

# KINGSBURG JOINT UNION HIGH SCHOOL DISTRICT

December 14, 2020

**TO:** The Governing Board

**FROM:** Rufino Ucelo Jr., Chief Business Official  
Don Shoemaker, Superintendent

**RE:** 2020-2021 First Interim Report

## **BUDGET COMMENTS**

The final budget for 2020-21 suspended the statutory cost of living adjustment (COLA) of 2.31% on the Local Control Funding Formula (LCFF) and removed the 10% proration factor proposed in the Governor's May Revision to hold all Districts at 2019-20 Average Daily Attendance (ADA) levels. This change was made possible by increasing deferrals of the principal apportionment to \$11 billion to be paid in the next fiscal year 2021-22. Up to \$5.7 billion of the deferral would have been eliminated with the receipt of additional COVID-19 relief funds; however, the current stalemate at the federal level has delayed any additional federal assistance.

On September 18, 2020 the Governor signed Senate Bill (SB) 820, an Education Trailer Bill, which made technical changes to provisions of SB 98 and the budget. Changes include:

- Growth funding based on a proxy of ADA,
- Learning Loss Mitigation (LLM) extensions for Governor's Emergency Education Relief (GEER) and general fund apportionments,
- Exclusion of Coronavirus Aid, Relief and Economic Security (CARES) Act funding from Routine Maintenance contribution (EC 17070.75),
- Requirement to update the Budget Overview for Parents template to reflect alignment with 2021 Learning Continuity and Attendance Plan and 2019-20 Local Control and Accountability Plan increased or improved expenditures.

While the Governor still seeks support from the federal government for COVID-19 relief, revenue reductions have been shifted to cross-year cash deferrals beginning in February and are projected to continue through June. As we navigate through unprecedented fiscal challenges, maintaining fiscal solvency continues to be the priority. Monitoring cash flow is crucial, as well as developing multiple budget assumptions, including best and worst-case scenarios for multiyear projections.

For the First Interim Report, the District is reporting an estimated single year Unduplicated Pupil Percentage (UPP) of 60.58%. This will bring the 3-year rolling average percentage to 61.59%.

The statutory cost of living adjustment (COLA) + Augmentation used for the First Interim Report is as follows:

2020-21:	0%
2021-22:	0%
2022-23:	0%

The District offers 180-day school year. For the First Interim Report Average Daily Attendance (ADA) is as follows: 1129.04 plus 13.05 County Operated Programs for 1,142.09 ADA. The District enrollment numbers are as follows:

2015-16: 1186	2018-19: 1167
2016-17: 1160	2019-20: 1183
2017-18: 1158	2020-21: 1191

A review of the current year budget has determined the following changes and updates to the overall condition of the District. Please refer to the attached General Fund Summary, which shows the changes outlined below:

Federal	\$ 766,778.00	\$ 2,086,072.20		● \$ 1,319,294.20
State	\$ 909,964.66	\$ 1,234,366.30		● \$ 324,401.64
Local	\$ 508,487.80	\$ 722,162.25		● \$ 213,674.45
<b>Total Income</b>	<b>\$ 14,093,665.46</b>	<b>\$ 16,923,914.75</b>	<b>\$ -</b>	● <b>\$ 2,830,249.29</b>
<b>Expenditures</b>				
Certificated	\$ 6,587,603.50	\$ 6,710,422.73		● \$ 122,819.23
Classified	\$ 1,724,222.00	\$ 1,797,525.17		● \$ 73,303.17
Benefits	\$ 3,811,778.20	\$ 3,969,046.06		● \$ 157,267.86
Books & Supplies	\$ 387,482.72	\$ 1,626,192.44		● \$ 1,238,709.72
Services	\$ 1,408,471.72	\$ 1,917,922.61		● \$ 509,450.89
Capital Outlay	\$ 2,500.00	\$ 82,061.12		● \$ 79,561.12
Other Outgo	\$ 644,019.00	\$ 653,388.00		\$ 9,369.00
Direct Sup/Indirect	\$ 7,519.65	\$ 7,519.65		\$ -
<b>Total Expenditures</b>	<b>\$ 14,573,596.79</b>	<b>\$ 16,764,077.78</b>	<b>\$ -</b>	● <b>\$ 2,190,480.99</b>
Other Sources/Uses	\$ 17,788.89	\$ (48,332.89)		● \$ (66,121.78)
Net Increase/Decrease	\$ (462,142.44)	\$ 111,504.08		● \$ 573,646.52
Beginning Balance	\$ 1,929,206.22	\$ 2,258,179.71		● \$ 328,973.49
Audit Adjustments	\$ -	\$ -		
<b>Projected Ending Balance</b>	<b>\$ 1,467,063.78</b>	<b>\$ 2,369,683.79</b>	<b>\$ -</b>	● <b>\$ 902,620.01</b>

## **Budget Assumptions**

- A reserve for economic uncertainties is at 3% of expenditures, transfers out and other uses (Fund 0100, Objects 1000-7999). As set forth in the Standards and Criteria for local budgets the amount for us is set at 3% (Education Code Section 33127) \$504,422.33
- The District funded LCFF entitlement base is \$9,329, plus, grade span adjustment of \$243 for a total of \$9,592.
- The District does provide transfer of funds to the Deferred Maintenance Fund 1400. At this time in the budget process, the District will transfer \$50,000. The State no longer provides District funding for this purpose, but does require Districts to maintain facilities. The District will continue to provide transfers to keep the Deferred Maintenance Fund 1400 in operation.
- Health Benefits: The District has a cap on health benefits at \$15,500 per active employee. The District has 89 full time employees, 2 retirees, and 5 board members (District contributions for board members is the lesser of either the cap \$13,175 or yearly premium cost). There is no window period for a Golden Handshake at this time.
- Maintenance of retiree health benefits to the age of sixty-five has been budgeted. The cost to the District is \$15,500 per retiree. The District currently has two retirees.
- Lottery funding has an increase of 29%.
- All staff salaries were budgeted according to step and column increases. At this time Certificated, Classified, and Management staff have not settled negotiations for 2020-21.
- California State Teachers Retirement System (CalSTRS), has been budgeted at 16.15%
- California Public Employee Retirement System (CalPERS), has been budgeted at 20.70%
- Workers Compensation Rate has been budgeted at 2.13%
- Unemployment Rate remains at .0005%
- The District budgeted for the first and second subsequent years of the Multiyear Projections based on the LCFF projections. The District did not add any one-time funding in either of those years.
- The District budget indicates deficit spending for Restricted Programs but the Unrestricted portion has contributions of \$655,237.62 to cover those expenditures at this time. All Restricted Programs have been balanced by budgeting a zero balance. There are no restricted balances.
- The ending fund balance will be positive and the recommended reserve level of three percent will be met.
- The fund balance and cash positions are positive for all other funds.
- In the two subsequent years, the District shows a net decrease in the general fund. The District maintains a positive ending balance in current and two subsequent years.
- The District used the current LCFF calculator (v21.2) located at <https://www.fcmat.org/lcff>.

# **Kingsburg Joint Union High School District**

## **2020-21 First Interim**

December 14, 2020



# **Significant Changes Since Budget Adoption**

- ▶ **No Average Daily Attendance (ADA) collected**
  - ▶ **Same funding as prior year / Flat funding**
- ▶ **Extended deadlines for:**
  - ▶ **Governor's Emergency Education Relief Funds (GEER)**
    - ▶ **September 30, 2022**
  - ▶ **Learning Loss Mitigation Funds (LLM): General Fund**
    - ▶ **June 30, 2021**

# **Significant Changes Since Budget Adoption**

- ▶ **Expanded eligible expenditures for LLM funds to address health and safety**
- ▶ **Increased funding for school nutrition programs**

# Estimated Revenues

	<b>BUDGET</b>	<b>1st INTERIM</b>	<b>DIFFERENCE</b>
<b>Revenue</b>			
LCFF Sources	\$ 11,908,435.00	\$ 12,881,314.00	● \$ 972,879.00
Federal	\$ 766,778.00	\$ 2,086,072.20	● \$ 1,319,294.20
State	\$ 909,964.66	\$ 1,234,366.30	● \$ 324,401.64
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# Multi-Year Projection: Ending Balance

	Current Year	2021-22	2022-23
8. District's Available Reserve Amount (Lines C1 thru C7)	2,369,683.79	2,126,725.51	1,785,055.74
9. District's Available Reserve Percentage (Information only) (Line 8 divided by Section 10B, Line 3)	14.09%	13.60%	11.41%

- ▶ **Flat Funding**
- ▶ **Expenditures continue to rise**

# Final Thoughts

- ▶ **Governor's January Proposal**
  - ▶ Update on 2020-21
    - ▶ Possible payment down of deferrals
  - ▶ First glimpse of 2021-22 Budget Proposal
- ▶ **Cash Solvency**
  - ▶ 4<sup>th</sup> Quarter: Low Cash
- ▶ **Second Interim Report**
  - ▶ March Board Meeting