



2022-23

First Interim Budget Report



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December 13, 2022



First Interim Financial Report

Education Code §42130 requires Districts to submit two financial interim reports to the County Office of Education each fiscal year:

- 1st Interim: Financial transactions from July 1 to October 31
- 2nd Interim: Financial transactions from July 1 to January 31

The Interim Financial Report is designed to:

- Identify the changes to the budget, since adoption in June. The overall change to revenues, expenditures and ending fund balance and reserves.
- Provide an in-depth multi-year analysis, using current projection factors, to state the District's ability to meet its financial obligations for the current and two subsequent fiscal years.
- Certify, in this case Positive, based on current information, the District will be able to meet its fiscal obligations for the current and two subsequent years.



Key Assumptions

- The enacted State Budget provides an additional 6.28 percentage points augmentation above the 6.56% statutory COLA to the LCFF Base Grant amounts since the Adopted 2022-23 budget, for a total of 13.26%.
- The Budget includes the 2021-22 COVID-19 ADA Relief change where our 2019-20 Attendance Yield is applied to our 2021-22 CBEDS Enrollment, increasing our LCFF Base Grant & Supplemental & Concentration (LCAP) Grant funds.
- Revised Enrollment reflecting an increase of 254 students; however, the ADA attendance yield was revised downward from 94.34% to 91.68%, and it's looking like that may drop even further as attendance month 4 reported 87.82%
- One-Time Revenues: Arts, Music, and Instructional Materials Discretionary Block Grant of approximately \$10,188,090 to be used in next 4 years (by 6/30/26)
- One-Time Revenues: Learning Recovery Emergency Block Grant of approximately \$33,457,173 to be used in next 6 years (by 6/30/28)

Key Assumptions (continued)

- Special Education received the statutory COLA of 6.56% which increases the base rate to \$820 per ADA.
- The enacted State Budget appropriated Kitchen Infrastructure and Training (KIT) Funds for use by our Child Nutrition department for kitchen upgrades, and training for food service employees to promote nutritious foods and healthy food preparation.
- The Universal School Meals Program received additional ongoing funding that increases the state meal reimbursement rates to maintain the rates currently offered under an expiring federal waiver.
- An ongoing investment was made to the Expanded Learning Opportunities Program (ELOP) increasing PSD's apportionment by \$14 million.
- New on-going Revenues for Home-to-School Transportation (HTST) equal to up to 60% of the reported transportation costs, subject to audit; a COLA added to the current LCFF HTST add-on; along with the requirement to have a Transportation Plan developed and adopted by the Board no later than 4/1/23, and updated each year thereafter



Enrollment and ADA

	2022-23 Adopted Budget	<i>Change</i>	2022-23 First Interim
Enrollment	17,012	272	17,284
ADA	16,050	-205	15,845

The 2022-23 Enrollment was revised from Adopted Budget to more closely align with the CALPADS Enrollment figure we are anticipating to certify later this month.

The 2022-23 ADA projection was updated from Adopted Budget to more closely align to our current attendance yield of 91.68% that was reported through October 31st, resulting in a decrease in ADA



Unrestricted Revenues

	2022-23 Adopted Budget	<i>Change</i>	2022-23 First Interim
LCFF Sources	\$ 216,399,234	\$ 18,453,239	\$ 234,852,473
Federal Revenue	-	-	-
Other State Revenue	3,345,304	(137,000)	3,208,304
Other Local Revenue	1,512,723	(912,194)	600,529
Total Revenues	\$ 221,257,261	\$ 17,404,045	\$ 238,661,306

As reported in the 45-Day Revision to the Adopted Budget, the significant increase in LCFF Revenues is due to the enacted State Budget including an Augmented COLA, increasing the statutory COLA of 6.56% by 6.70 percentage points, to a final rate of 13.26%. State Revenues have a slight decrease in both the Mandated Block Grant and State Lottery. Other Local Revenues decrease by \$912,194, mostly due to the elimination of the AVLA Charter School 2% Facilities Fee.



Unrestricted Expenditures

	2022-23 Adopted Budget	<i>Change</i>	2022-23 First Interim
Certificated Salaries	\$ 55,234,412	\$ 3,008,149	\$ 58,242,561
Classified Salaries	17,984,373	(1,196,434)	16,787,939
Benefits	38,768,177	869,931	39,638,108
Books and Supplies	5,306,391	(654,588)	4,651,803
Services and Other Operating Expenditures	19,095,092	(234,994)	18,860,098
Capital Outlay	541,264	(496,815)	44,449
Other Outgoing	(5,127,142)	(1,616,528)	(6,743,670)
Total Expenditures	\$ 131,802,567	\$ (321,279)	\$ 131,481,288

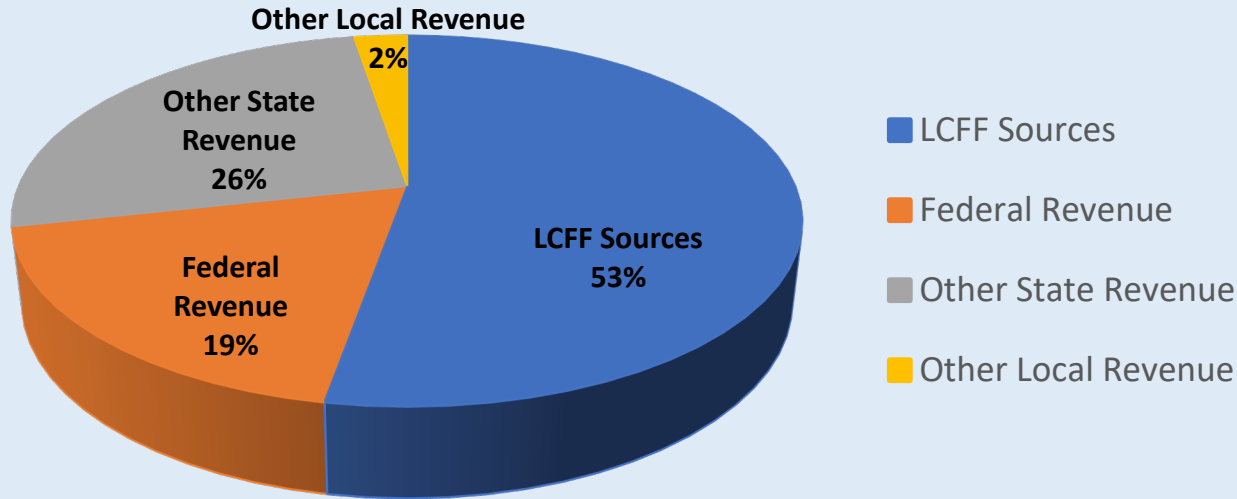
Budgeted certificated salaries & benefits increased from Adopted Budget with the Board approved on-schedule salary increases for the PETA bargaining unit and Leadership Team members. Classified Salaries for Noon-Duty employees were moved to the LCAP (Restricted General Fund)

Contributions to Restricted Resources

	2022-23 Adopted Budget	<i>Change</i>	2022-23 First Interim
LCAP (S&C Grants)	\$ 62,739,147	\$ 5,094,452	\$ 67,833,599
RRMA	9,163,900	2,506,100	11,670,000
Special Education	25,059,035	3,626,265	28,685,300
Technology Maint. Acct.	500,000	-	500,000
Total	\$ 97,462,082	\$ 11,226,817	\$ 108,688,899

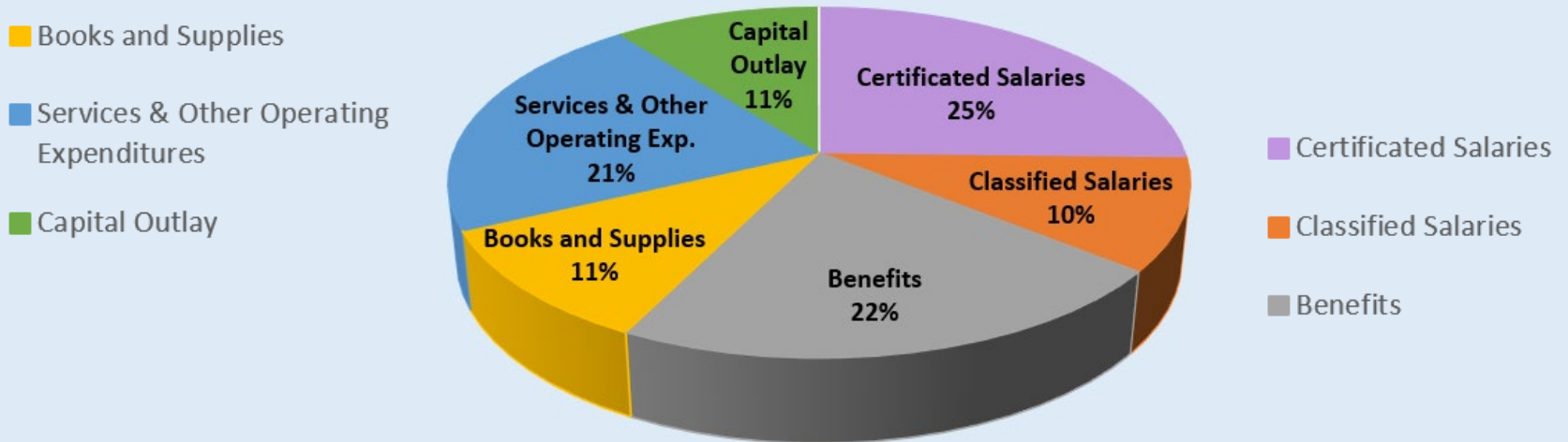
Increase in LCAP contributions is due to the Augmented COLA utilized in the 2022-23 LCFF that impacts the S&C Grants. Increase in Special Education contributions due to increased expenses, including but not limited to the on-schedule salary increase for PETA & Leadership Team. The contributions to RRMA increased proportionately by 3% of overall general fund expenditures.

General Fund Revenues - Combined



	2022-23 Adopted Budget	<i>Change</i>	2022-23 First Interim
LCFF Sources	\$ 216,399,234	\$ 18,453,239	\$ 234,852,473
Federal Revenue	73,703,542	9,775,178	83,478,720
Other State Revenue	47,666,055	67,397,312	115,063,367
Other Local Revenue	9,763,855	1,803,573	11,567,428
Total Revenues	\$ 347,532,686	\$ 97,429,302	\$ 444,961,988

General Fund Expenditures - Combined



	2022-23 Adopted Budget	<i>Change</i>	2022-23 First Interim
Certificated Salaries	\$ 104,402,172	\$ 12,686,119	\$ 117,088,291
Classified Salaries	45,041,921	2,924,021	47,965,942
Benefits	80,477,194	19,326,493	99,803,687
Books and Supplies	33,616,619	15,252,604	48,869,223
Services & Other Operating Exp.	55,943,483	42,981,953	98,925,436
Capital Outlay	38,278,080	10,368,128	48,646,208
Other Outgoing & Indirect Costs	(252,434)	98,757	(153,677)
Total Expenditures	\$ 357,507,035	\$ 103,638,075	\$ 461,145,110



Components of Ending Fund Balance - Unrestricted

	2022-23 Adopted Budget	<i>Change</i>	2022-23 First Interim
Adj. Beginning Fund Balance	\$ 44,773,325	\$ 1,856,969	\$ 46,630,294
<i>Plus:</i> Revenues	221,257,261	17,404,045	238,661,306
<i>Less:</i> Expenditures	131,802,567	(321,279)	131,481,288
<i>Plus:</i> Transfers Out / Contributions	(97,215,338)	(8,967,496)	(106,182,834)
Ending Fund Balance	\$ 37,012,681	10,614,797	\$ 47,627,478
Cash, Stores & Prepays	\$ 150,000	-	\$ 150,000
Commitment for Future Textbook Adoption	13,000,000	-	13,000,000
Reserve for Future Year Deficit Spending	-	689,098	689,098
Reserve for Economic Uncertainties	10,787,696	3,046,658	13,834,354
Unassigned	\$ 13,074,985	\$ 6,879,041	\$ 19,954,026

The District is expected to meet the minimum 3% Reserve for Economic Uncertainties for 2022-23. In addition, the District has committed \$13,000,000 of the URGF EFB for a future textbook adoption with an anticipated expenditure date in 2024-25.

Multi-Year Projections (MYP)



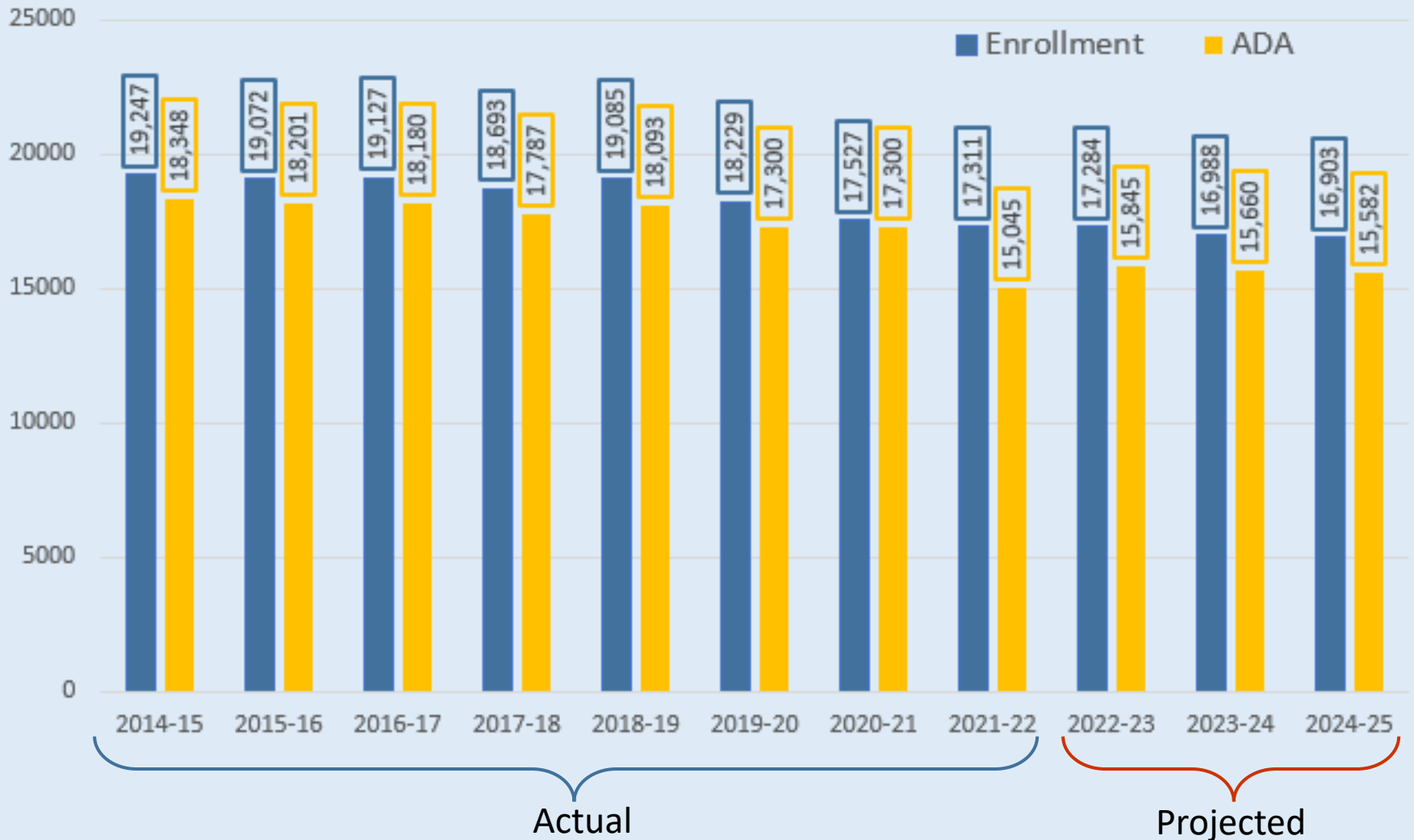
Fund 01.0 -01.4
FY 2022-23, FY 2023-24, and FY 2024-25,



MYP Projection Factors

	2022-23	2023-24	2024-25
Step and Column Movement Certificated	Actual	2%	2%
Step and Column Movement Classified	Actual	1%	1%
Health and Welfare Benefits CAP Increase	Actual	+ \$225 each	+ \$225 each
Augmented COLA to LCFF	13.26%	5.38%	4.02%
Lottery Revenue – Unrestricted	\$170	\$170	\$170
Lottery Revenue – Restricted	\$67	\$67	\$67
Mandated Block Grant	\$34.94	\$36.82	\$37.98
CalSTRS Employer Rates	19.10%	19.10%	19.10%
CalPERS Employer Rates	25.37%	25.20%	24.60%
LCFF Unduplicated % for Supplemental & Concentration Grants	90.90%	90.90%	90.90%

MYP Enrollment & ADA Assumptions





MYP Revenues and Expenditures - Unrestricted

	<u>2022-23 1st Int.</u>	<u>2023-24 Proj.</u>	<u>2024-25 Proj.</u>
LCFF Sources	\$ 234,852,473	\$ 241,424,089	\$ 242,924,810
Federal Revenue	-	-	-
Other State Revenue	3,208,304	3,376,727	3,399,335
Other Local Revenue	600,529	600,529	600,529
Total Revenues	\$ 238,661,306	\$ 245,401,345	\$ 246,924,674
Certificated Salaries	\$ 58,242,561	\$ 59,407,412	\$ 60,595,560
Classified Salaries	16,787,939	16,955,818	17,125,376
Benefits	39,638,108	40,382,647	41,255,486
Books and Supplies	4,651,803	4,651,803	17,651,803
Services & Other Operating Exp.	18,860,098	18,898,818	19,283,214
Capital Outlay	44,449	1,294,449	1,294,449
Other Outgoing / Indirect	\$ (6,743,670)	\$ (4,619,448)	\$ (3,320,544)
Total Expenditures	\$ 131,481,288	\$ 136,971,499	\$ 153,885,344



MYP Contributions to Restricted Programs

	2022-23 1st Int.	2023-24 Proj.	2024-25 Proj.
LCAP (S&C Grants)	\$ 67,833,599	\$ 69,300,932	\$ 69,222,572
RRMA	11,670,000	10,557,100	11,103,200
Special Education	28,685,300	31,266,977	34,081,005
Technology Maintenance Acct.	500,000	500,000	500,000
Total	\$ 108,688,899	\$ 111,625,009	\$ 114,906,777

Contributions to restricted resources increase from \$108.69 million in 2022-23 to \$111.63 million in 2023-24 and then to \$114.91 million in 2024-25. The overall general fund expenditures decrease in 2023-24, thus decreasing the required contribution to RRMA for 2023-24.



MYP Components of Ending Fund Balance - Unrestricted

	<u>2022-23 1st Int.</u>	<u>2023-24 Proj.</u>	<u>2024-25 Proj.</u>
Beginning Balance	\$ 46,630,294	\$ 47,627,478	\$ 46,938,380
Unrestricted Revenues	238,661,306	245,401,345	246,924,674
Unrestricted Expenditures	131,481,288	136,971,499	153,885,344
Contributions	(106,182,834)	(109,118,944)	(112,400,712)
Total Surplus / (Deficit)	\$ 997,184	\$ (689,098)	\$ (19,361,382)
Ending Fund Balance	\$ 47,627,478	\$ 46,938,380	\$ 27,576,998
Cash, Stores & Prepays	\$ 150,000	\$ 150,000	\$ 150,000
Commitment for Future Textbook Adoption	13,000,000	13,000,000	-
Reserve for Future Year Deficit Spending	689,098	19,361,382	5,376,805
Reserve for Economic Uncertainties	13,834,354	10,557,091	11,103,121
Unassigned	\$ 19,954,026	\$ 3,869,907	\$ 10,947,073



All Other Funds – Summary

Fund	Description	Adj. Beginning Balance	Revenues & Transfers In	Expenditures & Transfers Out	Ending Balance
09	Charter Schools Spec. Rev. Fund	\$ 22,834	\$ 8,402,439	\$ 8,425,272	\$ 1
10	Special Ed. Pass Through	\$ -	\$ 58,107,823	\$ 58,107,823	\$ -
12	Child Development	\$ 1,437,295	\$ 19,299,284	\$ 19,299,284	\$ 1,437,295
13	Cafeteria	\$ 7,953,441	\$ 17,013,862	\$ 16,892,261	\$ 8,075,042
20	Special Reserve Fund for OPEB	\$ 183,433	\$ 400	\$ 400	\$ 183,433
21	Building Fund (GO Bonds)	\$ 26,879,517	\$ -	\$ 26,879,515	\$ 2
25	Capital Facilites (Developer Fees)	\$ 1,404,652	\$ 81,647	\$ 1,486,298	\$ 1
40	Capital Outlay	\$ 207,325	\$ 72,906	\$ 280,231	\$ -
49	Building Fund (Special Tax Bonds)	\$ 946,429	\$ -	\$ 946,428	\$ 1
52	Debt Service (Special Tax Bonds)	\$ 14,277,121	\$ 6,370,929	\$ 7,413,720	\$ 13,234,330
56	Debt Service (COPs)	\$ 1,733	\$ 3,142,550	\$ 3,142,550	\$ 1,733



Looking Forward

- Governor's Proposed Budget in January 2023
- Declining Enrollment and ADA
- Literacy Coaches and Reading Specialists Grant (6 schools)
- California is projecting a \$2.6 billion deficit for schools and community colleges starting in July
- Legislative Analyst's Office (LAO) is projecting reduced state revenues by the end of the fiscal year and anticipates the state will have to dip into its education rainy day fund
- Likelihood of the state drawing money from its reserve beginning in 2023-24
- Possibility of the Governor taking back some unspent one-time money from this year if the deficit is bigger
- Continued staffing shortages for both certificated & classified personnel



Questions?