

MONROVIA UNIFIED SCHOOL DISTRICT
2021-22 PROPOSED ADOPTED BUDGET

OVERVIEW

The Proposed Adopted Budget for 2021-22 incorporates the information included in the State's May Budget Revision. The budget includes:

- A Cost of Living Adjustment (COLA) of 5.07% applied to the Local Control Funding Formula (LCFF) for 2021-22
- Increases in the employer contribution rate to the State Teachers' Retirement System (CalSTRS) in 2021-22 and 2022-23
- Increases in the employer contribution rate to the California Public Employees' Retirement System (CalPERS) in each of the next 3 years
- Expenditures for the District goals included in the Local Control Accountability Plan (LCAP)
- All adjustments for personnel changes, benefit rate variations and all other known changes to the District Budget

2020-21

The 2020-21 Estimated Actuals Budget is updated with all known changes and corrections since the Second Interim Budget as presented at the March 10, 2021 Board meeting.

2021-22

The Governor's May Budget Revision released on May 14th included an increase in the 2021-22 LCFF COLA, from 3.84% to a "Mega-COLA" of 5.07%.

The 2021-22 Proposed Adopted Budget projects Unrestricted Revenue of \$55,124,325. This includes LCFF revenue of \$54,005,586 less \$250,000 transferred to the Adult Education Fund. Approximately \$6.8 million of this amount is Supplemental and Concentration Grant (S & C) funding that must be used for increased services for low income, English learner and foster youth students. The expenditure plan for how the S&C Grant funding will be spent is in the District's LCAP, which is also presented for a Public Hearing at this Board meeting.

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2021-22 Unrestricted Expenditures increase by \$4,676,495 over 2020-21 to a total of \$46,109,643. This substantial Unrestricted expenditure increase includes a return to a typical level of expenditures in 2021-22. Expenditures in 2020-21 for extra hours, open positions, transportation expenses, and utility costs during the COVID-19 pandemic were reduced below normal. Other factors contributing to the increase in 2021-22 Unrestricted expenditures are:

- Increases in CalPERS, CalSTRS and State Unemployment Insurance (SUI) rates in 2021-22
- 2020-21 expenditures paid with Restricted COVID-19 relief funding
- Increased 2021-22 S&C expenditures for increased S&C revenue
- 2020-21 S & C funds not spent and carried forward

The budget includes expenditures to implement the goals described in the District's LCAP.

Multi-Year Projection

The Multi-Year Budget Projection includes increases in LCFF funding for projected COLAs in 2022-23 and 2023-24.

This budget report presents a positive Ending Fund Balance for all funds of the district in 2021-22, 2022-23 and 2023-24. The State required Budget Reserve for Economic Uncertainties of 3% is maintained in the General Fund in all three years.

The multi-year budget projection is based on the following assumptions:

- A "Mega-COLA" of 5.07% for 2021-22, an increase from the 3.84% COLA projected in the Governor's January budget
- COLAs of 2.48% for 2022-23 and 3.11% for 2023-24
- Special Education funding is proposed to receive a 2021-22 COLA of 4.05%
- Other programs will receive the 1.7% statutory COLA in 2021-22

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- Projected Census Day enrollment of 5,144 in 2021-22, 5,064 in 2022-23 and 4,989 in 2023-24
- Projected Period 2 Average Daily Attendance (P-2 ADA) of 4,879.96 in 2021-22, 4,804.96 in 2022-23 and 4,733.96 in 2023-24
- Unrestricted Lottery revenue of \$150.00 per ADA in all three years
- Restricted Lottery Revenue of \$49.00 per ADA in all years
- All previous budget adjustments and revisions approved by the Board of Education
- Interest earnings for each year reduced for the reduction in cash balance due to ongoing deficit spending
- Salary step and longevity increases and estimated column advances are included for all employees in 2021-22, 2022-23 and 2023-24
- A reduction of 4 teacher full-time equivalents (FTEs) in 2021-22 for a projected decrease in student enrollment
- A reduction of 2 teacher FTEs in 2022-23 for a projected decrease in student enrollment
- A reduction of 2 additional FTEs in 2023-24 for a projected decrease in student enrollment
- CalSTRS employer premium increases from 16.15% to 16.92% in 2021-22, and to 19.10% in 2022-23 and 2023-24
- CalPERS employer premium increases from 20.70% to 22.91% in 2021-22, 26.10% in 2022-23, and 27.10% in 2023-24
- Actual election costs of \$98,743 in 2020-21 and estimated election costs of \$120,000 in 2022-23

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Ending Fund Balances

In 2021-22, the Unrestricted General Fund Ending Fund Balance (EFB) is \$9,989,482 and minimum required 3% reserve is \$2,067,846. Out of the \$7,921,636 exceeding the minimum balance, \$220,000 is not spendable, \$2,802,000 is assigned/reserved and \$4,899,636 is unassigned and unappropriated. In 2022-23, the EFB is \$7,518,241 and minimum required 3% reserve is \$2,079,663. Out of \$5,438,578 exceeding minimum, \$220,000 is not spendable, \$2,802,000 is assigned/reserved and \$2,416,578 is unassigned and unappropriated. In 2023-24, the EFB is \$5,552,151 and minimum required 3% reserve is \$2,087,463. Out of \$3,464,688 exceeding minimum, \$220,000 is not spendable, \$2,802,000 is assigned/reserved and \$442,688 is unassigned and unappropriated.

For 2021-22 and continuing into 2022-23 and 2023-24, \$2,800,000 is reserved for carried over 2020-21 S & C funding, which is required to be used for increased services for low income, English learner and foster youth students. The unassigned and unappropriated reserves are maintained to cover planned future deficit spending. The unassigned and unappropriated balance at the end of 2023-24 is \$442,688.

Future Budget Developments

When the 2021-22 State Budget is adopted, any changes made to the above assumptions, as well as any other known changes, will be incorporated in the District's budget. Revisions to the Adopted Budget will be presented to the Board of Education within 45 days of the signing of the State Adopted Budget by the Governor.

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ADULT EDUCATION FUND

REVENUES:

Revenues are budgeted for the Adult Education Block Grant, Federal programs, student fees, and interest earnings. The Adult Education Fund is budgeted to receive a transfer of \$250,000 from the Unrestricted General Fund in 2021-22 to cover utilities and the Mountain Avenue Project Certificates of Participation (COP) payment.

EXPENDITURES:

Expenditure budgets have been adjusted for all known increases or decreases. Transfers to the Debt Service Fund for semi-annual COP have been budgeted.

FUND BALANCE:

The projected ending fund balance is \$410,812.

CHILD DEVELOPMENT CENTER FUND

REVENUES:

This fund records State and parent fee revenue for the State Preschool program and interest earned. Donations will be budgeted as received.

EXPENDITURES:

Expenditures are budgeted for operations of the Preschool program. Expenditure budgets have been adjusted for all known increases or decreases.

FUND BALANCE:

The projected Ending Fund Balance is \$199,638.

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FOOD SERVICES FUND

REVENUES:

The revenue projections include both Federal and State meal reimbursements, the Child and Adult Care Food Program. Also included is the continuation of the Seamless Summer Option for the entire 2021-22 school year, as authorized by a special United States Department of Agriculture (USDA) COVID-19 program waiver.

EXPENDITURES:

Budgeted expenditures for the Food Services Account are based on:

- Salary step and longevity increases and staff attrition
- Applicable employee benefit rate changes

FUND BALANCE:

Projected Unappropriated Reserve is \$870,163, or 29% of budgeted expenditures.

DEFERRED MAINTENANCE FUND

REVENUES:

Revenue in 2021-22 is interest earned on the fund balance.

EXPENDITURES:

Expenditures are budgeted for facilities repairs as needed.

FUND BALANCE:

The projected fund ending balance of \$309,512 will be budgeted as necessary for facility repairs, as well as emergency repairs approved by the Board.

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CAPITAL FACILITIES FUND #1 (DEVELOPER FEES)

REVENUES:

The Capital Facilities Fund receives its revenue from developer fees and interest earned. Building construction varies from year to year, and the 2021-22 revenue budget will be adjusted as developer fees are collected.

EXPENDITURES:

Funds received from developer fees must be expended on construction or reconstruction attributable to growth, and for the cost of developer fee collection. Expenditures will be budgeted for future construction or reconstruction attributable to growth.

FUND BALANCE:

The ending fund balance of \$1,920,525 will be used for construction projects.

SPECIAL RESERVE FUND (REDEVELOPMENT FUNDS)

REVENUES:

Funds received in the Special Reserve Fund are from the successor agency to the Monrovia Redevelopment Agency. Interest earnings are budgeted. No other revenue is budgeted pending the receipt of payment from County oversight board.

In 2017-18, the Special Reserve Fund advanced funds to the General Fund to facilitate the purchase of 5 buses. \$134,136 is budgeted for the third annual repayment of the advanced funds from the General Fund.

EXPENDITURES:

Expenditures are budgeted for construction of a block wall on the Canyon Oaks campus.

FUND BALANCE:

The projected fund ending balance of \$5,093,212 will be used for future District projects.

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DEBT SERVICE FUND (C.O.P. – MOUNTAIN AVENUE)

The Debt Service Fund was established in 1997-98 to retain a payment reserve from the proceeds of the Certificates of Participation (COP) sold that year to fund the Mountain Avenue project, and as a holding fund for the semi-annual COP debt service payments.

REVENUES:

No revenues are budgeted.

EXPENDITURES AND OTHER SOURCES:

Budgets are for Inter-fund Transfers In from the Unrestricted General Fund and the Adult Education fund, and for semi-annual debt service payments on the C.O.P.

FUND BALANCE:

The projected ending fund balance is zero.

FEE BASED FUND

In an effort to generate more revenue from various resources for the District, the Fee Based Fund was established in 2011-12. The funds include the revenues and expenditures for catering operations of the Food Services Department. Revenues and expenditures for the International Student Program and the Louise K. Taylor (LKT) Performing Arts Center were added in 2012-13.

REVENUES:

The revenue is generated from various programs: catering operations, show sales, rental income and donations from the LKT Performing Arts Center, and for interest earned.

EXPENDITURES:

Expenditures are budgeted for catering operations and for the LKT Performing Arts Center.

FUND BALANCE:

The projected ending fund balance of \$105,672 will be used for future costs of catering operations, the International Student Program and the LKT Performing Arts Center.

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SELF-INSURANCE FUND FOR WORKERS' COMPENSATION

The Self-Insurance Fund for Workers' Compensation was established in 2018-19. The fund contains the District's Workers' Compensation premium reserve transferred from the San Gabriel Valley Self Insurance Authority as a result of the dissolution of the JPA.

REVENUES:

Revenue is budgeted for interest earned on the fund balance.

EXPENDITURES:

Expenditures will be budgeted as needed.

FUND BALANCE:

The projected ending fund balance is \$998,432.