



PARAMOUNT UNIFIED SCHOOL DISTRICT

GREAT THINGS ARE HAPPENING IN PARAMOUNT SCHOOLS



2019-20 Unaudited Actuals

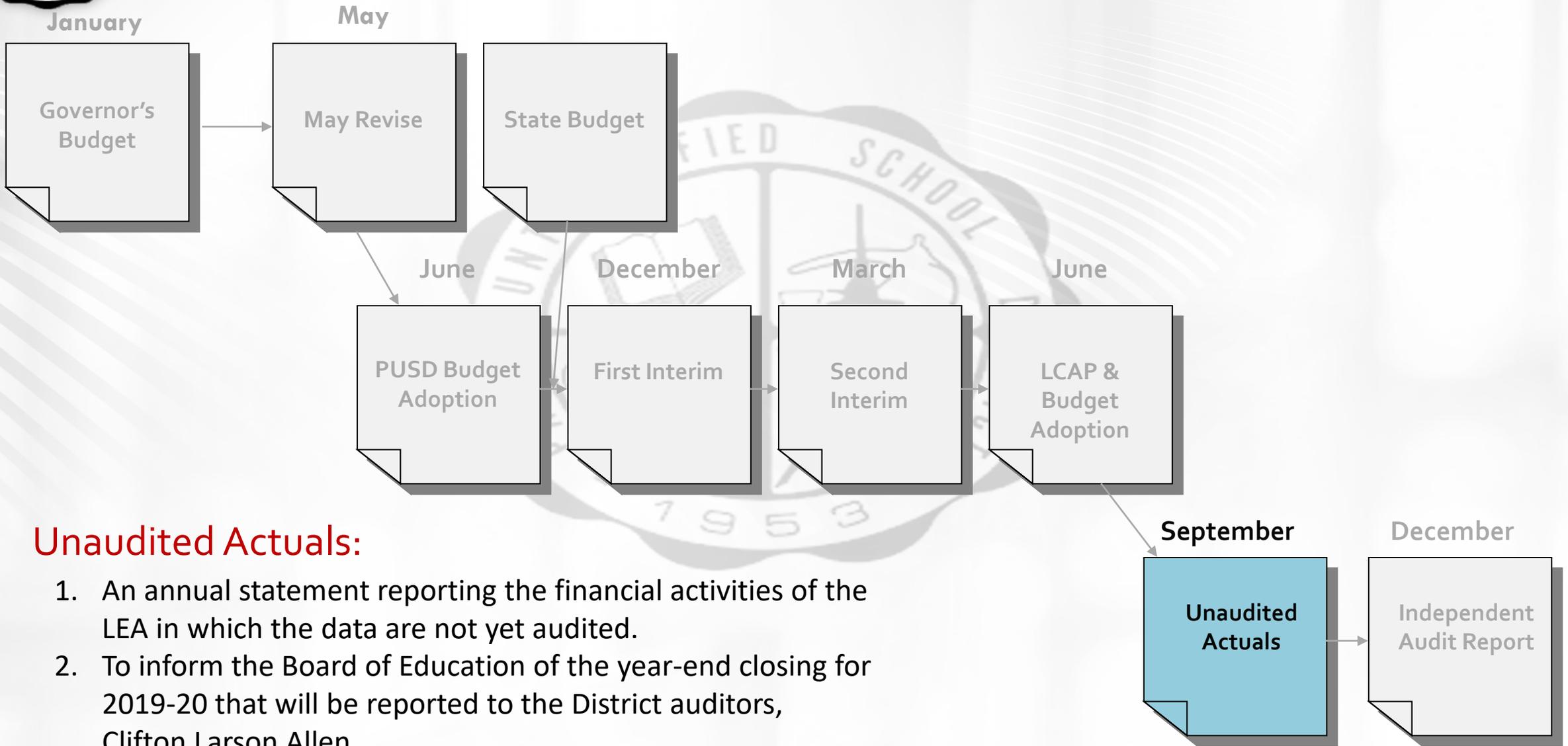
Dr. Ruth Pérez, Superintendent
Ruben Frutos, Assistant Superintendent of Business Services
Patricia Tu, Director of Fiscal Services

September 14, 2020
Action Item: 8.11-A



PARAMOUNT UNIFIED SCHOOL DISTRICT

PREPARING STUDENTS FOR COLLEGE AND CAREERS



Unaudited Actuals:

1. An annual statement reporting the financial activities of the LEA in which the data are not yet audited.
2. To inform the Board of Education of the year-end closing for 2019-20 that will be reported to the District auditors, Clifton Larson Allen.



2019-20 General Fund Unaudited Actuals Summary

General Fund	2019-20 Unaudited Actuals
Revenues	203,045,710.18
Expenditures	192,955,912.88
Other Financing (Transfers out & Encroachment)	5,750,148.00
Surplus/Deficit Spending	4,339,649.30
End Fund Balance	60,526,374.43

OBLIGATIONS PAYABLE BY END FUND BALANCE (Examples):

- Salary increases for 2019-20
- COVID related expenditures (PPE and materials/equipment)
- Supplies/Materials/Equipment and Training for Distance Learning
- Return to school expenditures



Components of 2019-20 Ending Fund Balance

Components	Amount
Revolving Cash	\$ 40,000
Stores	207,461
Restricted Programs	5,089,294
Reserve for Economic Uncertainties	15,000,000
Program Maintenance	<u>40,189,620</u>
Total	\$ 60,526,374.43

ONE TIME FUNDS - PROGRAM MAINTENANCE (Examples):

- Salary increases for 2019-20 (paid in 2020-21)
- COVID related expenditures (including PPE and materials)
- Equipment, materials, supplies and training for Distance Learning
- Return to school expenditures

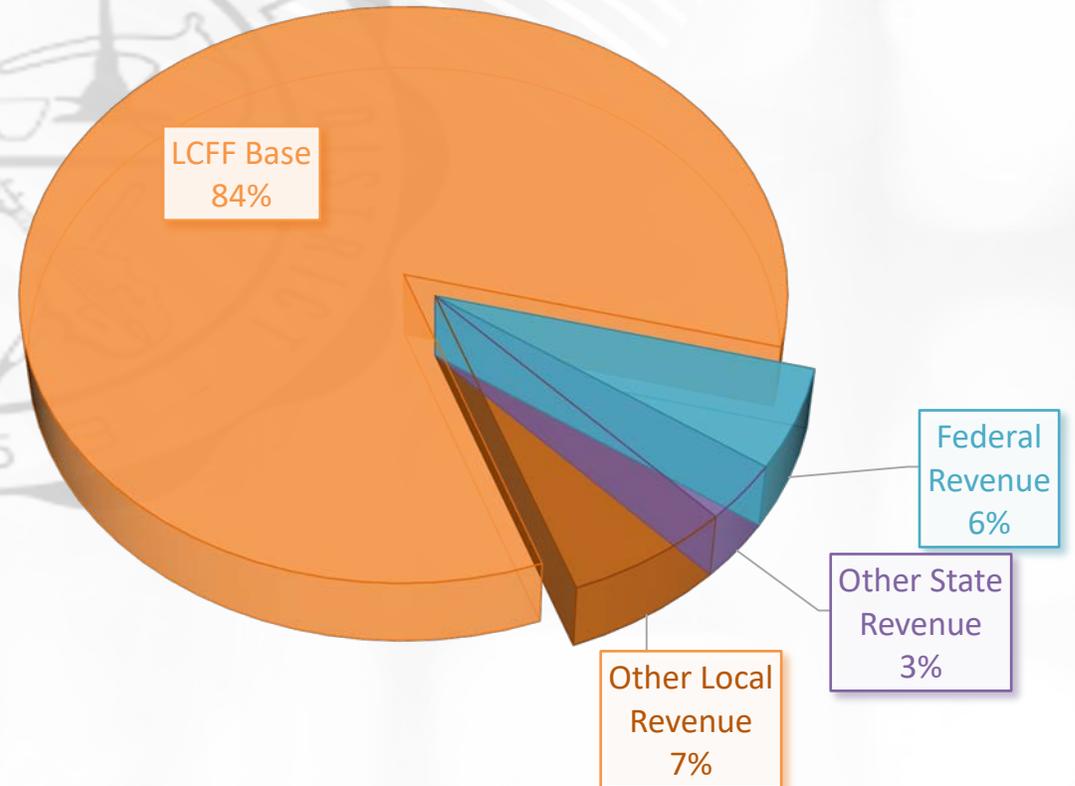


2019-20 Combined General Fund Revenues

The District received \$178,760,124 in Unrestricted Revenues for 2019-20.

The District incurred \$23,314,090 in encroachment to cover other District programs that are **NOT** fully funded by the program's resources. This results in a net revenue of **\$155,446,034**.

- Special Education = \$17,630,087
- Routine Restricted Maintenance = \$5,619,243
- STAR Program – Summer Feeding = \$64,760

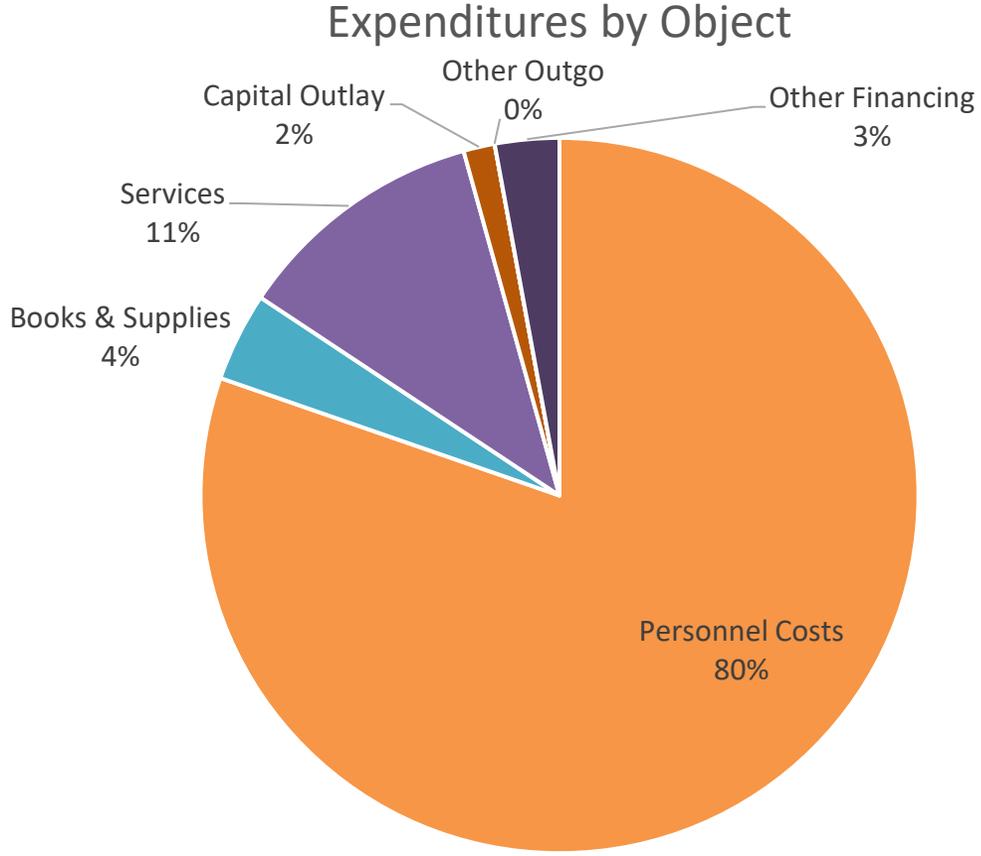




2019-20 Combined General Fund Expenditures

The District spent \$198,706,061 in combined General Fund Expenses for the 2019-20 Fiscal Year.

Employee salaries account for approximately 58% of all expenses and employee benefits account for approximately 22%. All personnel related expenses comprise approximately 80% of all District expenses.





Pre-COVID₁₉ vs Post-COVID₁₉ Projections

	2019-20 Estimated Actuals	2019-20 Unaudited Actuals	Variance
Change in Fund Balance*	(2,344,549)	3,343,770	5,688,319

- Technology applied for and received E-rate rebate of \$1,521,931 for District-wide network upgrade project
- Reduced encroachment from SNS due to close out of old programs and reduction of regular services for a savings of \$1,054,617
- Operations in both Education and Business Services were significantly reduced starting on March 17th as the District regrouped and implemented alternative plans
- Receipt of materials, supplies and services delayed or cancelled due to vendors similarly affected by the COVID-19 crisis



Pre-COVID₁₉ vs Post-COVID₁₉ Projections (cont'd)

- Large Dollar Commitments pushed to 2020-21
 - Negotiations with transportation vendor are being finalized. There will be backpay to process for 2019-20.
 - Chromebooks orders were increased to include K-2 grade levels
 - Chromebooks and textbooks that were expected to be received by June 30th were postponed until the new 2020-21 year.
 - Salary negotiations with TAP did not settle until August 2020 after year end closing.
 - Thus, salary enhancements have not been included in the 2019-20 Unaudited Actuals. The impact is estimated at \$2.3 million for 2019-20. This amount does not include other bargaining units.
 - The 2020-21 Budget must also be adjusted for the ongoing salary enhancement of another \$2.3 million plus any step & column growth.



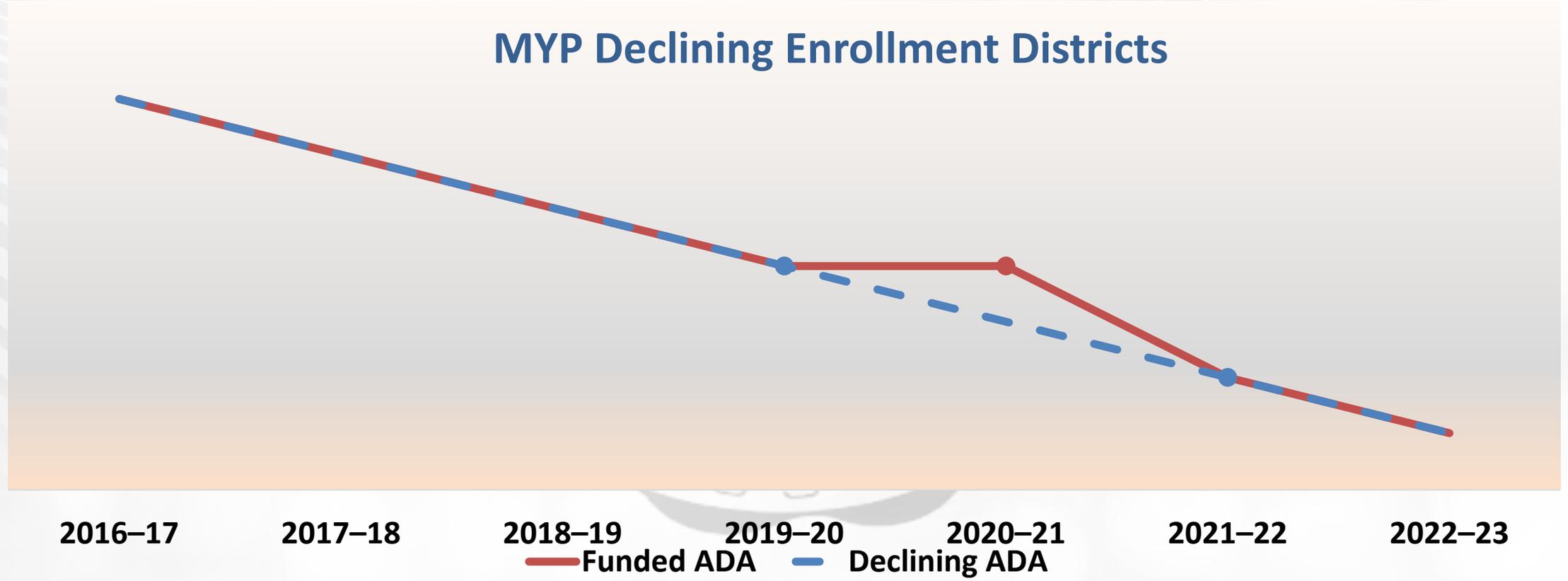
2020-21 Budget Updates – What we know now

- Expenditure Updates
 - 2 years worth of compensation included in 2020-21 (TAP settlement 2019-20)
- Revenue Updates
 - Hold harmless for ADA for 2020-21
 - 0% COLA
- Deferrals & Cash Flow
 - The State plans to defer our apportionment from February to June 2021
 - In effect, LEAs will receive only about 68% of State Aid apportionment during the year



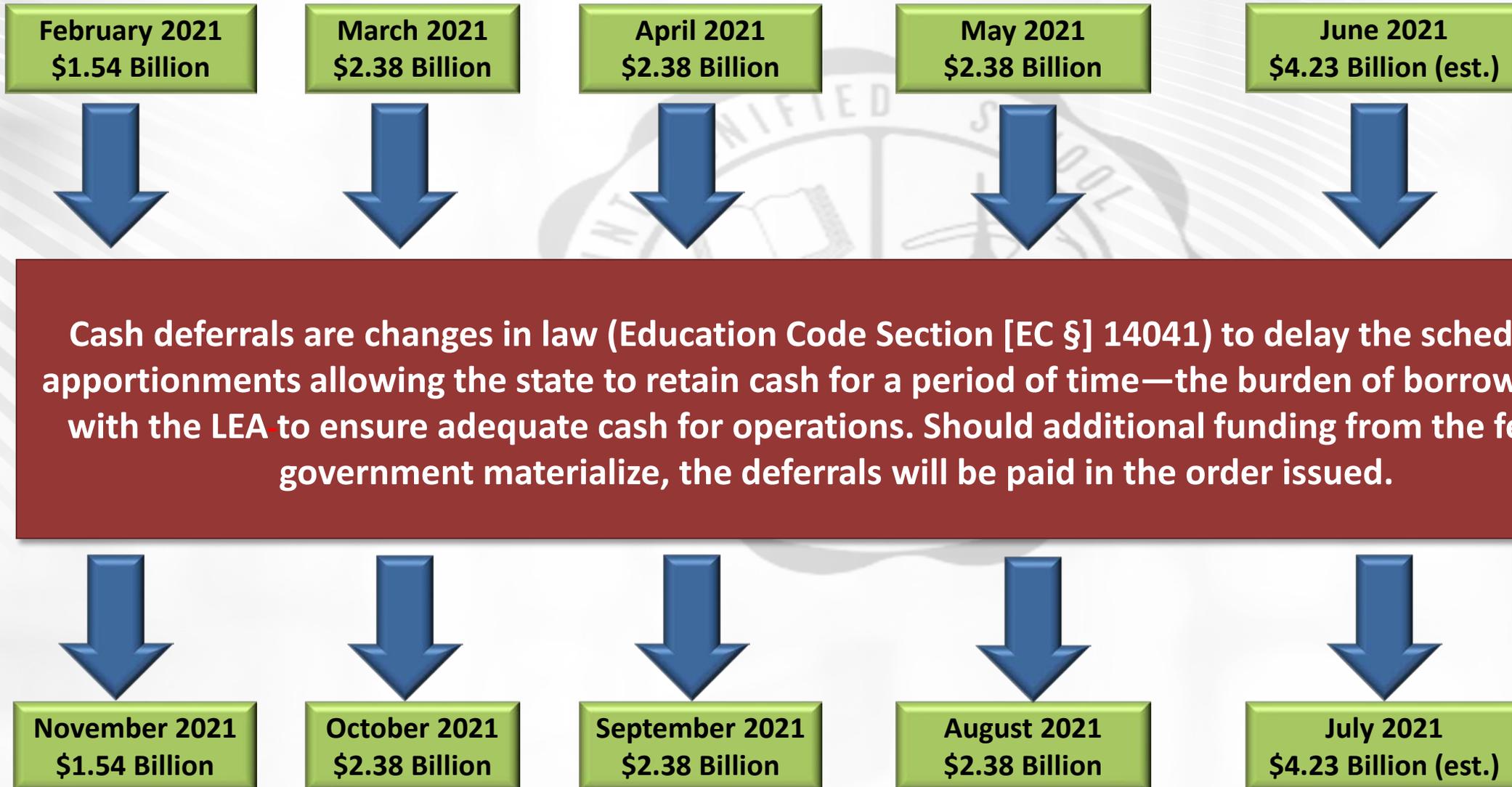
Multiyear Projections—Roller Coaster

MYP Declining Enrollment Districts



- Significant one-time federal dollars can mask an operational ongoing deficit
 - And the ADA hold harmless will create a one-time bump or dip in revenue projections tied to ADA

Deferrals & Cash Flow





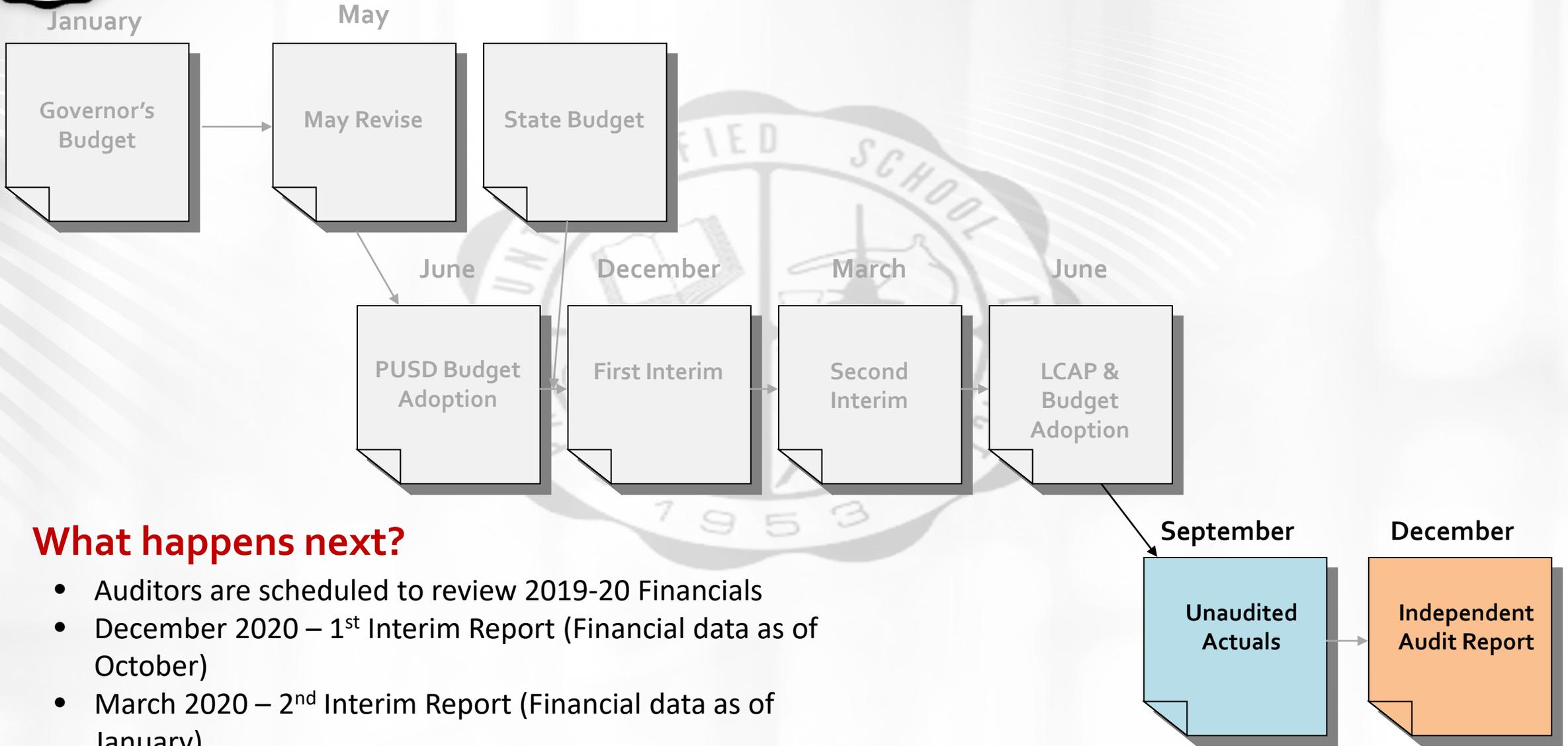
2020-21 Financial Status of the District

- The state records zero funded COLA for 2020–21 while the statutory COLA was actually 2.31% and should be considered a cut to school funding
- The District must watch its cash flow more closely as deferrals could make it difficult to maintain daily operations
- More important than ever to evaluate the encroachment on the General Fund.
- LACOE recommends that spending remain conservative due to unknown economic factors.
- LEAs should maintain reserves as possible, to prepare for future needs such as:
 - A resurgence of COVID-19 and subsequent shutdowns; protective devices and cleaning; training and technology for distance learning; and maintaining staffing levels to provide all needed services



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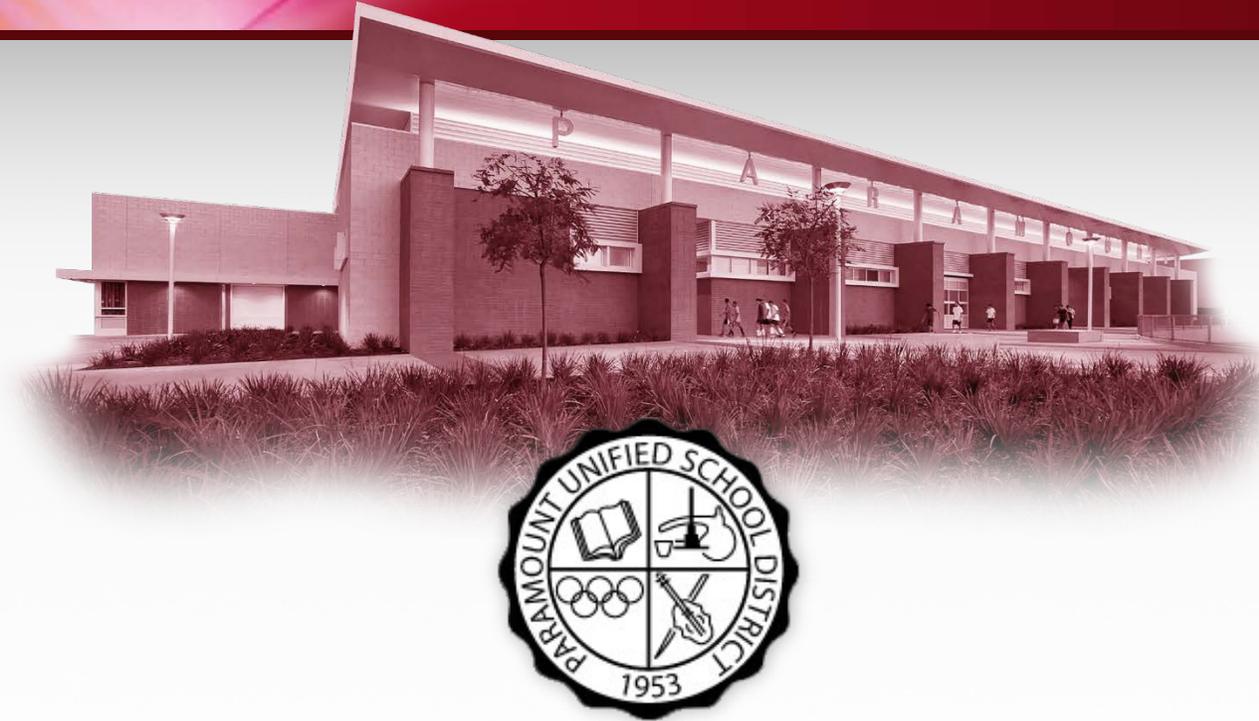
PREPARING STUDENTS FOR COLLEGE AND CAREERS



What happens next?

- Auditors are scheduled to review 2019-20 Financials
- December 2020 – 1st Interim Report (Financial data as of October)
- March 2020 – 2nd Interim Report (Financial data as of January)

PARAMOUNT UNIFIED SCHOOL DISTRICT



The mission of the Paramount Unified School District is to ensure learning and success for each student by providing a quality education.