



MT. DIABLO UNIFIED SCHOOL DISTRICT

2020-21

First Interim Budget Report

December 14, 2020, Board Meeting
Presented by Dr. Adam Clark, Superintendent
Dr. Lisa Gonzales, Chief Business Officer
Mika Arbelbide, Director of Fiscal Services

California School District

Financial Reporting Requirements

2

- California Education Code requires districts submit interim reports to the County Office of Education twice a year
- Completed using the Standardized Account Code Structure (SACS)
- A snapshot of the actual annual income and expenses through October 31, 2020
- Offers projections for the remainder of the 2020/2021 school year
- Multi year projections for the next two fiscal years
- Requires Governing Board approval and certification

Financial Reporting Certifications

3

There are three types of certification based on the multi-year projections at each reporting period.

- Positive Certification ~ District can meet its financial obligations for the current and two subsequent years.
- Qualified Certification ~ Borderline, may not meet financial obligations during one of the three years of the MYP.
- Negative Certification ~ Cannot meet financial obligations in two or more of the three years as shown by negative fund balance, insufficient Reserves for Economic Uncertainty.

SSC School District and Charter School Financial Projection Dartboard Adopted State Budget for 2020–21 (Revised CalPERS Rates 10-30-20)

This version of the School Services of California Inc. (SSC) Financial Projection Dartboard is based on the 2020–21 Adopted State Budget, then later revised for new California Public Employees’ Retirement System (CalPERS) employer contribution rate estimates as of October 30, 2020⁴. We have updated the cost-of-living adjustment (COLA), Consumer Price Index (CPI), and ten-year T-bill planning factors per the latest economic forecasts. We have also updated the Local Control Funding Formula (LCFF) factors. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are general guidelines.

LCFF PLANNING FACTORS					
Factor	2019–20	2020–21	2021–22	2022–23	2023–24
Statutory COLA and DOF Latest Estimates	3.26%	2.31%	2.48%	3.26%	N/A
Funded COLA	3.26%	0.00%	N/A	N/A	N/A
SSC Estimated Statutory COLA	3.26%	2.31%	0.60%	0.70%	1.60%
SSC Recommended Planning COLA ^{1,2}	3.26%	0.00%	0.00%	0.00%	0.00%

*Department of Finance (DOF)

LCFF GRADE SPAN FACTORS FOR 2020–21				
Entitlement Factors Per ADA*	K–3	4–6	7–8	9–12
2019–20 Base Grants	\$7,702	\$7,818	\$8,050	\$9,329
Statutory COLA at 2.31%	\$178	\$181	\$186	\$215
2020–21 Base Grants Before Deficit Factor	\$7,880	\$7,999	\$8,236	\$9,544
Deficit Factor Impact	(\$178)	(\$181)	(\$186)	(\$215)
2020–21 Base Grants After Deficit Factor	\$7,702	\$7,818	\$8,050	\$9,329
Grade Span Adjustment Factors	10.4%	–	–	2.6%
Grade Span Adjustment Amounts	\$801	–	–	\$243
2020–21 Adjusted Base Grants ³	\$8,503	\$7,818	\$8,050	\$9,572

*Average daily attendance (ADA)

OTHER PLANNING FACTORS					
Factors	2019–20	2020–21	2021–22	2022–23	2023–24
California CPI	2.34%	0.98%	1.59%	1.87%	2.33%
California Lottery	Unrestricted per ADA	\$149	\$150	\$150	\$150
	Restricted per ADA	\$48	\$49	\$49	\$49
Mandate Block Grant (District)	Grades K–8 per ADA	\$32.18	\$32.18	\$32.18	\$32.18
	Grades 9–12 per ADA	\$61.94	\$61.94	\$61.94	\$61.94
Mandate Block Grant (Charter)	Grades K–8 per ADA	\$16.86	\$16.86	\$16.86	\$16.86
	Grades 9–12 per ADA	\$46.87	\$46.87	\$46.87	\$46.87
Interest Rate for Ten-Year Treasuries	1.25%	0.89%	1.24%	1.70%	2.10%
CalSTRS Employer Rate ⁴	17.10%	16.15%	16.00%	18.10%	18.10%
CalPERS Employer Rate ⁴	19.721%	20.70%	23.00%	26.30%	27.30%

4
Factors Used for
Budget Development
& Multi-Year Projections

Notable Changes Since Budget Adoption

5

- ❑ Pandemic impacts on enrollment realized - updated CBEDS and UPC (unduplicated pupil count) and 2022-23 includes a loss of 908 students
- ❑ School districts have been granted a second year of “safe harbor” resulting in the 19/20 P2 apportionment use as the base for both 20/21 AND 21/22
- ❑ Expenditure budget for one-time funds were included

Multi Year Projections & Assumptions

6

- ❑ COLA remains at 0%
- ❑ The annual step & column increase of 1.5%/year
- ❑ Enrollment calculations in 2022-23 will include a reduction of 908 students
- ❑ Average daily attendance stays flat at 94.78%
- ❑ Unduplicated pupil count drops to 37.66% for 2020-21 and returns to 49.09% in 2021-22 and 2022-23
- ❑ STRS/PERS increases significantly in 2022-23
- ❑ Health benefits increase 10% annually
- ❑ Indirect cost increases from 1.47% in 2020-21 to 3.50% in 2021-22 and 2022-23

General Fund Ending Balances

7

Estimated Combined Unrestricted and Restricted

- 2017-18 - \$57,530,973
- 2018-19 - \$30,087,204
- 2019-20 - \$48,115,857
- 2020-21 - \$32,479,627
- 2021-22 - \$20,840,971
- 2022-23 - (\$6,999,598)

Multi Year Projections (Combined)

	2020-21			2021-22			2022-23			
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	
A. REVENUES AND OTHER FINANCING SOURCES										
LCFF/Revenue Limit Sources	8010-8099	276,859,576	0	276,859,576	276,599,210	0	276,599,210	269,032,673	0	269,032,673
Federal Revenues	8100-8299	0	42,594,334	42,594,334	0	17,455,621	17,455,621	0	17,455,621	17,455,621
Other State Revenues	8300-8599	5,870,170	48,726,004	54,596,174	5,870,170	44,869,908	50,740,078	5,870,170	44,869,908	50,740,078
Other Local Revenues	8600-8799	3,402,164	8,174,137	11,576,301	3,402,164	8,174,137	11,576,301	3,402,164	8,174,137	11,576,301
Total		286,131,910	99,494,475	385,626,385	285,871,544	70,499,666	356,371,210	278,305,007	70,499,666	348,804,673
B. EXPENDITURES AND OTHER FINANCING USES										
Certificated Salaries	1000-1999	114,621,647	36,478,540	151,100,187	115,672,699	36,333,460	152,006,159	116,729,527	36,742,860	153,472,387
Classified Salaries	2000-2999	29,327,773	24,384,713	53,712,486	29,767,673	22,687,160	52,454,833	30,214,173	22,862,760	53,076,933
Employee Benefits	3000-3999	60,410,660	46,140,758	106,551,418	63,174,578	46,037,597	109,212,175	69,036,028	47,820,573	116,856,601
Books and Supplies	4000-4999	6,563,928	19,509,641	26,073,569	5,713,321	10,060,235	15,773,555	5,820,160	9,569,578	15,389,737
Services and Operating Expenditures	5000-5999	16,124,411	41,005,133	57,129,544	15,319,223	20,793,212	36,112,434	15,605,692	19,785,244	35,390,935
Capital Outlay	6000-6999	663,114	3,950,303	4,613,417	673,658	492,600	1,166,258	684,399	492,600	1,176,999
Other Outgo	7100-7499	308,436	2,010,706	2,319,142	0	2,012,258	2,012,258	0	2,014,112	2,014,112
Other Outgo - Indirect Costs	7300-7399	(1,890,515)	1,653,366	(237,149)	(4,771,179)	4,043,372	(727,807)	(4,801,698)	4,069,235	(732,462)
Total		226,129,455	175,133,159	401,262,614	225,549,973	142,459,894	368,009,866	233,288,281	143,356,962	376,645,243
C. OVER/SHORT		60,002,455	(75,638,685)	(15,636,229)	60,321,571	(71,960,227)	(11,638,656)	45,016,726	(72,857,295)	(27,840,570)
D. CONTRIBUTIONS	8980-8999	(65,318,073)	65,318,073	0	(67,086,882)	67,086,882	0	(69,720,087)	69,720,087	0
E. NET INCREASE (DECREASE) IN FUND BALANCE		(5,315,618)	(10,320,612)	(15,636,229)	(6,765,311)	(4,873,345)	(11,638,656)	(24,703,361)	(3,137,208)	(27,840,570)
F. FUND BALANCE										
Beginning Fund Balance		29,784,253	18,331,604	48,115,857	24,468,635	8,010,992	32,479,627	17,703,324	3,137,647	20,840,971
Ending Fund Balance		24,468,635	8,010,992	32,479,627	17,703,324	3,137,647	20,840,971	(7,000,037)	438	(6,999,598)
Restricted		712,000	8,010,992	8,722,992	712,000	3,137,647	3,849,647	712,000	438	712,438
Other Assigned for Cash Deferrals		11,718,756		11,718,756	5,951,028		5,951,028	0		0
Reserve for Economic Uncertainties <i>(REQUIRED AMOUNT FOR 3% RESERVE)</i>		12,037,878		12,037,878	11,040,296		11,040,296	0		0
Unassigned		(0.00)			0			(19,011,395)		

● Deficit spending next two years erodes ending fund balance

Moving Forward

9

- ❑ Mt. Diablo Unified School District continues to have a qualified ending fund balance for the upcoming fiscal year and two subsequent years
- ❑ A sustainable ongoing plan will be essential to reduce projected continuous deficit spending, resulting from staffing costs and continued declining enrollment
- ❑ CCSESA Business & Administration Steering Committee:
“Funding growth is expected to be flat, with increasing costs related to personnel (retirement, step & column), which could affect the LEA’s ability to maintain sufficient reserve levels. Special attention must be paid to out-year projections and the contributing factors both within and outside the control of district decision-makers. To ensure fiscal solvency, districts will need to use resources cautiously and make prudent fiscal decisions.”

Budget Timeline to June 2021

10

- ❑ January 2021
 - ❑ 2021-22 Governor's Proposed Budget
 - ❑ 2021-22 Preliminary Enrollment Projections
- ❑ February 2021
 - ❑ 2021-22 Staffing & Budget Assumptions
 - ❑ Staffing/Layoff Actions reviewed
- ❑ March 2021
 - ❑ Staffing/Layoff Actions
 - ❑ 2020-21 Second Interim Report
- ❑ April 2021
 - ❑ 2021-22 Budget Development Updates
- ❑ May 2021
 - ❑ 2021-22 Governor's May Revise
- ❑ June 2021
 - ❑ 2021-22 Budget Adoption