

2021-22 Revised Budget

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Calaveras Unified School District
3304 Highway 12
San Andreas, CA 95249

Prepared By:

Talibah Al-Rafiq
Chief Business Official

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FINANCIAL NARRATIVE

Governor's Revised State Budget Proposal "45-Day Revision/Adopted 2021-2022"

On June 28, 2021, Governor Gavin Newsom signed an on-time budget. Education Code (EC) Section 42127 (i) (4) requires that within 45 days of the Governor signing the annual Budget Act, each school district shall make available for public review any revisions that were made to its adopted budget because of the signed Budget Act and any trailer legislation.

The Governor's Budget maintained several items that were included in the May Revision: a 5.07% Cost of Living Adjustment (COLA) to the Local Control Funding Formula (LCFF), 4.05% COLA to Special Education, and 1.7% to state categorical programs; contributions to the Public School System Stabilization Account (PSSSA) and rainy day funds; and a legislative work-around to limit spending and maximize exceptions to maintain the constitutional appropriation Gann Limit.

- Proposition 98 K-14 funding included an increase to Special Education. CUSD's Special Education Local Plan Area (SELPA) will receive \$715 per ADA, or the 2020-21 base rate adjusted by the 4.05% compounded COLA, whichever is greater (separate from the LCFF COLA). This will result in an increase of approximately \$300,000 over the revenue included in the adopted budget, however the change to Out of Home Care funding may offset this gain.
- Eliminates the ongoing deferrals scheduled for February through May 2022.
- 5.07% mega COLA for LCFF remains.

The 5.07% mega COLA will assist in meeting existing obligations as illustrated in the chart below.

5.07% COLA will Assist with Existing Obligations

Base Grant	5.07%
Minus cost increases as a percent of CUSD budget	
Step & Column	-1.50%
Health & Welfare Benefits	-0.50%
CalSTRS Employer Contribution Change (2021-22)	-0.77%
CalPERS Employer Contribution Change (2021-22)	-2.21%
Unemployment Insurance	-0.45%
CUSD Increased Expenditures	5.43%
Actual Funding	-0.36%

General Fund Revised Budget

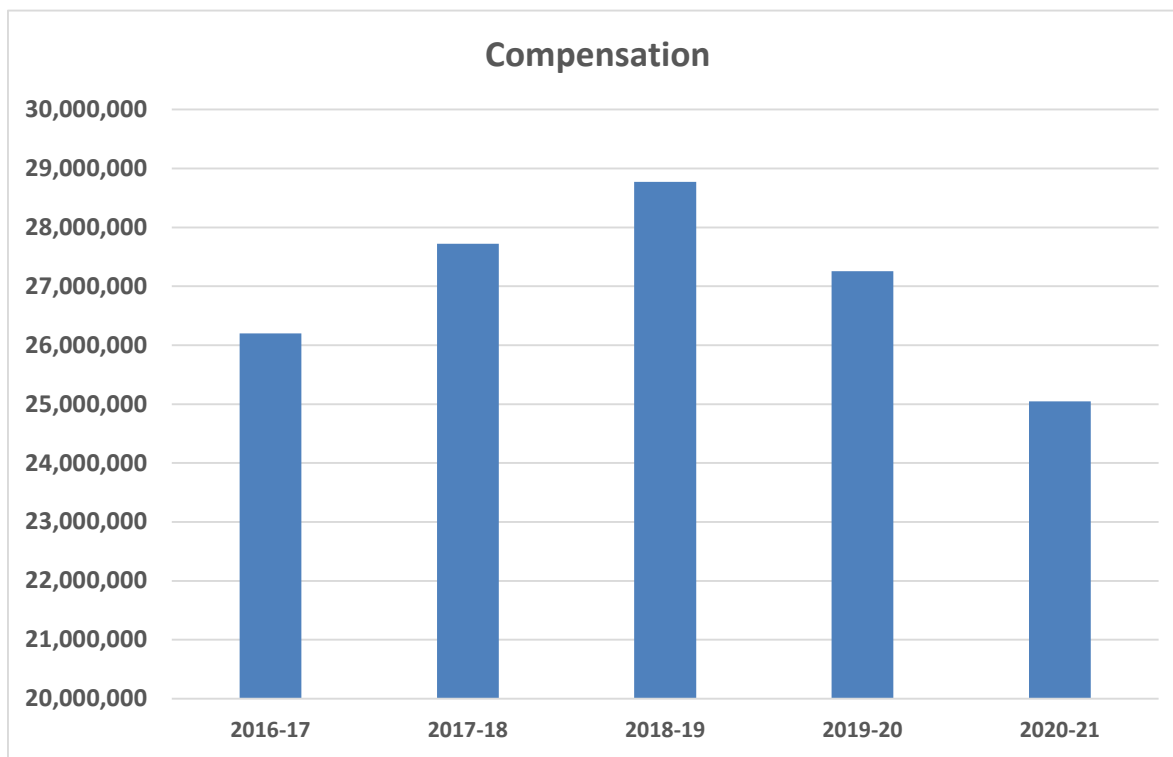
The District receives funding for its general operations from various sources. A summary of the major funding changes is illustrated below:

Description	2021-22 Adopted Budget			2021-22 Revised Adopted Budget			Changes Between Adopted & Revised		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
Total Revenues	29,382,239	4,004,678	33,386,918	29,386,751	13,780,050	43,166,801	4,512	9,775,371	9,779,883
Total Expenditures	20,363,545	10,578,282	30,941,828	19,568,647	19,295,923	38,864,569	(794,899)	8,717,641	7,922,742
Total Financing Sources/Uses	(7,017,455)	6,573,604	(443,851)	(7,817,455)	7,373,604	(443,851)	(800,000)	800,000	-
Net Surplus / (Deficit)	2,001,239	-	2,001,239	2,000,650	1,857,731	3,858,380	(589)	1,857,731	1,857,141
FUND BALANCE, RESERVES									
Beginning Balance	3,894,633	370,363	4,264,996	3,894,663	370,364	4,265,027	-	-	-
Ending Balance	5,895,872	370,363	6,266,235	5,895,313	2,228,095	8,123,407	(559)	1,857,732	1,857,172
Nonspendable (Revolving Cash)	20,000	-	20,000	20,000	-	20,000	-	-	-
Restricted	-	377,088	377,088	-	2,228,094	2,228,094	-	-	-
Assigned	502,506	-	502,506	1,602,506	-	1,602,506	1,100,000	-	1,100,000
Reserve for Economic Uncertainty	928,255	-	928,255	1,165,937	-	1,165,937	237,682	-	237,682
Unassigned - Other	4,445,111	(6,724)	4,438,388	3,106,870	-	3,106,870	(1,338,242)	6,724	(1,331,518)
Total - Fund Balance	\$5,895,872	\$370,364	\$6,266,236	\$5,895,313	\$2,228,094	\$8,123,407	(\$559)	\$6,724	\$6,164
Unassigned Reserve (includes REU)			17.10%				10.87%		

1. **Revenue** increased by \$9.7 million after incorporating COVID-19 funds.
2. **Expenses** increased by \$7.9 million after allocating COVID-19 funds.
3. **Financing Sources/Uses** increased by \$800k for the 2021-22 allocation to supplemental programs and deferred maintenance.
4. **Revolving Cash** remains unchanged.
5. **Restricted Revenue** increased by \$1.9 million.
6. **Assigned Revenue** is increased to \$1.6 million to include deferred maintenance and supplemental programs for 2021-22.

Salaries and benefits are reduced to 61.8% of CUSD's expenses due to the additional COVID-19 projected expenses.

The following graphs illustrates Compensation and Health & Welfare Benefits as a percent of compensation for 5 years.



Fund Balance

Changes to the ending balance will be made in the First Interim report based on adjustments to revenues described in this report and any subsequent changes to revenues and expenditures.

Other District Funds

No adjustments to other district funds are proposed at this time.

MULTIYEAR PROJECTIONS

The Multiyear Projections were updated to reflect removal of COVID-19 revenue. Additional revisions include projected Lottery revenue per ADA, the California Consumer Price Index and Unemployment Rate. These Budget adjustments will be included with the First Interim Report. We will move the Assigned allocations for deferred maintenance and supplemental program to a local account. The remaining fund balance remains in the General Fund. Below is a summary of these Projections.

Description	2021-22 Projected Budget			2021-22 Revised Budget			2022-23 Projected Budget			2023-24 Projected Budget		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
Total Revenues	29,382,239	4,004,679	33,386,918	29,386,751	13,780,050	43,166,801	28,000,612	3,896,099	31,896,711	28,798,907	3,896,099	32,695,006
Total Expenditures	20,363,545	10,578,283	30,941,828	19,568,646	19,295,923	38,864,569	20,231,068	11,312,764	31,543,831	20,899,500	11,564,249	32,463,749
Total Financing Sources	(7,017,455)	6,573,604	(443,851)	(7,817,455)	7,373,604	(443,851)	(7,894,191)	7,750,340	(143,851)	(7,971,694)	7,827,843	(143,851)
Net Surplus / (Deficit)	2,001,240	-	2,001,240	2,000,650	1,857,731	3,858,381	(124,647)	333,675	209,029	(72,287)	159,693	87,406
FUND BALANCE, RESERVES												
Beginning Balance	3,895,273	370,364	4,265,637	3,894,663	370,363	4,265,026	5,895,313	2,228,094	8,123,407	5,770,666	2,561,769	8,332,435
Ending Balance	5,896,513	370,364	6,266,877	5,895,313	2,228,094	8,123,407	5,770,666	2,561,769	8,332,435	5,698,379	2,721,462	8,419,841
Nonspendable (Revolving)	20,000	-	20,000	20,000	-	20,000	20,000	-	20,000	20,000	-	20,000
Restricted	-	377,088	377,088	-	2,228,094	2,228,094	-	2,561,769	2,561,769	-	2,721,462	2,721,462
Assigned	502,506	-	502,506	1,602,506	-	1,602,506	1,602,506	-	1,602,506	1,602,506	-	1,602,506
Unassigned - 3% REU	928,255	-	928,255	1,165,937	-	1,165,937	946,315	-	946,315	973,912	-	973,912
Unassigned - Other	4,445,110	(6,724)	4,438,386	3,106,870	-	3,106,870	3,201,845	-	3,201,845	3,101,961	-	3,101,961
Total - Fund Balance	5,895,871	370,364	6,266,235	5,895,313	2,228,094	8,123,407	5,770,666	2,561,769	8,332,435	5,698,379	2,721,462	8,419,841
Unassigned Reserve (including 3% REU)												
	17.10%			10.87%			13.09%			12.50%		