	
District Standard Reserve Level		4%	Form 01CS Line 10B-4
Less District Minimum Reserve for Economic Uncertainties		\$235,599.00	Form 01CS Line 10B-7
Remaining Balance to Substantiate Need		\$1,077,013.00	

Reasons for Fund Balances in Excess of Minimum Reserve for Economic Uncertainties			
Form	Fund	2020-21 Budget	Description of Need
01	General Fund/County School Service Fund	\$100,000.00	COVID-19
01	General Fund/County School Service Fund	\$200,000.00	Declining Enrollment
01	General Fund/County School Service Fund	\$125,000.00	Campus Safety Projects (Sound System, Alarm System)
01	General Fund/County School Service Fund	\$50,000.00	Technology Equipment
01	General Fund/County School Service Fund	\$45,000.00	Curriculum/Textbook Adoption (Common Core)
01	General Fund/County School Service Fund	\$300,000.00	Portable Replacement
01	General Fund/County School Service Fund	\$20,515.00	Legal Fees
17	Special Reserve Fund for Other Than Capital Outlay Projects	\$70,000.00	Special Education IDT
17	Special Reserve Fund for Other Than Capital Outlay Projects	\$100,000.00	Unanticipated Exp (Maintenance & Facilities)
17	Special Reserve Fund for Other Than Capital Outlay Projects	\$66,498.00	Technology Infrastructure
Insert Lines above as needed			
Total of Substantiated Needs		\$1,077,013.00	

Remaining Unsubstantiated Balance                      \$0.00                      Balance should be Zero

Education Code Section 42127 (d)(1) requires a county superintendent to either conditionally approve or disapprove a school district budget if the district does not provide for EC 42127 (a)(2)(B) public review and discussion at its public budget hearing.





# Tentative Budget Agreement

Final action to approve new budget bill by Friday June 26, 2020

- Announcement of a budget agreement between the Governor and Legislature
  - *LCFF Base*-LCFF base grants to remain at 2019-20 amounts
  - *Categorical Programs*-Very few direct cuts to categorical programs
  - *Deferrals*-Trailer bill implements large deferrals of payments of the principal apportionment from 2020-21 fiscal year into the 2021-22 fiscal year
  - *ADA Hold-Harmless*-Includes language that ADA for LEAs in 2020-21 shall be based on 2019-20 ADA reported at the second apportionment period (P2)
  - *No COLA*-Specifies that the COLA shall be zero for 2020-21 (flat funding)

