

San Joaquin County Office of Education
 District Business Services
 2020-21 Budget and MYP Guidelines
 Updated May 21, 2020

Funding Factors:

	Source:	2020-21	2021-22	2022-23
REVENUES LCFF				
LCFF COLA	SSCAL Dart board (May Revise)	2.31%	2.48%	3.26%
Base Grant Proration Factor		90%	87.82%	85.05%
Effective Base and S&C Grant Year to Year change		-7.921%	0%	0%
Add-on and Minimum State Aid Proration Factor		90%	90%	90%
REVENUES OTHER				
Categorical Program COLA*	SSCAL Dart board (May Revise)	0%	0%	0%
Mandate Block Grant DISTRICT K-8*	SSCAL Dart board (May Revise)	\$32.18	\$32.18	\$32.18
Mandate Block Grant DISTRICT 9-12*	SSCAL Dart board (May Revise)	\$61.94	\$61.94	\$61.94
Lottery Unrestricted	SSCAL Dart board (May Revise)	\$153	\$153	\$153
Lottery Restricted	SSCAL Dart board (May Revise)	\$54	\$54	\$54
Mandate Block Grant CHARTER K-8*	SSCAL Dart board (May Revise)	\$16.86	\$16.86	\$16.86
Mandate Block Grant CHARTER 9-12*	SSCAL Dart board (May Revise)	\$46.87	\$46.87	\$46.87
ESSER entitlements^		CDE Estimate		
Learning Loss Mitigation Funds Proposal^^		\$0		
EXPENDITURES				
STRS rate (statutory until 2020- 21)^^^	DOF Summary + Capitol Advisors	18.4% 16.15%	18.1% (est.) 16.02% (est)	18.1% + (est.) 18.4% (est)
PERS rate (estimated)^^^	DOF Summary + Capitol Advisors	22.68% 20.70%	24.6% 22.84% (est)	25.5% 25.8% (est)
SJC WC JPA	2020-21 rate adopted 5/20/20	1.7925%		
Routine Restricted Maintenance Account**	Common Message	3%	3%	3%

*Special Education, Nutrition, Foster Youth, American Indian Ed Centers, Mandate Block Grant- COLA subject to appropriation.

** Amounts committed to the Deferred Maintenance Fund do not count towards the requirement.

^ESSER can fund expenditures since 3/13/20, however, LEA cannot record revenue until 2020-21. CDE guidance pending.

^^ Do not include estimates of these funds in Budget. The future of this proposal is uncertain.

^^^ PERS and STRS rates in 22/23 reflect the reversal of long-term impact of SB90 (increase of 0.3). Rates for 21/22 and 22/23 do not reflect potential increases due to recent investment losses.

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Reminders:

- **Deferred Maintenance Contribution** ~ Please note that if a district continues to use Fund 14, it must have a committed revenue source to comply with GAAP. Per CDE guidance, to accomplish this, the district must transfer some amount of funds each year from the General Fund to the Deferred Maintenance Fund using Object 8091, LCFE Transfers.
- **One-time revenues** must be removed and expenditures funded with these resources must either be removed or reallocated to other resources in the subsequent year. This includes one-time early intervention funds apportioned in 2019-20, and SB117 COVID-19 response funds.
- **Health Care Premiums** generally increase annually. If you are not fully budgeted at caps in the current year, please make sure that you take the likely rate increases into consideration by adjusting to budget at caps. Additionally, include the increase to caps in 2021-22 and 2022-23, if applicable.
- **PERS and STRS** rate increases shown in the table above must be incorporated.
- **As of 5/20/20 the budget year STRS and PERS rates in ESCAPE were updated to 18.4% and 22.68%, respectively. Revised 2020-21 STRS and PERS rates will not be updated in ESCAPE until the change in law is enacted.**
- **STRS On-Behalf:** Include both the revenue and expenditure amounts for the STRS On-Behalf to avoid large swings and surprises later (impacts include reserve calculations, minimum classroom compensation, etc.). For budget purposes the district can either use the actual expenditure amounts allocated to Goals and Functions in 2019-20 (easiest), or it can allocate the prior year total based on budgeted salaries and benefits. Neither will be perfect as proportionate shares will change when the actual 2020-21 state contribution is estimated by STRS next year.
- **Minimum wage** increases by \$1 per hour in each January commencing January 2020. See table below.
- **Fund 08 (Student Activity Fund)** We expect the fund will be added to the SACS software Budget release for 2020-21 budget and 2019-20 estimated actuals. GASB 84 implementation is delayed until 2020-21 per GASB 95 approved by GASB in May 2020.

Charter Schools:

- Budget reports for charters that are not included in the district's data set are due to our office immediately upon receipt by the authorizing district. Signed certification pages are due no later than July 1, 2020. Please send to the attention of Kathie Rusk, copy Rosa Reyes.

Below is a summary of the general procedures followed in our review of your budget and MYP. It is not necessarily an all-inclusive list, but does provide the standard reviews performed. Please use this as a checklist to verify you have covered the general areas of our review.

Data and Forms:

- Verify SACS format Budget and MYP and Criteria and Standards were presented to Board
- Verify any supplementary data provided to Board agrees with SACS data
- Verify 1st Column of Assumptions agrees with Column D of prior reporting period
- Obtain signed SACS Certification page
- Obtain signed Assumptions pages, and verify Assumptions agree with MYP

Cash Flow (Interims Only):

- Verify that June ending cash balances are positive.
- Verify that total expenditures and revenues balance to SACS Form 01.

General:

- Verify Audit Adjustments, if any, are included

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- Verify restricted fund balance is positive or zero
- Verify reserve for economic uncertainty has been met and is budgeted in object code 9789 and that the unrestricted undesignated fund balance is positive or zero
- All expenses for Budget and MYP must be reported within the proper major object code. Use of line B.10 for Other Adjustments on Form MYP is not allowable as it does not identify the object code(s)
- Review Criteria and Standards for reasonable explanations, multi-year commitments agree with audit plus new debt, and the OPEB, status of labor agreements, and all other sections are complete and if applicable, amounts are reasonable

Revenues:

- Verify ADA used for budget and MYP is reasonable based upon historical trend and any other known information.
- Verify COLAs used for revenues are not greater than the recommended COLA benchmarks.
- Verify that one-time revenues budgeted in one year are removed in the subsequent year.
- If deferred revenues are included in the budget year, verify they are removed for projected years.
- If enrollment is declining, confirm that reductions in Lottery and Mandate Block Grant are included for unrestricted revenue.
- Verify that contribution increases are addressed and reasonable in each year for Special Ed and RRMA. If not, is reason adequately explained and reasonable.
- Review all other changes in revenues to determine reasonableness.
- Ensure adequate documentation has been provided by district to support file review.

Expenses:

Salaries and Benefits:

- All costs associated with salaries and benefits must be included in the appropriate 1XXX, 2XXX, or 3XXX object code.
- On SACS form MYP, step and column must be disclosed on lines 1b and 2b, COLA must be disclosed on lines 1c and 2c, growth positions and any other changes must be disclosed on lines 1d and 2d, benefit changes must be disclosed on line 3. These amounts must be disclosed separately for unrestricted and restricted on the appropriate lines.
- Verify reasonable step and column costs are included in object codes 1XXX and 2XXX; and related increases in statutory benefits are included in object 3XXX.
- Verify adequate growth positions and related benefit costs are included in the 1-3XXX objects when ADA growth is projected.
- Verify salary and/or benefit settlements are included that were known at the time of the report.
- Review any reductions in salary and/or benefit costs to determine reasonableness.
- Benefit increases must be included in 3XXX objects for any salary COLAs included in 1-2XXX.
- Verify known rate increases are included.
- Determine if health benefits are budgeted at cap or at actual for each year; for years budgeted at actual, determine if reasonable increases have been made for projected statutory or health increases.
- Determine if salaries and benefits are reasonable given historical trend, adjusted for known changes as reviewed above.
- Verify that K-3 class size ratios are provided for each year to determine if LCFF K-3 grade span penalty should have been included, or if district has a negotiated agreement that they indicated "N/A".

Objects 4XXX-7XXX:

- Review district documentation on one-time expenditures to determine reasonableness.

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- Review any other changes to determine reasonableness.
- Determine if amounts are reasonable given historical trend adjusted for known changes as reviewed above.

Designated Reserves:

- Verify that designated reserves for one-time expenditures that are not budgeted in the subsequent year are included in each year of the MYP and Assumptions.
- Verify that designated reserves for on-going expenditures that are not budgeted in the subsequent year are doubled in the subsequent year and tripled in the second subsequent year and are included in each year of the MYP and Assumptions.
- Verify that Nonspendable Fund Balance; Revolving Cash, Stores, Prepaid Expenditures, and All Other Nonspendable Assets, are included in the proper object codes 9711, 9712, 9713, & 9719, at the proper amount and are in each year of the MYP and Assumptions.
- Verify that the amount included in 9789 ~ Reserve for Economic Uncertainties ~ is at or above the required amount and included in each year of the MYP and Assumptions.
- Reasons for Assigned and Unassigned Ending Fund balances completed and made available for public review and discussion. (for Adopted Budget Only)

Other Funds:

- Review y-t-d revenues and expenditures to determine if budget amounts are reasonable.
- Review deficit spending to determine if fund balance is sufficient to cover deficit spending for two subsequent years. If not, review general fund assumptions to determine if transfer in subsequent years is included/increased.

MINIMUM WAGE CHANGES

Date	Minimum Wage for Employers with 25 Employees or Less	Minimum Wage for Employers with 26 Employees or More
January 1, 2020	\$12.00/hour	\$13.00/hour
January 1, 2021	\$13.00/hour	\$14.00/hour
January 1, 2022	\$14.00/hour	\$15.00/hour
January 1, 2023	\$15.00/hour	