

# 2021-2022 PCHS First Interim Budget

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Board of Trustees Meeting  
December 14, 2021

# Presentation

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- Overview & Assumptions
- 2021-2022 Budget Evolution
- Adopted Budget vs 10/7 Revised Budget vs First Interim
- Revenues
- Expenditures
- Immediate Concerns

# Purpose of First Interim & Assumptions

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The purpose of the First Interim report is to provide all stakeholders, along with the State of CA with a snapshot of PCHS' financial condition at a point in time.

The report covers the period of July 1, 2021 through October 31, 2021

Projections are made based on state funding, which is dependent on the current health of the state economy

Due to the uncertainty of the COVID-19 pandemic, the following assumptions were made when projecting our first interim budget:

- Decrease in ADA
  - Decrease from 2,907 to 2832
- Decrease in Unduplicated Pupil Count
  - Decrease from 777 to 766
- Accounting for new sources of relief funds
  - ESSER II & ESSER III Relief Funds
  - ELC LACOE Covid Testing Grant

# Exclusions

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The following items were excluded from First Interim assumptions and will be accounted for in future periods when new information is available

- **Educator Effectiveness Funds:** Our allocation amount is approximately \$531,476. After the Board approves the PD plan, we will account for it in our budget.
- **A-G Completion Grant:** Our estimated allocation is approximately \$816,034. Once the allocation is final and the board has approved the spending plan, we will account for it in our budget.
- **Cafeteria Infrastructure Grant:** Based on the 2021-22 State Budget, we are eligible for a cafeteria infrastructure grant of \$25,000. We will account for it once the final allocation is approved by the CDE.
- **PPP loan:** The loan amount of \$4,606,000 is still a liability at this point. We will account for any “forgiveness” amounts once we have a decision from the SBA
- **Loss of ADA due to vaccine mandate:** We have ESSER II/III relief funds allocated to virtual academy expansion. At the time of First Interim submission, it was unclear how many students would transition to virtual academy vs unenroll. In addition, an invitation has been sent to ~60 waitlisted students in order to fill open seats.

# 2021-2022 Budget Evolution

	2021-2022 Adopted Budget 6/11/21	2021-2022 Revised Budget 10/7/21	Actuals to Date as of 10/31/21	2021-2022 First Interim Projections, 10/31/21
<b>REVENUE</b>				
<b>LCFF</b>	30,862,422	30,815,056	9,807,298	30,024,548
<b>Federal Resources</b>	1,683,109	1,631,620	587,879	3,803,826
<b>State Revenues</b>	3,436,809	3,675,843	361,034	3,668,082
<b>Local</b>	3,968,181	3,918,632	1,249,021	4,029,258
<b>Total Revenues</b>	<b>39,950,522</b>	<b>40,041,151</b>	<b>12,005,232</b>	<b>41,525,713</b>
<b>EXPENSE</b>				
<b>Certificated Salaries</b>	16,245,790	16,497,103	3,862,819	16,828,284
<b>Classified Salaries</b>	5,189,774	5,224,978	1,017,839	5,359,974
<b>Employee Benefits</b>	9,659,937	9,560,945	2,380,039	9,665,369
<b>Supplies</b>	1,380,414	1,380,414	229,322	2,198,135
<b>Services</b>	5,979,164	6,174,186	1,511,968	6,518,864
<b>Capital Outlay</b>	107,950	107,950	32,068	487,950
<b>Depreciation</b>	915,000	975,000	-	980,000
<b>Other Outgo</b>	320,408	319,935	105,237	312,029
<b>Total Expenses</b>	<b>39,690,487</b>	<b>40,132,560</b>	<b>9,107,224</b>	<b>41,862,656</b>
<b>Net Balance (Financial Statement)</b>	<b>260,035</b>	<b>(91,410)</b>	<b>2,898,008</b>	<b>(336,943)</b>

# 2021-22 First Interim Revenue

First Interim revenue vs Revised Budget revenue grew by \$1.48 Million. However, that is attributed to Federal Relief Funds.

Upon closer look, we had a significant decrease in LCFF revenue attributed to lower ADA and UPP count

REVENUE	2021-2022 Adopted Budget 6/11/21	2021-2022 Revised Budget 10/7/21	Actuals to Date as of 10/31/21	2021-2022 First Interim Projections, 10/31/21	First Interim vs Revised Budget (10/7)
<b>LCFF</b>	30,862,422	30,815,056	9,807,298	30,024,548	<b>(790,508)</b>
<b>Federal Resources</b>	1,683,109	1,631,620	587,879	3,803,826	<b>2,172,206</b>
<b>State Revenues</b>	3,436,809	3,675,843	361,034	3,668,082	<b>(7,761)</b>
<b>Local</b>	3,968,181	3,918,632	1,249,021	4,029,258	<b>110,626</b>
<b>Total Revenues</b>	<b>39,950,522</b>	<b>40,041,151</b>	<b>12,005,232</b>	<b>41,525,713</b>	<b>1,484,562</b>

# Revenue: First Interim vs Revised Budget

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- **LCFF:**
  - Decreased LCFF: **-\$790,508**
- **Federal:**
  - Increased ESSER II, ESSER III, ELC LACOE Covid Grant: \$2,170,376
  - Increased Child Nutrition: \$15,000
  - Decreased IDEA Revenue per LAUSD SELPA Projections: **-\$14,047**
- **State:**
  - Increased Child Nutrition: \$15,000
  - Decreased Lottery: **-\$17,100**
  - Decreased Mandated Cost Reimbursement: **-\$3,588**
- **Local:**
  - Increased AB602 Revenue per LAUSD SELPA Projections: \$140,626
  - Decreased Food a-la-carte sales: **-\$30,000**

# Decrease in LCFF Funding

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**The decrease in revenue is largely attributed to (1) a decrease in enrollment and (2) a *slight* decrease in projected attendance rate**

Legislation was passed to allow school districts across CA to be “held harmless” and funded against pre-pandemic ADA (2019-2020). However, Charter Schools did not receive that benefit and instead are funded on current year ADA.

ADA is what drives our funding, yet with lower enrollment count, it translates to lower ADA.

- At budget adoption (June 2021), we anticipated enrollment to remain flat at 3,030. Enrollment count is now 2,957
- For reference, in 2020-21 our enrollment count was 3,040 and in 2019-20 our enrollment count was 3,087.
- There are a variety of reasons for lower-than-expected enrollment, but the general feedback from parents is “best interest” and “change of circumstances.”
- The attendance team has opened the waitlist to fill open seats and are working hard to clear every absence. There is also a temporary person (substitute) focusing on attendance and absenteeism outreach.



# 2021-22 First Interim Expenditures

EXPENSES	2021-2022 Adopted Budget 6/11/21	2021-2022 Revised Budget 10/7/21	Actuals to Date as of 10/31/21	2021-2022 First Interim Projections, 10/31/21	First Interim vs Revised Budget (10/7)
<b>Certificated Salaries</b>	16,245,790	16,497,103	3,862,819	16,828,284	331,181
<b>Classified Salaries</b>	5,189,774	5,224,978	1,017,839	5,359,974	134,996
<b>Employee Benefits</b>	9,659,937	9,560,945	2,380,039	9,665,369	104,424
<b>Supplies</b>	1,380,414	1,380,414	229,322	2,198,135	817,721
<b>Services</b>	5,979,164	6,174,186	1,511,968	6,518,864	344,678
<b>Capital Outlay</b>	107,950	107,950	32,068	487,950	380,000
<b>Depreciation</b>	915,000	975,000	-	980,000	5,000
<b>Other Outgo</b>	320,408	319,935	105,237	312,029	(7,905)
<b>Total Expenses</b>	<b>39,690,487</b>	<b>40,132,560</b>	<b>9,107,224</b>	<b>41,862,656</b>	<b>1,730,095</b>
<b>Net Balance (Financial Statement)</b>	<b>260,035</b>	<b>(91,410)</b>	<b>2,898,008</b>	<b>(336,943)</b>	<b>(\$245,533)</b>

# Expenditures: First Interim vs Revised Budget

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- **Increase in Certificated & Classified Salaries/Benefits: \$570,601**
  - Certificated: increase of \$331,181 is tied to ELO/ESSER relief funds (PD, auxiliaries, etc.).
  - Classified: Increase of \$134,996 tied to tutoring allocation (ESSER II/III)
  - Benefits: Increase of \$104,424 tied to above salaries
- **Supplies: \$817,721**
  - IMA: \$30,000 (ESSER allocation – year 1 of 3)
  - Non-capitalized equipment: \$693,712 (ESSER II/III tech allocation)
- **Services: \$344,678**
  - PPE expenses: \$17,400 (funded via ESSER)
  - Transportation: \$29,278 (9% increase funded via ESSER)
  - Contracted Services: \$273,000 (funded via ESSER II/III allocation)
  - Legal: \$25,000
- **Capital Outlay: \$380,000**
  - Tech infrastructure upgrades: \$235,000 (funded via ESSER II/III)
  - Building/Improvements: \$145,000 (funded via ESSER II/III – security gate, Pali Academy HVAC, Boilers)

# Recommendations

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- Once we have certainty regarding 2<sup>nd</sup> semester enrollment counts and virtual academy expansion, the finance office and administration will make recommendations to reallocate current relief funds (ESSER II/III and Educator Effectiveness Funds) to address current year expenses.
- Finance also needs to reconcile the security and janitorial expenses from various vendors

# Looking Ahead to Second Interim & Beyond

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- Closely monitor ADA and continue with enrollment/attendance outreach
- Monitor COVID related expenditures and reallocate as needed
- Execute relief spending plan and provide quarterly updates
- Maintain 5% Reserves – if needed, make recommendations to balance the 21-22 budget
- Continue monitoring State Budget analysis
  - Governor and Department of Finance are projecting revenues will exceed expectations
- Track COLA projection and Inflation Rates
  - Critical because this impacts vendor cost/contract increases
- OPEB liability will be “taken of our books” in future periods
- Bid Out Contracts
  - Cafeteria, benefits, security, etc.
- Account for STRS/PERS increase in 2022-23