



Marysville Joint Unified School District

First Interim Budget Update

PRESENTED TO THE BOARD OF TRUSTEES

DECEMBER 15, 2020

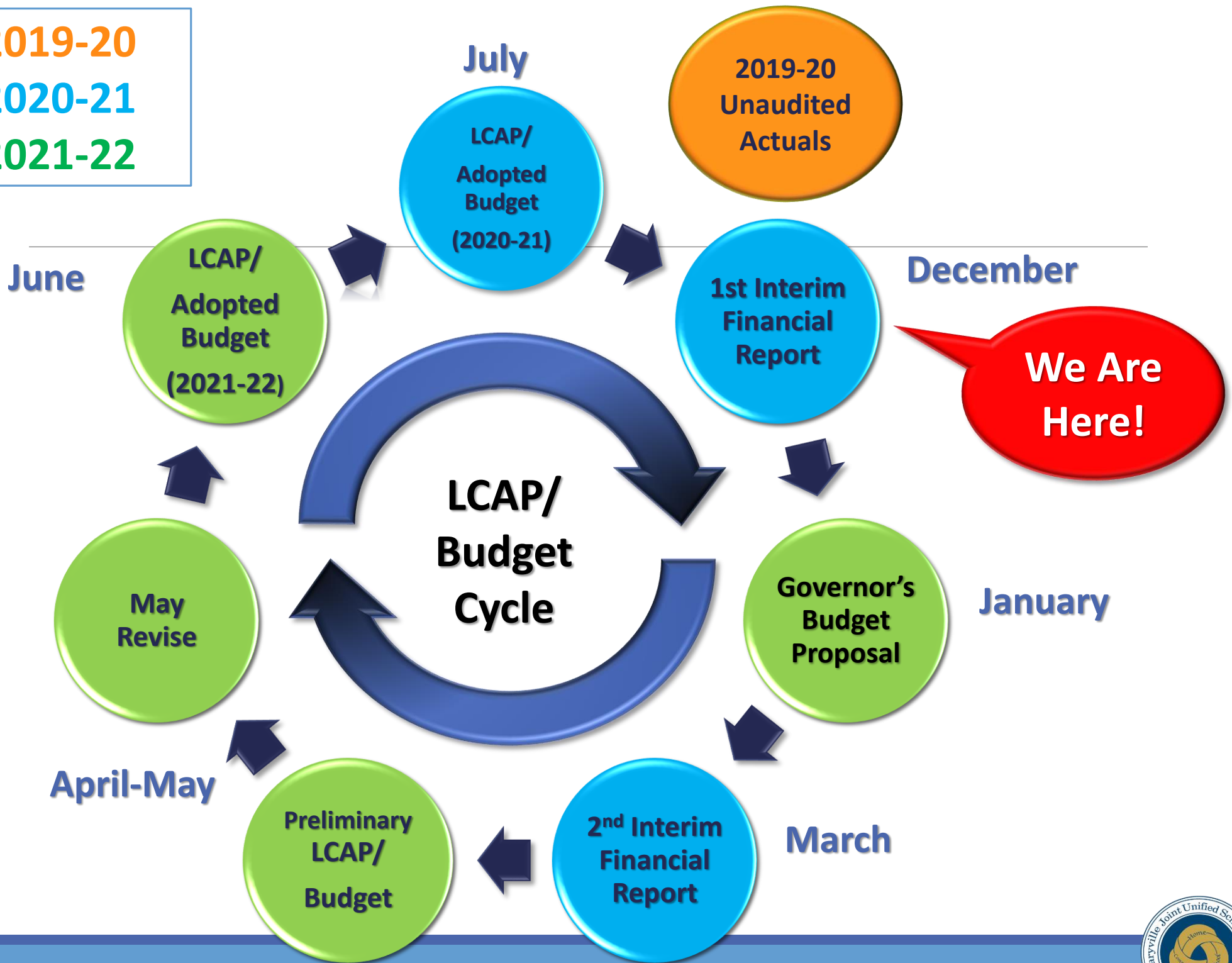
Agenda

- Review Budget Cycle
- What's New with 1st Interim?
- Cash Deferrals and Cash Flow
- Revenues/Expenditures Compared to Adopted Budget
- Unrestricted General Fund Balance
- Multi-Year Projection (MYP)
- Risk Factors
- Next steps

2019-20

2020-21

2021-22



What's New With 1st Interim?

THE STATE BIG PICTURE AND MJUSD



A Look At California...

Legislative Analyst's Office Fiscal Outlook

As Of November 18, 2020:

Stock Market Is Up
More Capital Gains

High Income Earners
Doing Very Well
General Housing Rebounding

**State
Revenues
Are Up**

Sales Tax Revenue Higher
Than Expected

Tech Sector in Good Shape
Corporate Tax Receipts Are
Strong

Personal
Income
Tax (PIT)
is more
than 2/3
of State
Revenue

A Look At California...

Legislative Analyst's Office Fiscal Outlook (continued)

As Of November 18, 2020

The Downside:

- The State's **revenue** growth over the next 3 years is projected to **grow** at an average annual rate of **1%**
- State **expenses** are projected to **grow** at an average annual rate of **4.4%**
- Result is an anticipated **State Budget** operating deficit of **\$17 billion** by 2024-25

What's New with 1st Interim?

A Typical MJUSD 1st Interim Looks Like This...

- 2019-20 books are closed –actual ending fund balances now known.
- Changes since approving the District's 2020-21 Adopted Budget are identified and adjusted.
- Adjustments are made for known staffing through position control.
- A new Multi-Year Projection (MYP) is calculated.

Certify the District's financial position: POSITIVE

What's New with 1st Interim?

A 1st Interim In A Pandemic Looks Like This...

- At Budget Adoption in June school districts assumed there would be a 10% reduction to the LCFF due to 8% cut plus loss of COLA
- When the State Budget was enacted, the 10% reduction did not occur
 - LCFF was restored to the 2019-20 level of funding, which translated into a \$7.9 million increase to the MJUSD budget
- Another significant change was that CARES Act funds budgeted at \$4.7 million on the unrestricted side of the budget, were increased to \$9.3 million and moved to the restricted side.

What's New with 1st Interim?

CARES Act Funds in \$Millions



Total \$9.3M

Spent to date

- Administrative Expenses & Telework Capabilities
- Budgeted Personnel and Services Diverted
- Facilitating Distance Learning -
- Food Programs
- Personal Protective Equip & Public Health Expenses

These categories are defined by the State

CARES Act Funds Examples of Use



Personal Protective Equipment (PPE) such as disposable face masks, face shields, and disposable gloves and gowns



Technology – internet connectivity, online textbooks, distance learning instructional strategies and materials, Chromebook insurance, staff devices and student devices, additional staffing



Sanitizing - hand sanitizer in every room, disinfectant wipes, thermometers and temperature scanners, electrostatic sprayers, deep cleaning after active case(s)



Nutrition Services – Some changes in food served, staffing cost increases, equipment replacements needed, new supplies to serve meals curbside

State Cash Deferrals

IMPACT TO MJUSD CASH FLOW

State Cash Deferrals

What Are Cash Deferrals?

Cash deferrals occur when the state does not have enough cash to pay school districts their monthly apportionment.

All school districts' annual apportionment is based on a percentage of state revenue and the number of days students attend class.



Cash Deferrals Recent History

Cash Flow

- In 2019–20, the deferrals began with the June payment not being paid until the next fiscal year.
- MJUSD June payment of \$9M was paid in July.

Statewide Cash Deferrals 2019–20 (in billions)



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2020-21 MJUSD Cash Deferrals = \$30.5M

Cash Flow

- Current year deferrals begin in February 2021
- Total MJUSD cash deferrals from current year to next year are

**\$30.5
million**



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Historical and Current Year-End Cash

Cash Flow



- 2018-19 Year-End General Fund Cash = \$38,127,282
- 2019-20 Year-End General Fund Cash = \$36,961,807

Actual Amounts

- 2020-21 Year-End General Fund Cash = \$19,417,000

Projected Amount

Projections will change as underlying assumptions change.

Budget Balance Vs Cash Balance

Cash Flow 2020-21



- The MJUSD Board of Trustees have been prudent in their fiduciary responsibilities. MJUSD has a healthy cash flow which is good, because we're going to need it.

- Year End **Fund Balance**: \$44,770,000

General Fund
Combined
Ending Fund
Balance

- Year End **Cash**: \$19,417,000

General Fund
Ending **Cash**

Projections, as always, will change as underlying assumptions change.

Revenue and Expenditures

COMPARED TO ADOPTED BUDGET

Adopted Budget Compared to First Interim Total Revenue (Unrestricted) General Fund

(In Millions)	Adopted Budget FY 20-21	1 st Interim FY 20-21	Difference
LCFF Sources	\$94.7	\$102.6	\$7.9
Federal Revenue	\$ 4.7	\$.0	\$<4.7>
Other State Revenue	\$1.7	\$1.7	\$-
Other Local Revenue	\$0.6	\$0.6	\$-
TOTAL REVENUE	\$101.8	\$105.1	\$3.2

CARES Act
Funds
Moved to
Restricted
Side of
Budget

Adopted Budget Compared To First Interim Total Expenditures (Unrestricted) General Fund

(In \$ Millions)	Adopted Budget FY 20-21	1 st Interim FY 20-21	Difference Favorable/ (Unfavorable)
Certificated Salaries	\$40.8	\$40.8	\$0
Classified Salaries	\$13.2	\$13.5	\$(0.3)
Employee Benefits	\$19.9	\$20.2	\$(0.3)
Books and Supplies	\$6.3	\$7.5	\$(1.2)
Services/Other Operating Expenses	\$8.8	\$9.1	\$(0.3)
Capital Outlay	\$0.5	\$3.7	\$(3.2)
Other Outgo	\$(1.6)	\$(2.0)	\$0.4
TOTAL EXPENDITURES	\$87.8	\$92.8	\$(5.0)

Salary & Benefits Adjusted From Adopted Budget Estimates

Facility Projects budgeted



Ending Fund Balance

GENERAL FUND

Components of Ending Fund Balance

Ending Fund Balance is One-Time Money!

Description	Unrestricted	Restricted	Total
Revolving Cash & Estimated Ending Inventory	324,707		324,707
Restricted		6,368,418	6,368,418
Committed	956,933		956,933
Assignments	7,094,067		7,094,067
Economic Uncertainty	4,303,000		4,303,000
Unassigned/ Unappropriated	25,722,693		25,722,693
Total-Fund Balance	\$38,401,400	\$6,368,418	\$44,769,817

Multi-Year Projection

2020-21, 2021-22 AND 2022-23

Multi-Year Projection (MYP)

Unrestricted General Fund

(In \$ Millions)	1 st Interim FY 20-21	Projection FY 21-22	Projection FY 22-21
Beginning Balance – July 1	\$41.8	\$38.4	\$36.2
Revenue	\$105	\$105.2	\$105.3
<i>Expenditures</i>	<i>\$(92.8)</i>	<i>\$(89.6)</i>	<i>\$(93.3)</i>
<i>Transfers In/Out</i>	<i>\$(15.7)</i>	<i>\$(17.8)</i>	<i>\$(18.4)</i>
Total Expenditures & Transfers	\$(108.5)	\$(107.4)	\$(111.7)
Surplus/(Deficit Spending)	\$(3.4)	\$(2.2)	\$(6.5)
Ending Balance	\$38.4	\$36.2	\$29.7

Risk Factors

WHAT MAY HARM THE BUDGET?

Risk Factors



- Cost of mitigating learning loss overtime
- Changes in statute
 - SB1159 Workman's Comp – defines COVID as injury under certain circumstances – Rates will certainly increase
- Unknown COVID expenses
- Unknown costs due to changes in accountability
- State's ability to sustain deferrals versus enacting cuts to education funding
- Litigation costs: due process, COVID-19 exposure
- Cost of requirements to provide more services to students in need

Next Steps...

- January 2021:
 - Governor's Budget Proposal for 2021-22
- March 2021:
 - 2020-21 Second Interim Budget report to Board

THANK YOU
Questions?