Brea Olinda Unified School District

"Learning is our priority, with opportunity for ALL."

2nd INTERIM REPORT

BREA OLINDA UNIFIED SCHOOL DISTRICT

FY 2020-21 BUDGET

Presented to the Governing Board on March 11, 2021

Cristina Michel, Director of Fiscal Services
Rick Champion, Assistant Superintendent, Business Services

Discussion

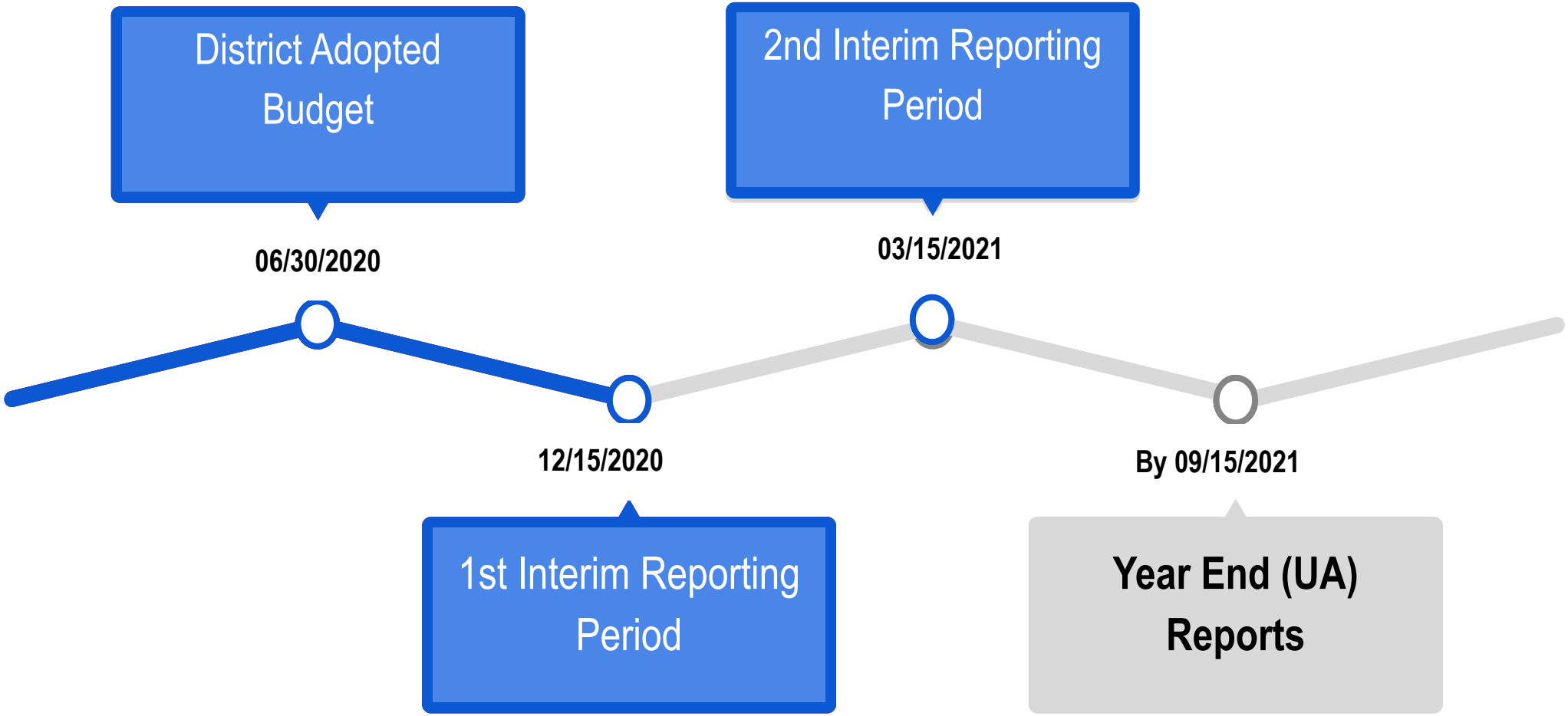
- Timeline
- Certification process
- State's Fiscal Impact due to COVID
- The 3 C's
- Budget 2nd Interim Report
- MYP
- Next Steps

Brea Olinda Unified School District



2020-2021 Budget

District Budget Timeline



2nd Interim Financial Reports

Education Code 42300 requires California school districts to report its financial data twice a year. This report is referred to as the "Interim Report." The First Interim Report shall reflect changes to the board approved budget from July 1, 2020 through January 31, 2021.

The objectives of reports are:

- To provide a review of the District's financial condition at periodic intervals during the fiscal year.
- To provide a status report to the Board of Education and the public of the financial condition of the District.
- To determine necessary budget revisions as a result of current or projected financial information.

In addition to the Interim Reports, the District submits a Multiple Year Projection (MYP) report. These report examines the District's enrollment, spending pattern, ending fund balance, and reserve for economic uncertainties for the current fiscal year *(FY 2020-21)* and the two (2) subsequent years *(FY 2021-22 & FY 2022-23)*.

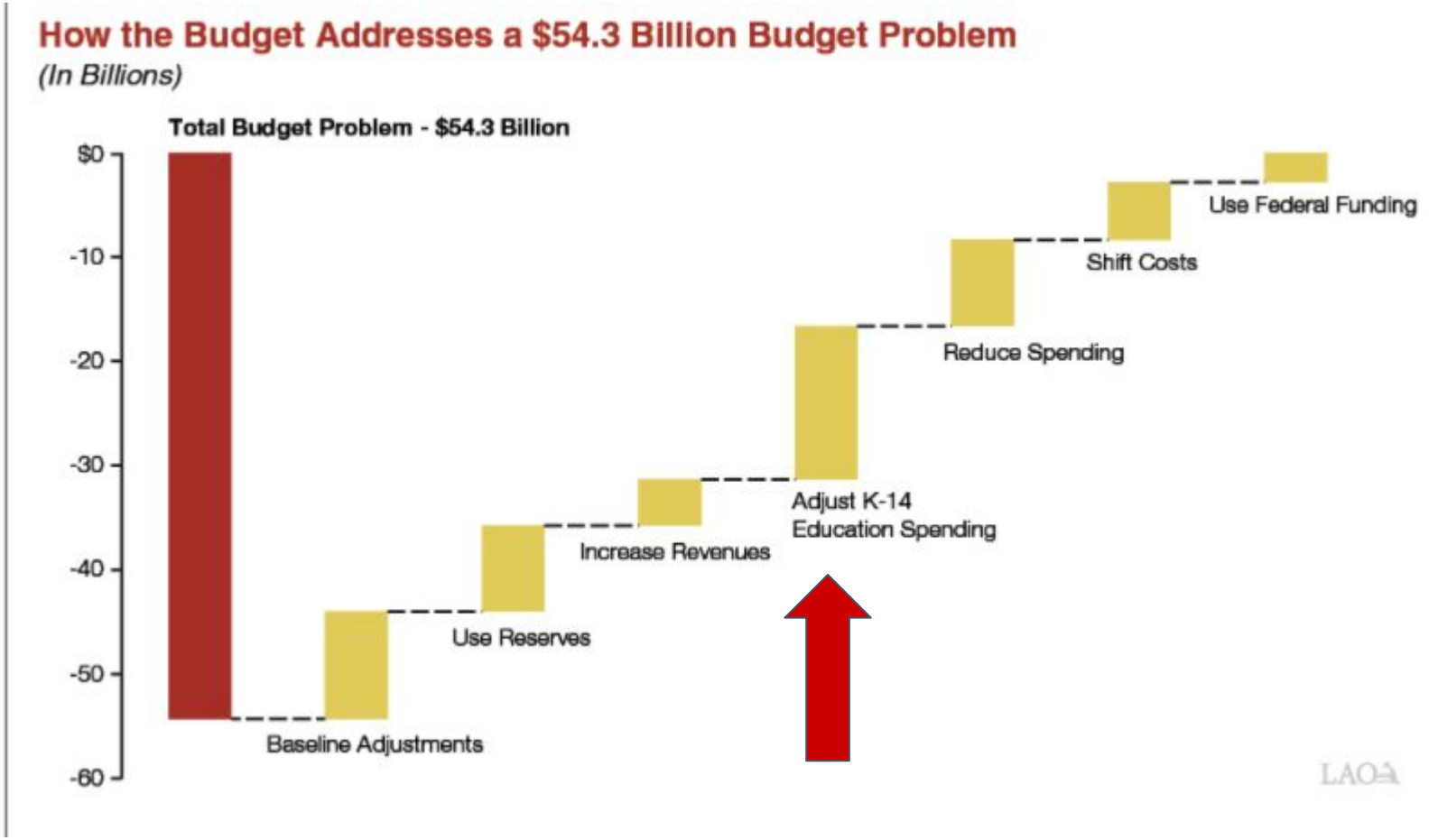
Certification

- **Positive Certification**: The District **WILL MEET** their financial obligations for the current and two (2) subsequent fiscal years, OR

- **Qualified Certification**: The District **MAY NOT MEET** their financial obligations for the current or two (2) subsequent fiscal years, OR

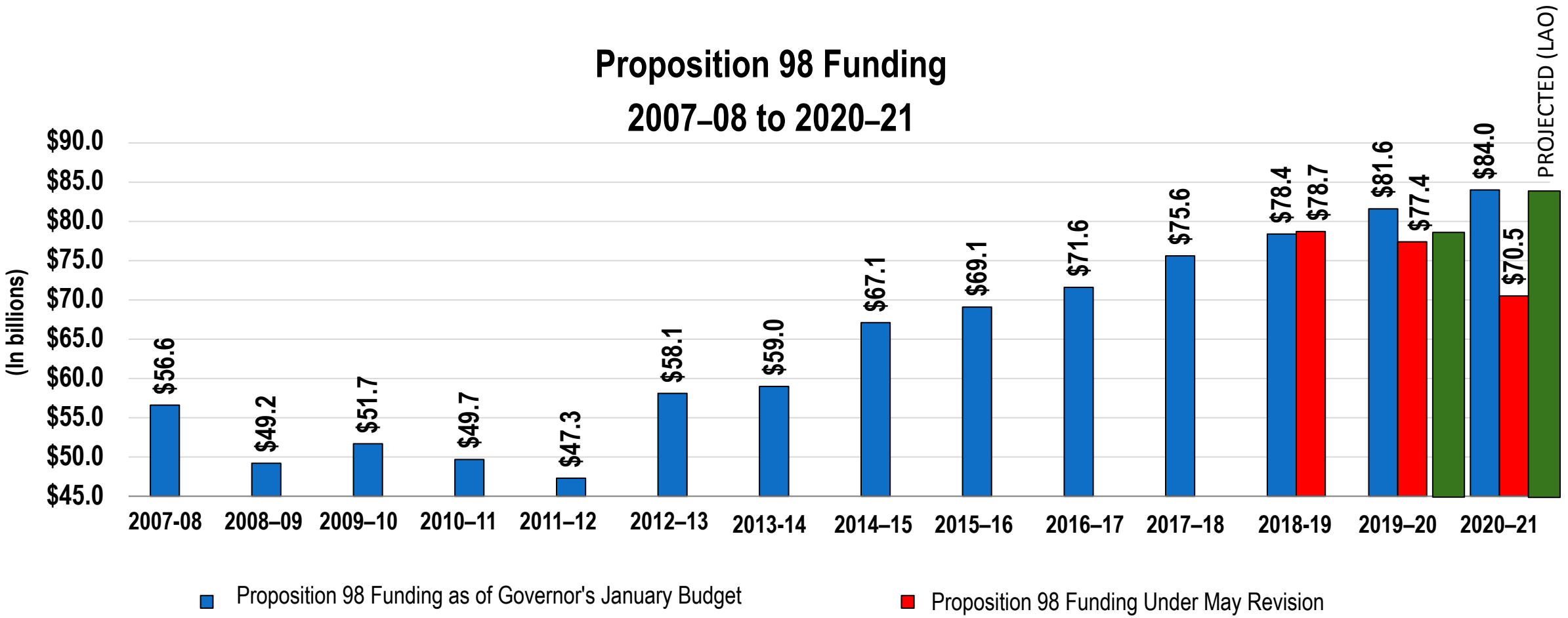
- **Negative Certification:** The District **WILL BE UNABLE TO MEET** their financial obligations for the remainder of the current year or subsequent fiscal years based upon current projections (not meeting reserves in current year or negative fund balances in any year)

California's Budget: Impact of Covid-19



LOA - August 13, 2020

Proposition 98 Funding: 7 Short Months



Source: 2020–21 Governor's Budget, pg. 68 and data provided by the DOF

2020-21 Key Budget Assumptions

The adjustments based on “3 C’s”

C.O.L.A.

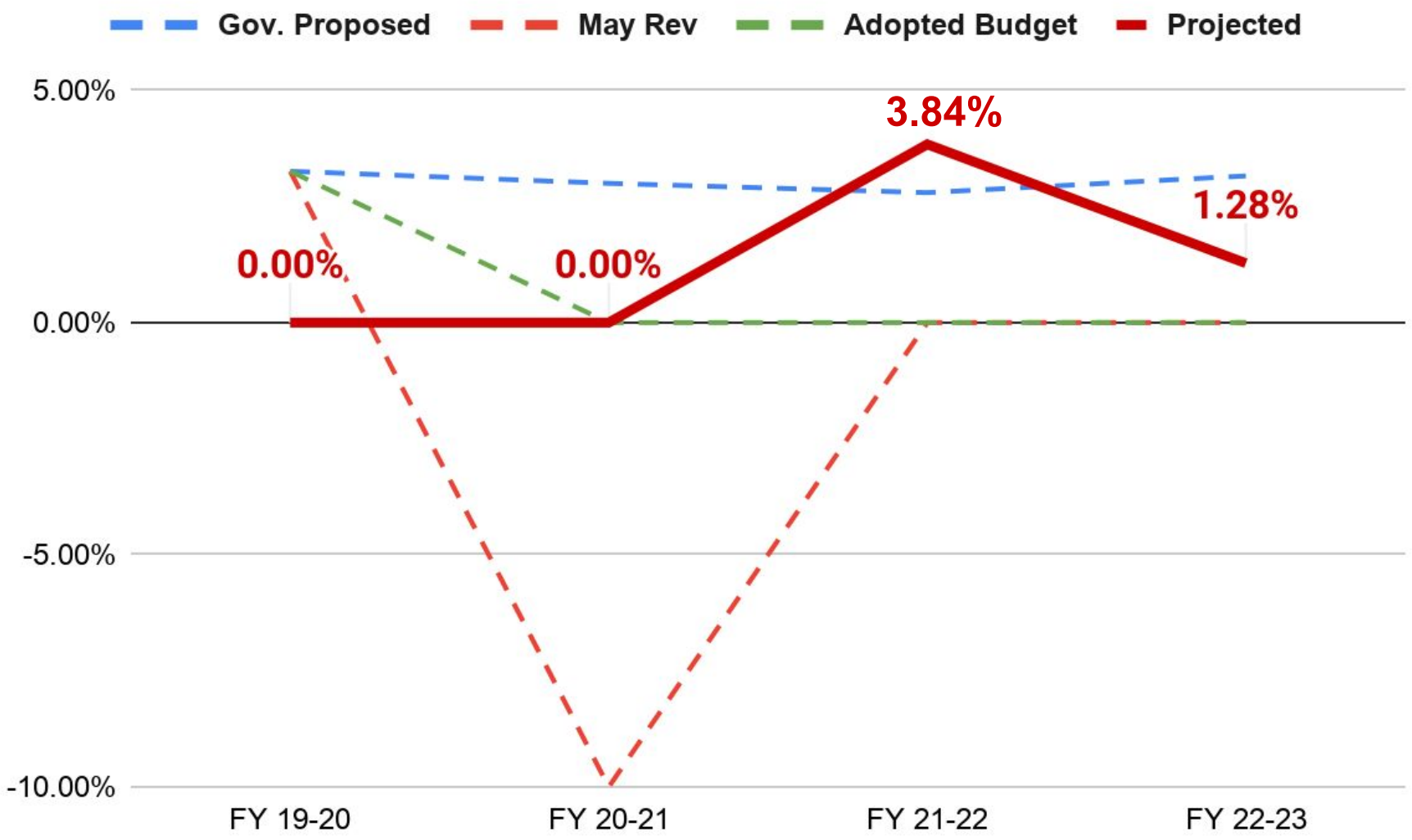


CARES Act

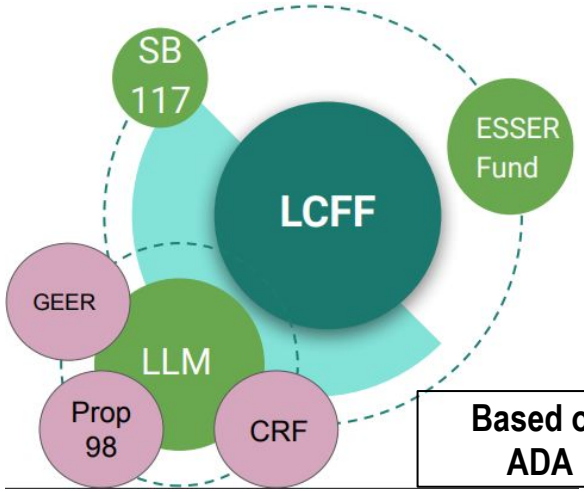


CASH (FLOW)

Budget Assumption: Impact of COLA



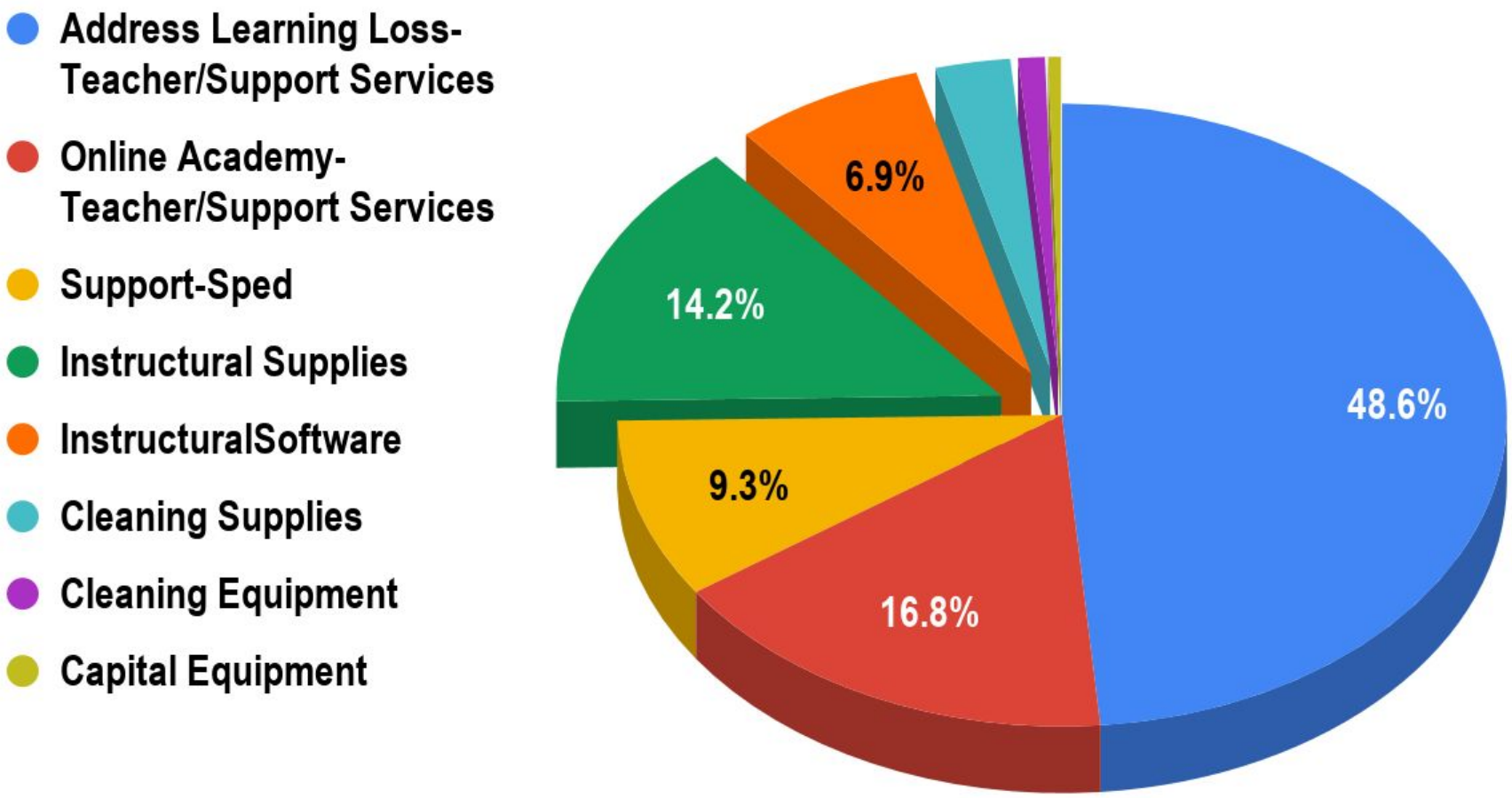
Federal and State Relief Funding



		CARES Act					
			Learning Loss Mitigation Funding (LLMF)				
	Based on ADA	Based on Title 1 Funding	Based on SWD		Based on Supplemental G	Based on LCFF Formula	
Program (Source)	SB 117	Federal	Federal	Federal	Federal	Federal	State
Source of Funds	State	ESSER	GEER	CRF	CRF	CRF	Prop 98
Allocation	$102,242	$325,082	$361,109	$1,163,728	$1,020,415	$378,714	$464,887
Period of Use	Open	09/30/2022	03/13/2020 - 09/30/2022	03/01/2020 - 12/30/2021	03/01/2020 - 12/30/2021	03/01/2020 - 12/30/2021	03/01/2020 - 12/30/2021

- State Resource: $102,242
- Federal Resource: $3,712,099
- CARES Act Funding has specific expenditure rules and timelines
- Funding is contingent upon the adoption of a Learning Continuity and Attendance Plan

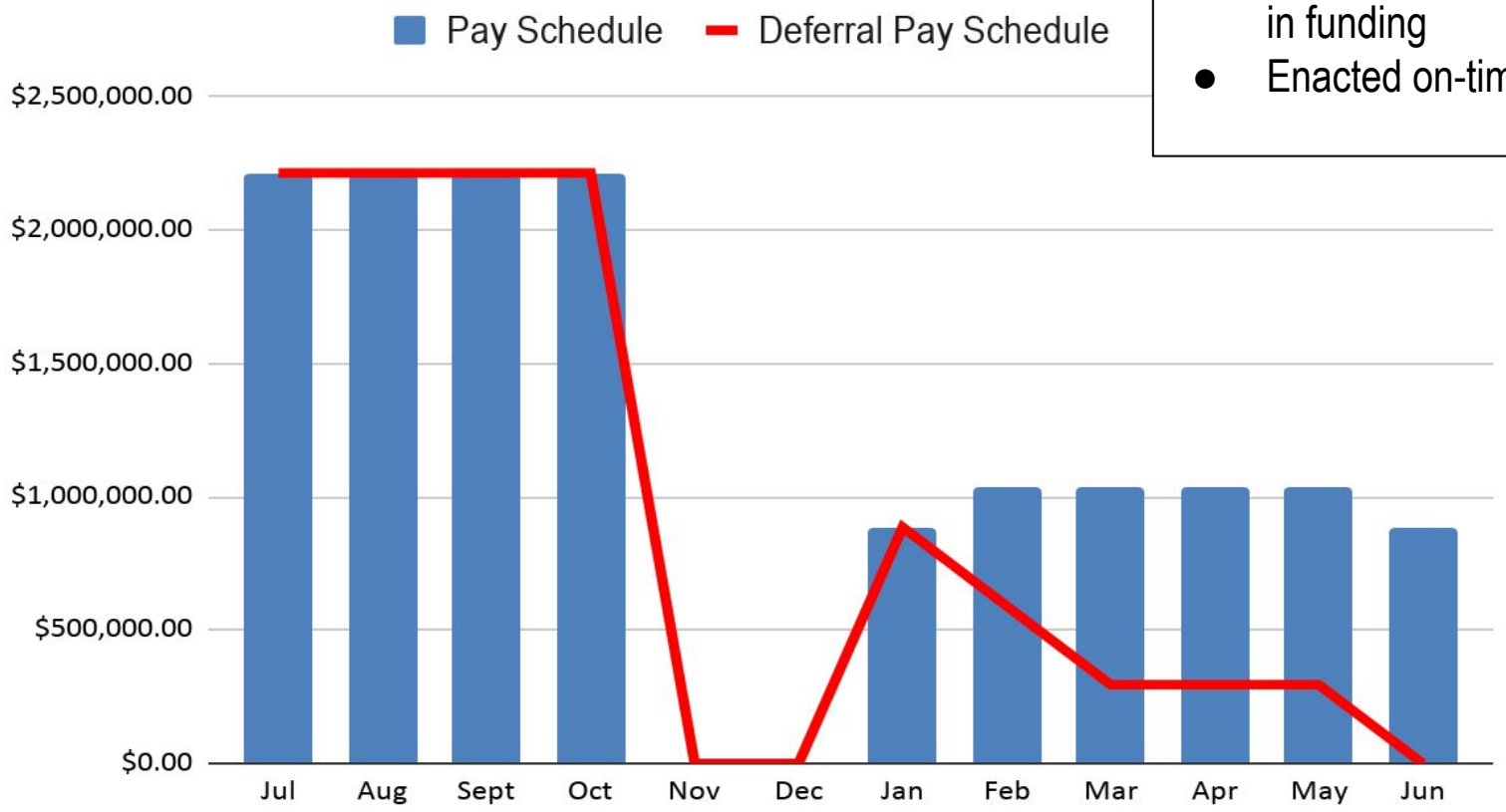
Federal and State Relief Funding Expenditures
(1-Time Funds)



Cash Deferrals Accrual vs Cash

Translation

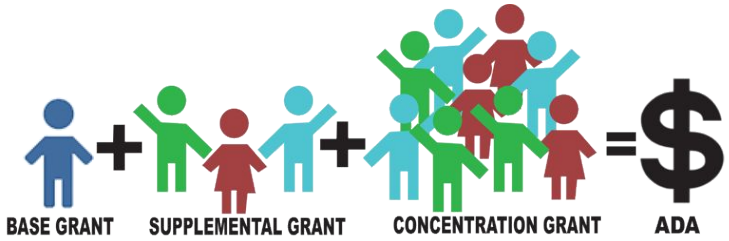
- State passes budget without paying interest and gets credit for balance budget
- District will need to access to cash and will likely have to borrow cash internally & externally to pay bills
- Districts have the burden of costs of interest and borrowing; Plus missed or delayed opportunity costs
- When State pays the cash back, State gets credit for an increase in funding
- Enacted on-time





20-21 BOUSD FINANCIAL ASSUMPTIONS

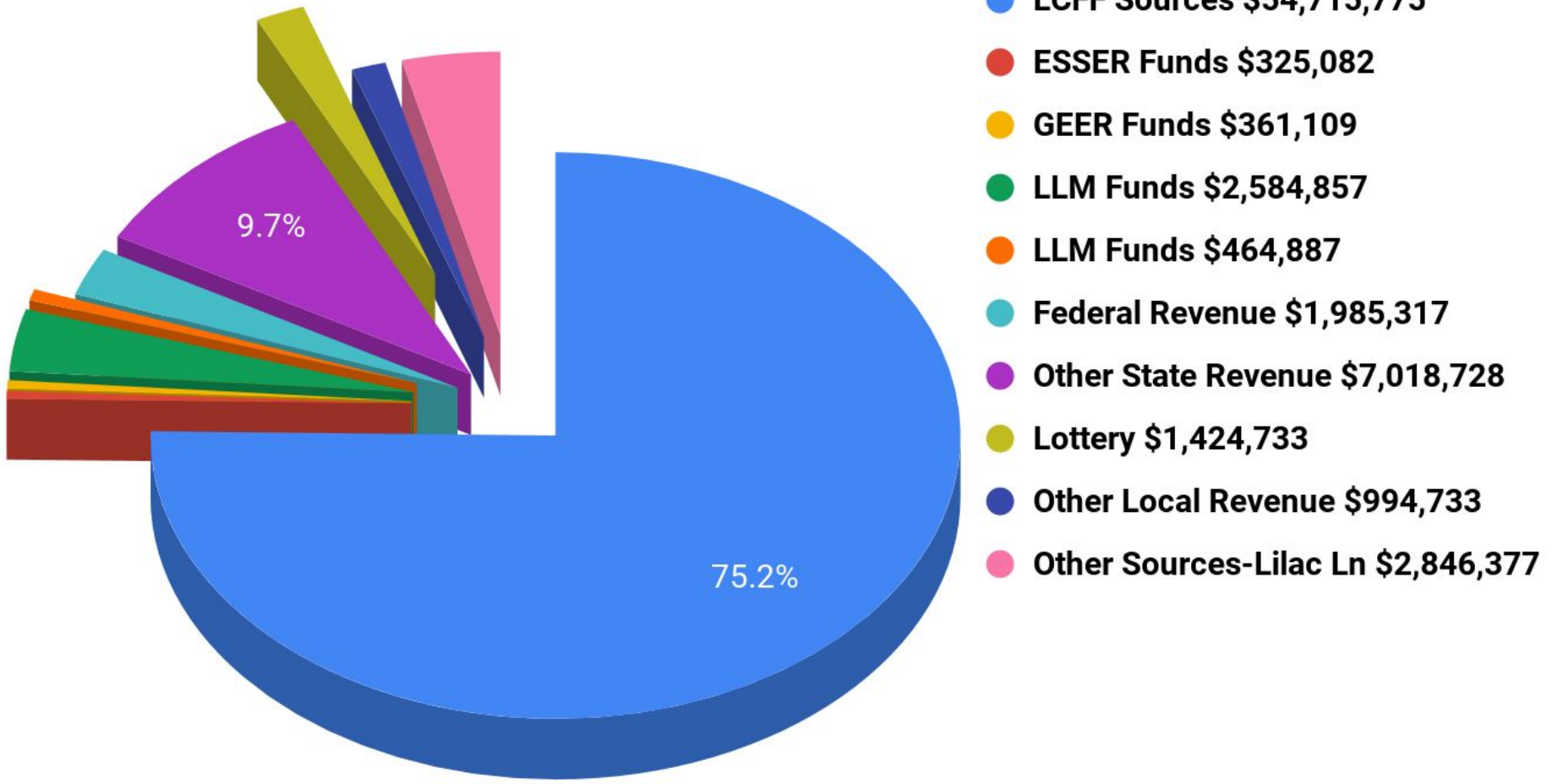
Revenue Assumptions since budget adoption



- Suspended COLA (0.00%)
- ADA Held harmless
- Impact of LCFF Supplement Funding: UPP not held harmless
- Federal Revenue
- Lottery Income
- Restoral of categorical program reductions
- Facility Rentals and Paid Parent Programs (aka CDS, Food, Transportation)
- Reduction of Donations and Booster/PTA/O impact?

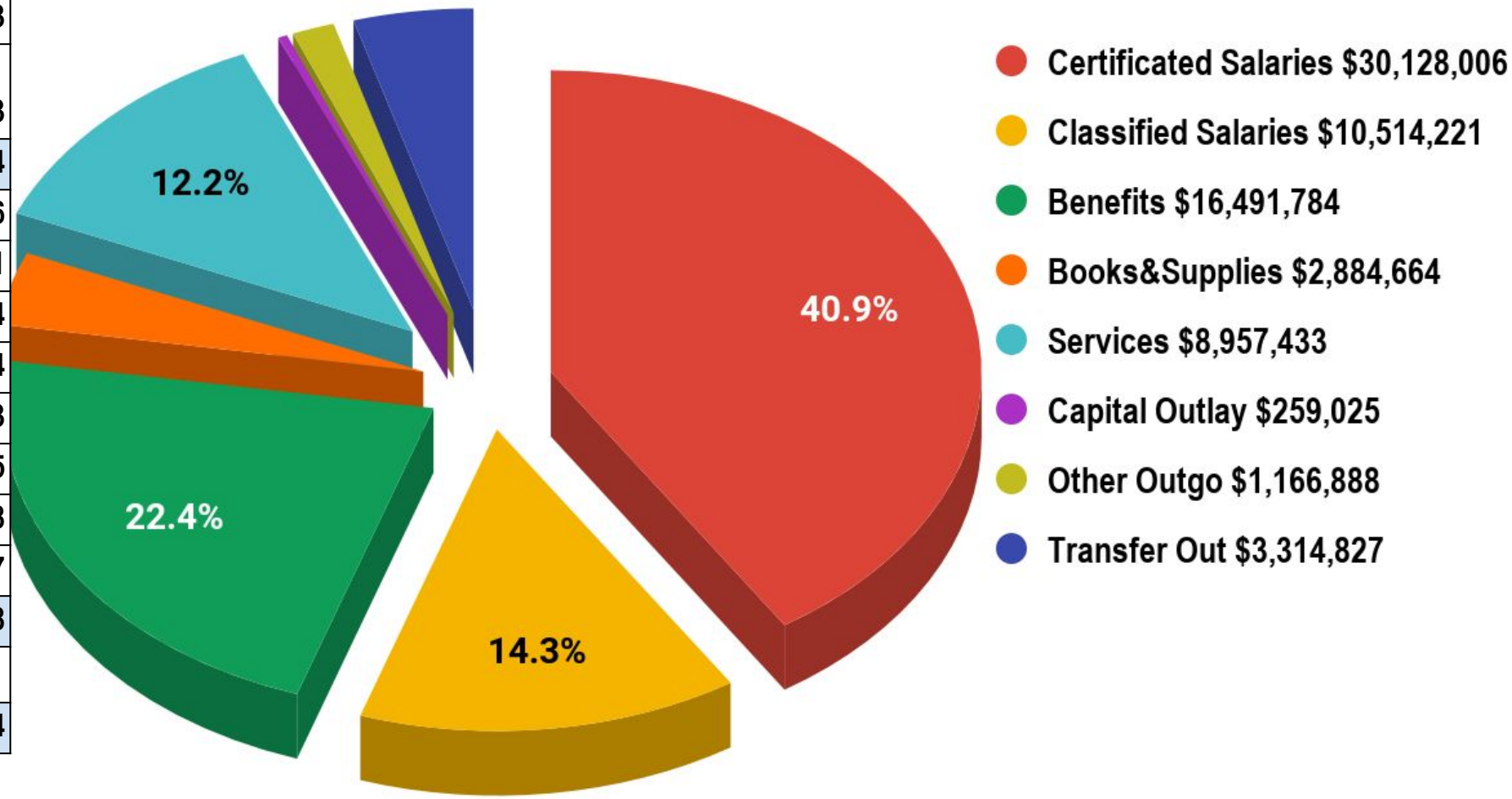
2nd Interim - Fiscal Year 2020-21

	2020-21 2nd Interim
LCFF	$54,715,775
Federal	$5,256,365
Other State	$8,908,348
Local Revenue	$994,733
Transfers In/Other Sources	$2,863,203
Total Revenues	$72,738,424
Certificated Salaries	$30,128,006
Classified Salaries	$10,514,221
Employee Benefits	$16,491,784
Books and Supplies	$2,884,664
Services and Operating	$8,957,433
Capital Outlay	$259,025
Other Outgo	$1,166,888
Transfers Out	$3,314,827
Total Expenditures	$73,716,848
Inc/Dec in Fund Balance	-$978,424



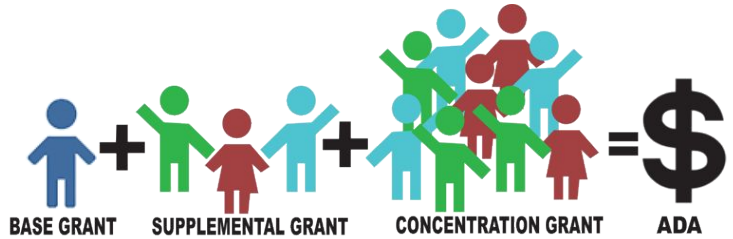
2nd Interim - Fiscal Year 2020-21 Expenditures/Transfers

	2020-21 2nd Interim
LCFF	$54,715,775
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BOUSD FINANCIAL ASSUMPTIONS

Expenditure Assumptions since budget adoption



- Online Academy & Independent Study
- Additional LLM supports
- Step-N-Column - 2%
- Health & Welfare - 6%
- Pension
- Spending of Assigned EFB - NGSS, LCAP, Lottery, and unspent funds
- Increased maintenance due to COVID-19 guidelines
- One-time expenditures funded by CARES Act dollars are not carried forward into the MYP (aka Online Academy)
- Deferred & routine maintenance continues - 3%
- Planning for future expansion - interrupted by COVID
- Unfunded mandates and new leave laws

Multi Year Projections as of 01/31/2021

	2020-2021		2021-2022		2022-2023	
Multi-Year Assumptions	1st Interim	2nd Interim	1st Interim	2nd Interim	1st Interim	2nd Interim
Cost of Living Allowance (COLA)	0.00%	0.00%	0.00%	3.84%	0.00%	1.28%
District Enrollment	6,006	6,006	6,006	6,006	6,006	6,006
Funded ADA	5,889.11	5,889.11	5,889.11	5,889.11	5,889.11	5,889.11
Unduplicated Pupil % (3-Yr Rolling)		33.20%		31.70%		30.14%
Unduplicated Pupil % (Single Year)	30.14%	30.14%	30.14%	30.14%	30.14%	30.14%
State Teachers' Retirement (STRS)	16.15%	16.15%	16.00%	15.92%	18.10%	18.00%
Public Employee's Retirement (PERS)	20.70%	20.70%	23.00%	23.00%	26.30%	26.30%

Multi Year Projections as of 01/31/2021

	2020-21	2020-21	1nd / 2nd
	1st Interim	2nd Interim	Variance
LCFF	$54,715,775	$54,715,775	$0
Federal	$5,259,867	$5,256,365	-$3,502
Other State	$8,765,088	$8,908,348	$143,260
Local Revenue	$806,535	$994,733	$188,198
Transfers In/Other Sources	$2,846,377	$2,863,203	$16,826
Total Revenues	$72,393,642	$72,738,424	$344,782
Certificated Salaries	$29,268,188	$30,128,006	-$859,818
Classified Salaries	$10,750,679	$10,514,221	$236,458
Employee Benefits	$16,538,226	$16,491,784	$46,442
Books and Supplies	$3,036,633	$2,884,664	$151,969
Services and Operating	$9,116,488	$8,957,433	$159,055
Capital Outlay	$220,807	$259,025	-$38,218
Other Outgo	$1,206,767	$1,166,888	$39,879
Transfers Out	$4,176,692	$3,314,827	$861,865
Total Expenditures	$74,314,480	$73,716,848	$597,632
Inc/Dec in Fund Balance	-$1,920,838	-$978,424	-$942,414

Multi Year Projections as of 01/31/2021

Components of the Ending Fund Balance	2020-21 1st Interim	2020-21 2nd Interim	Variance
Non-Spendable	$25,000	$25,000	$0
Restricted	$1,731,678	$1,544,621	-$187,057
Assigned	$0	$5,830,463	$5,830,463
Assigned - LCAP	$0	$1,264,154	$1,264,154
Unassigned	$11,457,388	$5,385,139	-$6,072,249
Required Reserve 3%	$2,104,134	$2,211,505	$107,371
Ending Fund Balance	$15,318,200	$16,260,882	$942,682

Multi Year Projections as of 1/31/2021

	Projected 2020-21 1st Interim	Projected 2020-21 2nd Interim	Variance	Projected 2021-22 1st Interim	Projected 2022-23 2nd Interim	Variance
LCFF	$54,536,892	$56,630,724	$2,093,832	$54,405,936	$57,177,862	$2,771,926
Federal	$2,081,655	$1,985,317	-$96,338	$2,081,655	$1,985,317	-$96,338
Other State	$7,583,017	$8,300,206	$717,189	$7,639,210	$8,485,077	$845,867
Local Revenue	$806,535	$1,187,203	$380,668	$806,535	$1,252,643	$446,108
Transfers In/Other Sources		$430,815	$430,815	$0	$439,431	$439,431
Total Revenues	$65,008,099	$68,534,265	$3,526,166	$64,933,336	$69,340,330	$4,406,994
Certificated Salaries	$29,263,155	$30,513,687	$1,250,532	$29,848,418	$31,123,961	$1,275,543
Classified Salaries	$10,965,693	$10,832,409	-$133,284	$11,185,006	$11,049,057	-$135,949
Employee Benefits	$16,887,620	$16,978,121	$90,501	$17,257,851	$18,153,855	$896,004
Books and Supplies	$2,656,257	$5,553,506	$2,897,249	$2,709,383	$3,040,536	$331,153
Services and Operating	$8,724,567	$8,541,399	-$183,168	$8,899,058	$8,696,008	-$203,050
Capital Outlay	$215,013	$249,015	$34,002	$219,313	$249,015	$29,702
Other Outgo	$1,230,902	$1,166,888	-$64,014	$1,255,520	$1,166,888	-$88,632
Transfers Out	$325,000	$325,000	$0	$325,000	$325,000	$0
Total Expenditures	$70,268,207	$74,160,025	$3,891,818	$71,699,549	$73,804,320	$2,104,771
Inc/Dec in Fund Balance	-$5,260,108	-$5,625,760	-$365,652	-$6,766,213	-$4,463,990	$2,302,223

Ending Fund Balance as of 1/31/2021

Ending Fund Balance	Projected 2020-21 1st Interim	Projected 2020-21 2nd Interim	Projected 2021-22	Projected 2022-23
Non-Spendable	$25,000	$25,000	$25,000	$25,000
Restricted	$1,731,678	$1,544,621	$1,121,921	$715,700
Assigned	$0	$5,830,463	$4,227,572	$2,716,300
Assigned - LCAP	$0	$1,264,154	$0	$0
Unassigned	$11,457,388	$5,385,139	$3,035,828	$500,000
Required Reserve 3%	$2,104,134	$2,211,505	$2,224,801	$2,214,130
Ending Fund Balance	$15,318,200	$16,260,882	$10,635,122	$6,171,130
Available Reserves %		10.31%	7.09%	3.68%
Available Reserves MET Reserve Standard		Met	Met	Met

Ending Fund Balance
as of 01/31/2021

Demands on Funding (Unrestricted)		21/22	22/23
	COLA	3.84%	1.28%
	UPP	-1.50%	-1.56%
LCFF Increase		$1,914,949	$547,138
	STRS	-$57,466	$530,090
	PERS/STRS	$172,356	$252,240
	Health & Welfare Increases	$40,070	$42,876
	Step & Column Adjustments	$703,869	$649,584
	Increased Contributions	$533,198	$397,166
	Increase (Decrease) in Fund Balance	$465,456	$ (794,728)
	New unfunded mandates	?	?

Projected Ending Fund Balance - Sub Funds (Projected EFB)

Fund 12 - Child Development Fund **Ending Fund Balance**	**1st Interim** / **2nd Interim** **$ 1,014,211** / **$ 148,872**	Federal, State, and Local revenues for administration of child development programs: Preschool, School Readiness & Learning
Fund 13 - Cafeteria Fund **Ending Fund Balance**	**1st Interim** / **2nd Interim** **$ 439,735** / **$ 290,124**	Cafeteria Fund *(Child Nutrition Fund) Restricted for federal, state, and local resources to operate the food service program (Ed Code 3890-38100)*
Fund 14 - Deferred Maintenance **Ending Fund Balance**	**1st Interim** / **2nd Interim** **$ 184,921** / **$ 320,870**	Fund for deferred maintenance
Fund 17 - Special Reserve Fund other than Capital Outlay Projects **Ending Fund Balance**	**1st Interim** / **2nd Interim** **$ 2,846,377** / **$ 1,987,895**	Board approved Resolution #20-17 authorized the establishment of Fund 17 with the County Treasurer for the purpose of maintaining a separate accounting of reserves for other than capital outlay projects.
Fund 20 - Special Resv Fund - Postemployment Benefits **Ending Fund Balance**	**1st Interim** / **2nd Interim** **$ 417,815** / **$ 417,815**	*Education Code* Section 42840 to account for amounts the district has earmarked for the future cost of post-employment benefits (OPEB) but has not contributed irrevocably to a separate trust for postemployment benefit plan.
Fund 21 - Building Fund **Ending Fund Balance**	**1st Interim** / **2nd Interim** **$ 7,086** / **$ 7,086**	1999 GO Bond Funds - On June 8, 1999, the voters within the boundaries of the district's boundaries approved the issuance of $27,000,000 in General Obligation Bonds

Projected Ending Fund Balance - Sub Funds (Projected EFB)

Fund 25 - Capital Facilities Fund **Ending Fund Balance**	**1st Interim** **$ 5,129,366**	**2nd Interim** **$ 5,155,928**	This fund is used primarily to account separately for moneys received from fees levied on development projects as a condition of approval
Fund 35 - School Facilities Fund **Ending Fund Balance**	**1st Interim** **$ 42,073**	**2nd Interim** **$ 42,908**	The School Facilities Fund exists to account separately for funds approved state funded facility projects and for any District matching funds required for these projects.
Fund 40 - Capital Project Fund **Ending Fund Balance**	**1st Interim** **$15,291,127**	**2nd Interim** **$15,215,422**	This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840).
Fund 49 - Capital Project for Blended Comp Units **Ending Fund Balance**	**1st Interim** **$ 193,837**	**2nd Interim** **$ 381,962**	To account separately for funds levied in a limited tax area, known as a Community Facility District (CFD). Since 1998, the CFD as issued various bonds to be used to modernize and improve school facilities located within the boundaries of the CFD area. Issuances occurred on March 11, 1998 and June 2005. Property taxes are assessed within the boundaries for the CFD are used to satisfy the debt obligation. Property taxes are deposited into this fund and a transfer is made to fund 56 for debt repayments as required.

Projected Ending Fund Balance - Sub Funds (Projected EFB)

Fund 51 - Bond Interest & Redemption Fund	This fund is maintained by the Orange County County Treasurer's Office and is used for the repayment of bonds issued for an LEA (*Education Code* sections 15125–15262)
Fund 52 - Debt Service Fund for Blended Component Units	The Debt Service Fund is used to account for separately for the interest and principal payments of the District's Long Term Debt. Transfers are made into this fund from the Capital Project for Blended Components Units Fund (Fund 49) to currently pay for the Bonds issued by the Community Facilities District (CFD).

On the Horizon……? COVID-19 Relief Dollars

Coronavirus Response & Relief Supplemental Appropriations Act (CRRSA)

- ESSER II (90%) $1.2M* Note: Recipients and funding amounts are subject to budget and administrative adjustments - *Not Included*
- GEER II (10%) $? - *Not Included*

American Rescue Plan - $2.8M* - *Not Included*

- Details - ?

Assembly Bill 86

Safe Schools for All Grant - Approx $1.8M* - *Not Included*

- Expend funds by August 2022
- Board adopted plan by 06/01/2021

Expanded Learning Time & Academic Intervention Grant - Approx $3.8M* - *Not Included*

- Expend funds by August 2022
- Board adopted plan by 06/01/2021



*School Services of Ca

Next Steps…

- May 2021 Governor's May Revision 2021-22 Presentation
    - Will become the basis and assumptions for our budget
- The FY 2021-22 Budget along with the FY 2020-21 Estimated Actual Report will be presented to the Board in June 2021
- The FY 2020-21 Unaudited Actuals will be presented in September 2021
- Our auditors will begin the work to review our district's records and will finalize in December 2021



RECOMMENDATION :It is recommended that the Board:

1. Forward a POSITIVE CERTIFICATION to the County Superintendent that the District can meet its financial obligations through the end of the fiscal year and for the subsequent two years, along with the budget revisions listed in the projected year totals.

2. Approve the budget revisions listed in the projected year totals.


QUESTIONS?
COMMENTS?