

2020-21 Second Interim Report

Board Meeting: 3/18/2021

Item: 8.04



East Side Union High School District

Chris Jew, Associate Superintendent of Business Services,
and Silvia Pelayo, Director of Finance

March 18, 2021

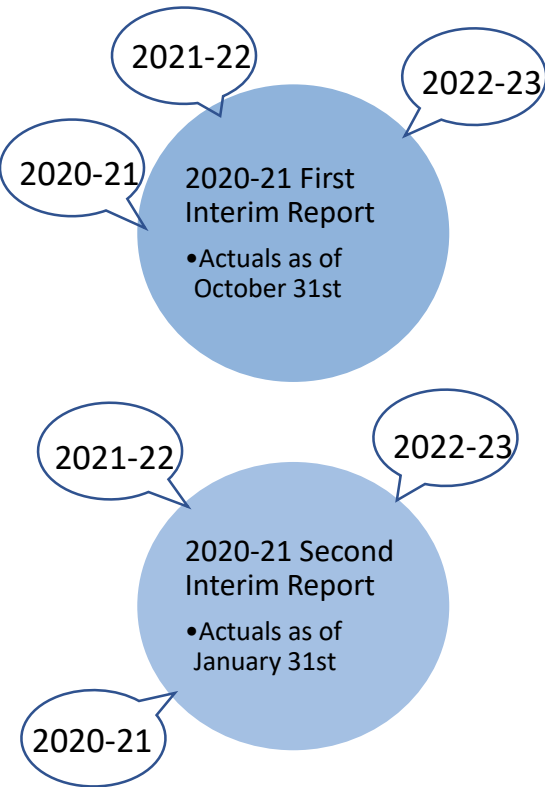
2020-2021 Budget Calendar



- 2020-21 Budget Adoption – June 25, 2020
- 2020-21 Budget Revision (45 days) – August 6, 2020
- 2019-20 Annual Financial Report (Unaudited) – Sept. 24, 2020
- 2020-21 First Interim – December 15, 2020
- 2020-21 Second Interim – March 18, 2021
- 2021-22 Preliminary Budget – June 2021
- 2021-22 Budget Adoption – June 2021



Interim Report Certification



Certification	
Positive	District <u>WILL</u> meet its financial obligations for the remainder of the fiscal year and the subsequent 2 years
Qualified	District <u>MAY NOT</u> be able to meet its financial obligations either in the current year or the subsequent 2 years
Negative	District <u>WILL NOT</u> be able to meet its financial obligation for current fiscal year or subsequent year

2020-21 Second Interim Report



2020-21 Revenues (Combined) First Interim Report vs. Second Interim Report

Revenue Sources	First Interim 2020-21	Second Interim 2020-21	Difference
LCFF	\$237,837,610	\$238,078,778	\$241,168
Federal	\$27,946,230	\$39,462,591	\$11,516,361
Other State	\$23,575,268	\$23,559,784	(\$15,484)
Local	\$15,960,210	\$10,731,559	(\$5,228,651)
Total Revenues	\$305,319,318	\$311,832,712	\$6,513,394



First Interim vs. Second Interim

- **LCFF – \$241,168**
 - Small increase in Unduplicated Pupil Percentage
- **Federal Revenue –\$11,516,361**
 - New ESSER II funding - \$11.3 million
 - Minor adjustments to Title I, II, III
- **Other State Revenues – (\$15,484)**
 - Minor adjustments to State programs
- **Local Revenues – (\$5,228,651)**
 - Eliminate transfer of OPEB Trust estimated balance totaling \$5.5 million
 - Minor adjustments in Other Local Income

First Interim Report vs. Second Interim Report



Object	First Interim 2020-21	Second Interim 2020-21	Difference
Certificated Salaries	\$130,455,898	\$130,397,710	(\$58,188)
Classified Salaries	\$32,051,099	\$31,638,207	(\$412,892)
Employee Benefits	\$80,541,320	\$80,269,444	(\$271,876)
Books and Supplies	\$8,411,303	\$8,117,630	(\$293,673)
Operation & Contracted Services	\$34,052,239	\$32,801,666	(\$1,250,573)
Capital Outlay	\$95,801	\$95,801	\$0
Other Outgo	\$9,905,314	\$9,800,243	(\$105,071)
Direct Sup./Ind.	(\$578,988)	(\$574,477)	\$4,511
Debt Services	\$2,275,529	\$2,275,529	\$0
Total General Fund Expenses	\$297,209,515	\$294,821,753	(\$2,387,762)



First Interim vs. Second Interim

- **Certificated and Classified Salaries – (\$471,080)**
 - *Savings from Open Positions*
- **Employee Benefits – (\$271,876)**
 - *Savings from Open Positions*
- **Books and Supplies – (\$293,673)**
 - Transportation savings
- **Operating and Contracted Services – (\$1,250,573)**
 - Transportation savings
- **Capital Outlay & Other Outgo – (\$100,560)**
 - *Decrease in SELPA costs*
- **Debt Services – No Variance**

2020-21 Fund Balance (Combined) First Interim Report vs. Second Interim Report



	First Interim	Second Interim	Difference
Beginning Balance (Fund 01)	\$42,893,909	\$42,893,909	\$0
Revenues (Fund 01)	\$305,319,318	\$311,832,712	\$6,513,394
Expenditures (Fund 01)	\$297,209,515	\$294,821,753	(\$2,387,762)
Other Sources/Uses/Adjustment (Fund 01)	(\$1,483,497)	(\$1,539,389)	(\$55,892)
Net Increase/(Decrease) to Fund Balance	\$6,626,306	\$15,471,570	\$8,845,264
Ending Fund Balance (Fund 01)	\$49,520,215	\$58,365,479	\$8,845,264

Reserves – Components of the Ending Fund Balance



Components	First Interim	Second Interim	Difference
2020-21 Ending Fund Balance	\$49,520,215	\$58,365,479	\$8,845,264
Revolving Cash	\$2,500	\$2,500	\$0
Stores	\$207,176	\$207,176	\$0
Pre Paid Expenses	\$0	\$0	\$0
Legally Restricted Balance	\$5,087,438	\$16,401,726	\$11,314,288
Designated Reserve for Economic Uncertainty	\$8,960,790	\$8,890,834	(\$69,956)
Other Designated Reserves – Supplement LCAP	\$2,368,983	\$2,504,045	\$135,062
Other Designated Reserves – Fiscal Solvency	\$32,892,000	\$30,358,689	(\$2,533,311)

2020-21 General Fund Contributions First Interim Report vs. Second Interim Report



Description	First Interim Report	Second Interim Report	Difference	% Change
Contribution - Transportation	\$4,161,728	\$2,772,610	(\$1,389,118)	-33.38%
Contribution – Special Education	\$44,421,467	\$43,829,630	(\$591,837)	-1.33%
Contribution – Child Nutrition	\$1,383,497	\$1,439,389	\$55,892	4.03%
Contribution – Property & Liability	\$100,000	\$100,000	-	0.00%
Contribution – Routine Repair	\$3,844,551	\$4,144,551	\$300,000	7.80%
Total Contributions	\$53,911,243	\$52,286,180	(\$1,625,063)	-3.01%



Fiscal Solvency Resolution **(Required by County)**

- Address 100% of Reduction in Force going into ~~2021/2022~~ 2022-23 School Year - ~~\$58,300,000~~ ~~\$31,000,000~~ ~~\$29,350,000~~ ~~\$19,250,000~~ \$3,000,000

~~435~~ ~~231~~ ~~219~~ ~~140~~ 22 Total FTEs

• ESTA = ~~296~~ ~~157~~ ~~149~~ 94 15 FTEs

• CSEA = ~~115~~ ~~61~~ ~~58~~ ~~39~~ 6 FTEs

• Admin/Management = ~~24~~ ~~13~~ ~~12~~ 7 1 FTEs

RIF is the last thing we want to do.



Multi-Year Projections



Year 1: 2020-2021 - UNRESTRICTED GENERAL FUND

*** Second Interim Multi-Year Projection**

Savings	Revenue	Expense	Balance	Require 3% Reserve	How much is the District Deficit Spending?
What is left in the bank from last year?	How much is expected to come in?	How much money will be spent this year?	Do we have money left in the bank to meet 3% Reserve?		
\$ 38,041,632	+ \$ 198,443,459	- \$ 194,521,337	= \$ 41,963,754	\$8,890,834	\$ -

Year 2: 2021-2022 - UNRESTRICTED GENERAL FUND

*** Second Interim Multi-Year Projection**

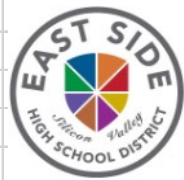
Savings	Revenue	Expense	Balance	Require 3% Reserve	How much is the District Deficit Spending?
What is left in the bank from last year?	How much is expected to come in?	How much money will be spent this year?	Do we have money left in the bank to meet 3% Reserve?		
\$ 41,963,754	+ \$ 202,973,458	- \$ 208,983,592	= \$ 35,953,620	\$9,251,244	\$ (6,010,134)

Year 3: 2022-2023 - UNRESTRICTED GENERAL FUND

*** Second Interim Multi-Year Projection**

Savings	Revenue	Expense	Balance	Require 3% Reserve	How much is the District Deficit Spending?
What is left in the bank from last year?	How much is expected to come in?	How much money will be spent this year?	Do we have money left in the bank to meet 3% Reserve?		
\$ 35,953,620	+ \$ 199,382,625	- \$ 225,189,187 (\$3,000,000) Ongoing Reductions	= \$ 10,147,058	\$9,462,911	\$(25,806,562)

**Multi-Year Projections do not presume any future negotiated compensation agreements*



Year 1: 2020-2021 - RESTRICTED GENERAL FUND

*** Second Interim Multi-Year Projection**

Savings	Revenue	Expense	Balance	Restricted Reserve Balance	How much is the District Deficit Spending?
What is left in the bank from last year?	How much is expected to come in?	How much money will be spent this year?	Do we have money left in the bank to meet 3% Reserve?		
\$ 4,852,278	+ \$ 113,389,253	- \$ 101,839,805	= \$ 16,401,726	\$ 16,401,726	\$ -

Year 2: 2021-2022 - RESTRICTED GENERAL FUND

*** Second Interim Multi-Year Projection**

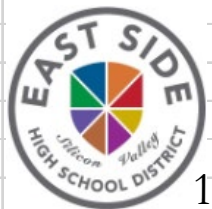
Savings	Revenue	Expense	Balance	Restricted Reserve Balance	How much is the District Deficit Spending?
What is left in the bank from last year?	How much is expected to come in?	How much money will be spent this year?	Do we have money left in the bank to meet 3% Reserve?		
\$ 16,401,726	+ \$ 86,271,540	- \$ 99,391,209	= \$ 3,282,057	\$ 3,282,057	\$(13,119,669)

Year 3: 2022-2023 - RESTRICTED GENERAL FUND

*** Second Interim Multi-Year Projection**

Savings	Revenue	Expense	Balance	Restricted Reserve Balance	How much is the District Deficit Spending?
What is left in the bank from last year?	How much is expected to come in?	How much money will be spent this year?	Do we have money left in the bank to meet 3% Reserve?		
\$ 3,282,057	+ \$ 88,880,860	- \$ 90,241,167	= \$ 1,921,750	\$ 1,921,750	\$ (1,360,307)

**Multi-Year Projections do not presume any future negotiated compensation agreements*



Year 1: 2020-2021 - COMBINED GENERAL FUND *** Second Interim Multi-Year Projection**

Savings		Revenue		Expense		Balance	Require 3% Reserve	How much is the District Deficit Spending?
What is left in the bank from last year?		How much is expected to come in?		How much money will be spent this year?		Do we have money left in the bank to meet 3% Reserve?		
\$ 42,893,910	+	\$ 311,832,712	-	\$ 296,361,142	=	\$ 58,365,480	\$ 8,890,834	\$ -
							Restricted Reserve Balance \$ 16,401,726	

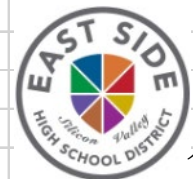
Year 2: 2021-2022 - COMBINED GENERAL FUND *** Second Interim Multi-Year Projection**

Savings		Revenue		Expense		Balance	Require 3% Reserve	How much is the District Deficit Spending?
What is left in the bank from last year?		How much is expected to come in?		How much money will be spent this year?		Do we have money left in the bank to meet 3% Reserve?		
\$ 58,365,480	+	\$ 289,244,998	-	\$ 308,374,801	=	\$ 39,235,677	\$ 9,251,244	\$ (19,129,803)
							Restricted Reserve Balance \$ 3,282,057	

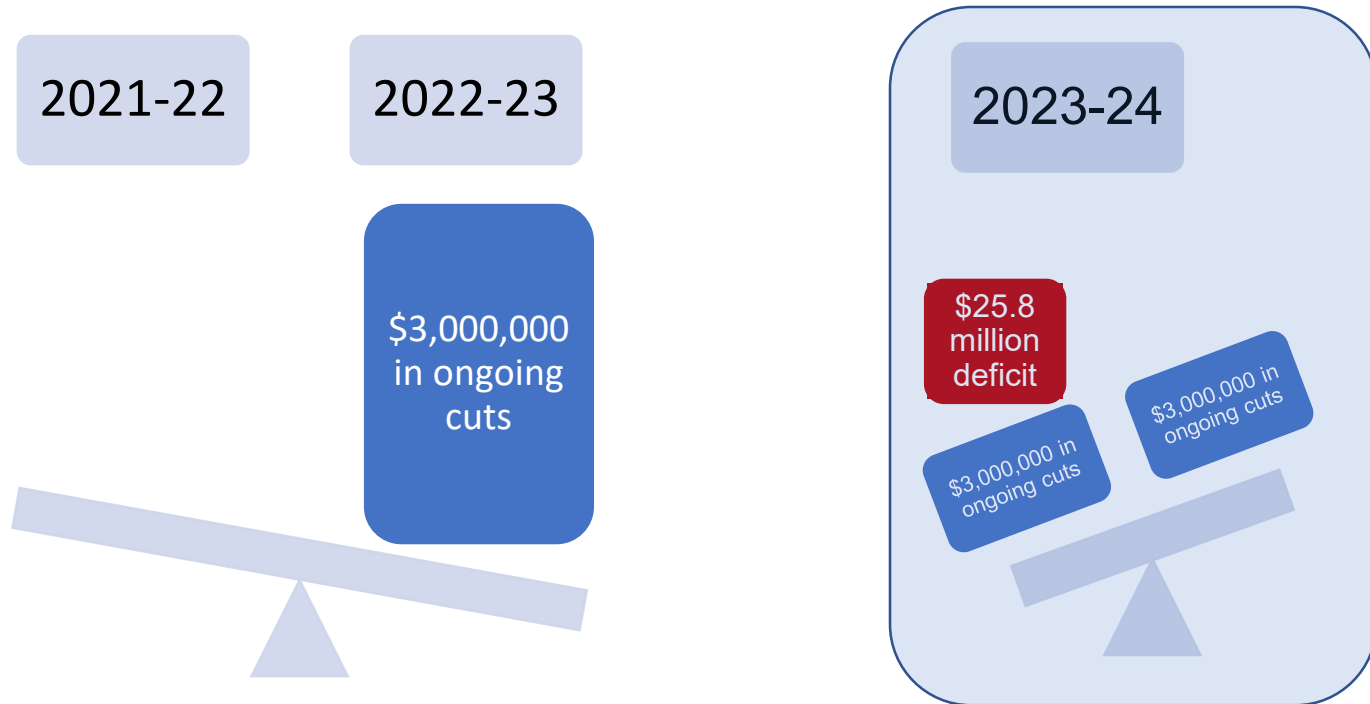
Year 3: 2022-2023 - COMBINED GENERAL FUND *** Second Interim Multi-Year Projection**

Savings		Revenue		Expense		Balance	Require 3% Reserve	How much is the District Deficit Spending?
What is left in the bank from last year?		How much is expected to come in?		How much money will be spent this year?		Do we have money left in the bank to meet 3% Reserve?		
\$ 39,235,677	+	\$ 288,263,485	-	\$ 315,430,354	=	\$ 12,068,808	\$ 9,462,911	\$ (27,166,869)
				(\$3,000,000) Ongoing Reductions			Restricted Reserve Balance \$ 1,921,750	

**Multi-Year Projections do not presume any future negotiated compensation agreements*



Projected MYP for 2023-24



Deficit spending still continues into 2023-24 totaling \$25.8 million.

****Multi-Year Projections do not presume any future negotiated compensation agreements***

New Funding Opportunities NOT in the Second Interim Assumptions



- **AB 86**
 - **In-Person Instruction Grants**
 - \$7.9 million (est.)
 - **Expanded Learning Opportunity Grants**
 - \$16.9 million (est.)
- **Elementary and Secondary Schools Emergency Relief (ESSER) funds**
 - Third round just passed by Congress and awaiting for President to sign
 - Funding for learning loss mitigation measures
 - \$25 million (est.)

2020-21 Second Interim Report



Next Steps.....

- Governor's 2021-22 May Revision Proposal (May 15th)
- District Adopted LCAP and Budget in June 2021



Questions or Comments