

## Reminders and preparing your budget for the interim (Updated for 2<sup>nd</sup> Interim Mini-Workshop)

The following are reminders and items to think about when getting ready to begin your interim, meant to be an “Oooh, I almost forgot about that!” list of things that affect your 2020-21 Interims and MYPs.



Revenues and expenditures are subject to constant change. School budgets are not static documents, but instead are constantly being revised to respond to decisions at the state and federal level, as well as to the expenditure needs of the district/charter.

Budget assumptions are essential building blocks in a budget. Assumptions describe the premise and formulas used to calculate revenues and expenditures. They form a rational basis for updating the budget when conditions change. Budget analysis and monitoring is an ongoing, continuous process. As information develops and conditions change during the fiscal year, assumptions will have to be updated and the budget will be revised.

### **The sequence of updating your budget for the interim report should include:**

- \_\_\_\_\_ *Review enrollment based on 20-21 actual Calpads census day reported data.  
Expanded Transitional Kindergarten enrollment should not be included in the unduplicated count percentage  
COE operated programs enrollment should be included*
- \_\_\_\_\_ *Update unduplicated pupil counts for 20-21 actual data (use Fall 1 census data for 1<sup>st</sup> Interim and certified Fall 1 census data for 2<sup>nd</sup> Interim)*
- \_\_\_\_\_ *Recalculate LCFF revenue with revised enrollment, ADA\*, unduplicated data, and updated property tax estimates (P-1 or district estimates using PY actuals as base – be very thoughtful about property tax increases); use the most recent \*\*LCFF calculator available at <https://www.fcmat.org/lcff> (See LCFF Calculator Section of the Interim Reporting manual)  
  
*\*20-21's ADA is Hold Harmless to 19-20 P-2 reported ADA unless the LEA receives “Growth Funding” (See ADA Section of the Interim Reporting manual)  
\*\*LCFF calculator defaults to the DOF estimated COLAs. 2022-23 is higher than the SSC Estimated Statutory COLA (2.98% vs. 1.98%). If using the defaulted COLA, it is recommended to evaluate the “risk” of doing so. If using the DOF, you may want to designate the difference as a component of ending fund balance.**
- \_\_\_\_\_ *K-3 Grade Span Adjustment (GSA)  
As a condition to receiving K-3 GSA funding, school districts must maintain an average K-3 class size of 24 by school site unless a collectively bargained alternative to the statutory K-3 GSA requirements has been agreed upon*
- \_\_\_\_\_ *Adjust for changes in conditions or priorities  
Including vacant positions, COVID expenditures, construction delays, planned purchase put on hold, changed assumptions since last reporting period, any new district projects not known at last reporting period*
- \_\_\_\_\_ *Adjust to updated revenue projections  
Find entitlements posted on CDE webpage <http://www.cde.ca.gov/fg/aa>  
Run a fiscal 13b (by resource) and review each resource for updated information  
Review local revenue (consider effect on revenues due to COVID, i.e. facilities use fees, daycare programs, food sales etc.), contacting sources for updated information as necessary*
- \_\_\_\_\_ *Recalculate or review Basic Aid Supplemental Revenue*

- \_\_\_\_\_ Recalculate or review Basic Aid Choice Revenue
- \_\_\_\_\_ Review critical budget variables
- \_\_\_\_\_ Review and update budget for Supplemental and Concentration grant dollars. Do your budgets match your Learning Continuity and Attendance Plan and are they easily identifiable? Have you coded consistently? Are expenses following the budget?
- \_\_\_\_\_ Review year-to-date salary and benefits and adjust for current position control and encumbrances, review benefits for correct set up and rate adjustments, use fiscal 13b run for resource updates to check % of salary and benefits used to date
- \_\_\_\_\_ Adjust between programs and line items – as you adjust revenue you need to review and balance each resource (or management code if using that to identify other funding)
- \_\_\_\_\_ Review and adjust ending fund balance assignments  
Some assignments made at 1<sup>st</sup> Interim can be eliminated or adjusted
- \_\_\_\_\_ Review and adjust your general ledger accounts (9xxxx) as part of your preparation. Clear any Due to/Due from accounts, verify payroll clearing accounts, update AR & AP accruals as necessary
- \_\_\_\_\_ Monitor budget status of over and under expenditures  
Compare to prior year to determine trends, identify patterns and review financial history (Good reports: Fiscal 04 or 06)
- \_\_\_\_\_ Monitor the impact of other funds – contributions to cafeteria, maintenance, debt payments
- \_\_\_\_\_ Review Restricted Routine Maintenance calculation, if needed. Note: Both SB 98 and SB 820 provided some flexibility in how the deposit is calculated. Effective 2020-21 expenditures in Resource 7690 and CARES Act funds are excluded from the calculation.  
See Criteria & Standards reference section for completion/updates of criterion #7
- \_\_\_\_\_ Review budget for reasonableness, be careful, just because a budgeted item hasn't had any activity year-to-date doesn't mean you should delete the budget. Is the expense only billed once at the end of the year, or does it need an adjusting entry made at year end? (RS 1400 is good example)
- \_\_\_\_\_ Run preliminary extracts into SACS. Look at TRC edits and correct in ESCAPE. If you need a little extra TLC for your TRC please contact your SCOE Advisor for individualized help!

**The following are in addition to the above, but are items specific from 1<sup>st</sup> to 2<sup>nd</sup> Interim budget updating:**

- \_\_\_\_\_ Update your 2020-21 Routine Restricted Maintenance contribution: Requires the district to deposit into resource 8150, a minimum amount equal to or greater than 3% of the total (Revised Budget as of 2<sup>nd</sup> Interim) general fund expenditures, plus other financing uses for that fiscal year. 2020-21 flexibility in the contribution; to exclude all PERS/STRS on behalf payments (Resource 7690), and expenditures from CARES Act funds (Resources 3210, 3215, 3220, and 7420). Criterion 7, Facilities Maintenance, Required Minimum Contribution will reflect as of the Adopted Budget, but should be overwritten to the updated amount.  
  
Note: Per EC Section 17070.75; This requirement, although any district can participate, applies to the following school districts:  
(i) High school districts with an average daily attendance greater than 300 pupils.  
(ii) Elementary school districts with an average daily attendance greater than 900 pupils.

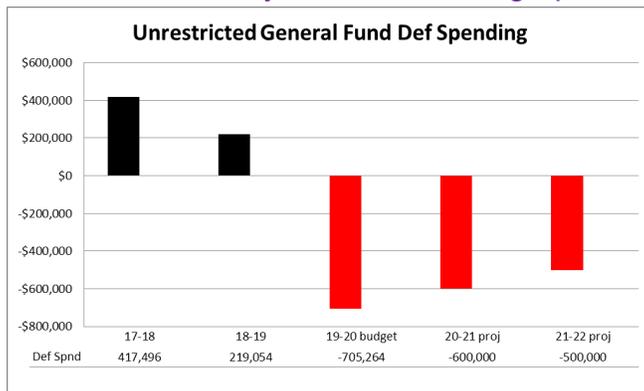
(iii) Unified school districts with an average daily attendance greater than 1,200 pupils. Others may participate, or state "exempt."

- \_\_\_\_\_ Review the Technical Notes provided by your Fiscal Advisor from 1<sup>st</sup> Interim, and complete any suggested corrections/revisions
- \_\_\_\_\_ Update property tax estimates. You now have SCOE's current year P-1. Basic Aid districts should use caution when increasing estimates.
- \_\_\_\_\_ Complete 19-20 Audit Adjustments (obtain "working papers" from your auditor, and see your Advisor for assistance)
- \_\_\_\_\_ Now that you have your 19-20 audit report, update the Criteria & Standards Long-term Liability and Unfunded Liabilities sections. See the Interim Reporting Manual, Section 6.8, "Long-Term Commitments" for detailed instructions.
- \_\_\_\_\_ Update FTE information in the Criteria & Standards (pages 20-24) using a POS01 (FTE Summary by Job Class). Explain year-to-year changes in your assumptions.
- \_\_\_\_\_ Does the information in your budget packet cross-reference "tie"? (Narrative, Assumptions, Form 01, MYP, & Criteria & Standards)
- \_\_\_\_\_ If not included in the 1<sup>st</sup> Interim, add any applicable one-time revenue to the budget. Is CARES funding budgeted and apportionments updated?  
**Note regarding CARES and the MYP:** Review 2020-21 CARES revenue and corresponding COVID-19 related expenditures. Make sure you are not carrying over one-time into the out years. Also, Salaries and Benefits in 2020-21 have been adjusted to reflect distance learning, so analyze positions for out years.
- \_\_\_\_\_ 2020/21 ADA is held harmless to 2019/20 P-2 (unless LEA receives "Growth Funding"). Held harmless includes COE ADA with the exception of County Community Schools ADA and County Special Ed NPS/LCI ADA, which should NOT be included on your LCFF calculators beginning in 2020/21 as the flow of funding for those programs has changed. Only County Special Day Class ADA should be included.
- \_\_\_\_\_ Update other funds (applies to restricted program resources as well) budgets. Analyze the need to add or adjust any transfer or contribution budgets. This is especially important due to 2020-21 distance learning. Programs such as Day Care, Transportation, and Food Service revenue and expenditures were severely impacted in the current year.
- \_\_\_\_\_ Update Cash Flow projection. Actuals (Escape, Fiscal 12) through January 31<sup>st</sup> should be reflected. Reminder: 2020-21 State Aid deferrals are still in place.
- \_\_\_\_\_ Submit an "Official" dat file to SCOE

**Due to the current uncertainty of when/if in-person education will resume in the current year, it is recommended to have assumptions that state what the budget is based on, and if it reflects a return to in-person for some, or none of the remaining school year.**

The following are some positive takeaways/ideas from our 1<sup>st</sup> Interim reviews that we wanted to share:

- Narrative: If you show the increased STRS/PERS rates, it may be helpful to also include the cost of 1% for the LEA.
- Narrative: If you discuss deficit spending, you may want to separate out and explain structural vs. intentional
- Narrative: You may want to include graphs to help illustrate a trend. Example:



- Narrative: Some LEAs include a table with the changes from 1<sup>st</sup> to 2<sup>nd</sup> Interim. Example:

Item	1 <sup>st</sup> Interim	2 <sup>nd</sup> Interim	Increase/Decrease	Description
<b>Revenue:</b>				
LCFF				
Local Revenue				
<b>Expenditures:</b>				
Text Books				
Supplies				
<b>Net Change to Fund Balance:</b>				

**Helpful reports to run for interim preparation:**

1. Fiscal 13b (by resource)
2. Fiscal 06a – Comparative Object Summary
3. Fiscal 04a – Comparative Account Summary by Object
4. Fiscal 26a – Fund Balance Summary (SACS)
5. Fiscal 27a – Fund / Resource Balance Recap