



2022-23 Second Interim Report

March 16, 2023
Agenda Item No. 11.1

Acronyms

ADA	Average Daily Attendance	IPI	In Person Instruction Grant (1x)
AMBG	Arts Music Block Grant (1x)	LCAP	Local Control Accountability Plan
ASES	After School Education and Safety (Ongoing)	LCFF	Local Control Funding Formula
CCSPP	California Community Schools Partnership Program (1x)	LREBG	Learning Recovery Emergency Block Grant (1x)
COLA	Cost of Living Adjustment	MYP	Multi-Year Projections
CPA	California Partnership Academies (Ongoing)	P-2	Second Period Attendance Reporting Cycle
CSI	Comprehensive Support and Improvement (1x)	PERS	California Public Employees' Retirement System
CTEIG	Career Technical Education Incentive Grant (Ongoing)	S&C	Supplemental and Concentration (Ongoing)
ELOG	Expanded Learning Opportunities Grant (1x)	SCOE	Sacramento County Office of Education
ELOP	Expanded Learning Opportunities Program (Ongoing)	STRS	California State Teachers Retirement System
ESSER	Elementary and Secondary School Emergency Relief (1x)	TK	Transitional Kindergarten (Ongoing)
FCMAT	Fiscal Crisis and Management Assistance Team	UPP	Unduplicated Pupil Percentage

Agenda

- **Financial Reporting Requirements & District Fiscal Status**
- **Second Interim Overview**
- **Unrestricted and Restricted Changes**
- **Multi-Year Projections Update**
- **Summary**
- **Approve 2022-23 Second Interim Budget**

California School District Financial Reporting Requirements

- Education Code 42130 – Requires school districts to file their fiscal condition for TWO reporting periods, October 31 and January 31, including projections of the budget through June 30 and subsequent two fiscal years.
- Education Code 42131 – Requires the Board of Education to certify, based on current projections, whether or not the school district is able to meet its financial obligations for the current fiscal year and subsequent two fiscal years.
- Education Code 33127 – Requires a district that has received a qualified or negative certification of its interim report(s) to file a third report through April 30



2022-23 Second Interim Overview



Second Interim Overview

- **2022-23 District Adopted Budget - 6/23/2022**
 - State budget not final
 - Uncertainties: COLA, ADA Relief, & 1X Funds
- **2022-23 State Enacted Budget – 6/30/2022**
 - LCFF COLA augmentation of 6.70%
 - Additional transportation funding – requires plan approval by 4/1/23
 - Arts, Music & Instructional Materials Discretionary & Learning Recovery Emergency Block Grant
 - ELOP
- **First Interim Report – 12/15/2022**
 - Incorporated changes from State Enacted Budget plus:
 - Budget revisions since the District Adopted Budget
 - Updated beginning fund balance from 2021-22 Unaudited Actuals
 - 1X Carryover revenue and expenditures from 2021-22 year
- **Second Interim Report – 3/16/2023**
 - Budget revisions since First Interim report
 - Updates from 2023-24 Governor’s Budget Proposal including:
 - Reduction in Arts, Music and Instructional Materials Discretionary Block Grant
 - Addition of Prop 28 Arts Music ongoing funding beginning in 23-24
 - Adjusted COLAs for 23-24 and 24-25

2022-23 Second Interim Revenue Changes

Unrestricted Revenue Changes

Description	2022-23 First Interim	2022-23 Second interim	Variance
LCFF Revenues	482,045,473	481,819,485	(225,988)
Federal Revenues	-	-	-
State Revenue	10,945,417	10,945,417	-
Local Revenues	5,657,295	5,737,786	80,491
Total	498,648,185	498,502,688	(145,497)

Restricted Revenue Changes

Description	2022-23 First Interim	2022-23 Second interim	Variance
LCFF Revenues	2,251,179	2,251,179	-
Federal Revenues	166,767,829	166,700,664	(67,165)
State Revenue	186,922,553	180,523,507	(6,399,046)
Local Revenues	2,697,751	2,729,302	31,551
Total	358,639,311	352,204,651	(6,434,660)

Summary of changes:

- Unrestricted LCFF decrease due to change in UPP - 70.76% actual vs 70.92% projected
- Restricted revenue change primarily due to 1/3 decrease in Arts Music Discretionary Block Grant per 2023-24 Governor's Proposed Budget

2022-23 Second Interim Expenditure Changes

Unrestricted Expenditure Changes

Description	2022-23 First Interim	2022-23 Second interim	Variance
Certificated Salaries	175,173,341	171,624,430	(3,548,911)
Classified Salaries	39,811,546	40,050,907	239,361
Benefits	123,506,005	120,151,717	(3,354,288)
Books & Supplies	14,901,486	11,237,166	(3,664,319)
Contracted Services & Other Operating	25,704,202	25,426,997	(277,206)
Capital Outlay	261,354	1,943,622	1,682,269
Other Outgo	1,540,000	1,540,000	-
Indirect Charges	(8,395,279)	(8,445,588)	(50,309)
Total	372,502,655	363,529,251	(8,973,403)

Summary of changes:

- Decrease in certificated salaries and benefits due to 1x vacancy savings
- Books & supplies 1x decrease based on current year spending trend
- Contracted services & other operating costs decrease
- Capital outlay increase due to 1x bus purchase and vehicles for security office

2022-23 Second Interim Expenditure Changes

Restricted Expenditure Changes

Description	2022-23 First Interim	2022-23 Second interim	Variance
Certificated Salaries	66,906,176	65,501,953	(1,404,223)
Classified Salaries	32,555,635	31,863,947	(691,688)
Benefits	91,201,020	89,962,794	(1,238,226)
Books & Supplies	44,698,607	44,253,450	(445,157)
Contracted Services & Other Operating	127,490,198	132,617,677	5,127,479
Capital Outlay	36,351,903	36,471,844	119,941
Other Outgo	-	-	-
Indirect Charges	7,023,814	7,051,577	27,762
Total	406,227,353	407,723,242	1,495,889

Summary of changes:

- Decrease in certificated and classified salaries due to 1x vacancy savings
- Benefits decrease due to 1x savings
- Books & supplies decrease based on 1x savings and budget revision shifting from books & supplies to contracted services per program adjustments
- Contracted Services & Other Operating increase due to 1x adjustments and budget revision described above

Second Interim Compared to First Interim

2022-23 Second Interim Budget			
Description	Unrestricted	Restricted	Total
Total Revenues	498,502,688	352,204,651	850,707,339
Total Expenditures	363,529,251	407,723,242	771,252,493
Excess/(Deficiency)	134,973,437	(55,518,590)	79,454,846
Other Sources/Uses	(95,774,576)	96,991,460	1,216,884
Net Increase/(Decrease)	39,198,861	41,472,870	80,671,730
Add: Beginning Fund Balance	65,034,532	44,818,264	109,852,797
Ending Fund Balance	104,233,393	86,291,134	190,524,527

2022-23 First Interim Budget			
Description	Unrestricted	Restricted	Total
Total Revenues	498,648,185	358,639,311	857,287,496
Total Expenditures	372,502,655	406,227,353	778,730,007
Excess/(Deficiency)	126,145,530	(47,588,042)	78,557,488
Other Sources/Uses	(95,765,936)	96,991,460	1,225,524
Net Increase/(Decrease)	30,379,594	49,403,418	79,783,012
Add: Beginning Fund Balance	65,034,532	44,818,264	109,852,797
Ending Fund Balance	95,414,127	94,221,683	189,635,809



2022-23 Second Interim Multi-Year Projections



Multi-Year Projection Revenue Assumptions

- **2023-24 & 2024-25 Unrestricted Revenue Assumptions**

- LCFF COLA: 2023-24 increase from 5.38% to 8.13%, 24-25 decrease from 4.02% to 3.54%
- Funded ADA of 35,768 in 23-24 and 34,124 in 24-25
- Federal, state and local revenues projected with no change in award allocations.
- Contributions to Special Education were increased by \$8.5M and \$9.1M for projected expenditures per historical trends, respectively

- **2023-24 & 2024-25 Restricted Revenue Assumptions**

- Federal Revenue was reduced by \$77M to remove 1x carryover funds for restricted programs
- State Revenue net reduction of \$71.9M to remove carryover funds for restricted programs
- State Revenue adjustment includes addition of estimated \$6.3M ongoing Prop 28 Arts/Music Funding
- Local Revenue is projected to decline \$255K with the removal of one time funds
- Contributions to Special Ed were increased by \$8.5M and \$9.1M respectively

Multi-Year Projection Expenditure Assumptions

- **2023-24 & 2024-25 Unrestricted Expenditure Assumptions**

- Certificated salaries – Step and column, FTE adjustments for projected enrollment declines, and other one-time adjustments
 - Additional Certificated adjustments include 14 new TK teacher FTEs for expanded TK programs
- Classified Salaries – Step and column adjustments
 - Includes 14 new TK instructional aide positions and new campus security positions
- Benefits - adjustments for salary changes described above, increases in dental for all units, projected increases in health benefits
 - Benefits adjustments also include increase in PERS to 27% for 23-24 and 28.10% in 24-25
- Books and Supplies - adjustments for 1X expenses recognized in 22-23. Increase in 24-25 for increased supplemental and concentration funds.
- Services include adjustments of \$98K for the removal of 1x items and increase in 24-25 for projected increases in supplemental and concentration funds
- Capital Outlay – Decrease of \$1.7M in 23-24 to remove 1x expenditures

Multi-Year Projection Expenditure Assumptions

- **2023-24 & 2024-25 Restricted Expenditure Assumptions**

- Certificated and Classified Salaries - step and column costs, adjustments for 1x expenditures and additional special education positions. In FY 24-25, step and column, funding adjustments
- Benefits – adjustments in FY 23-24 and 24-25 reflect the salary changes noted above, projected increase for health benefits, and increase in PERS costs
- Additional Certificated salaries and benefit adjustments include budgeting of ongoing Prop 28 Arts/Music funding
- Books and Supplies – Adjustments for 1x carryover funds. Adjustment also includes increase to special education materials and supplies and Prop 28 Arts Music funds
- Services – Adjustment for 1x carryover funds and special education services adjustments
- Capital Outlay – Decrease due to removal of 1x funds primarily ESSER III

Multi-Year Projections Summary: Unrestricted and Combined

Multi-Year Projection Unrestricted General Fund			
Description	2022-23 Second Interim Budget	Projected 2023-24	Projected 2024-25
Total Revenues	498,502,688	514,649,476	511,391,558
Total Expenditures	363,529,251	385,788,765	397,004,411
Other Sources/Uses	(95,774,576)	(104,295,928)	(113,371,166)
Net Increase/(Decrease)	39,198,861	24,564,783	1,015,981
Add: Beginning Fund Balance	65,034,532	104,233,393	128,798,176
Ending Fund Balance	104,233,393	128,798,176	129,814,158
Components of Ending Fund Balance	53,748,205	52,305,403	52,531,750
Unassigned/Unappropriated	50,485,188	76,492,773	77,282,408

Multi-Year Projection Unrestricted and Restricted General Fund			
Description	2022-23 Second Interim Budget	Projected 2023-24	Projected 2024-25
Total Revenues	850,707,339	717,521,250	671,010,353
Total Expenditures	771,252,493	699,112,420	710,429,741
Net Increase/(Decrease)	80,671,730	19,625,715	(38,202,504)
Add: Beginning Fund Balance	109,852,797	190,524,527	210,150,242
Ending Fund Balance	190,524,527	210,150,242	171,947,737
Components of Ending Fund Balance	140,039,339	133,657,469	94,665,330
Unassigned/Unappropriated	50,485,188	76,492,773	77,282,408



Summary



Risks and Opportunities

Risks

- Uncertainty regarding ongoing State funding for K12 Districts
- Potential future impact of recessionary economy
- Enrollment and ADA
- Additional Unfunded COVID-19 related expenses

Opportunities

- Improved State budget and funding for K12 Districts
- Stable/increased Enrollment and ADA
- Potential to make up instructional days lost during 2021-22 school year through State Waiver process

Questions and Approval

- **Questions**
- **2022-23 Second Interim Positive Certification**



Approve 2022-23 Second Interim Budget

