



# Budget Advisory Committee

March 14, 2023

# What is the Second Interim Budget Report?

- District fiscal report for 2022-23 that accounts for activity from July 1 through January 31
- Accounts for adjustments in revenue and expenditures based upon the following:
  - State budget changes since October 31 (1st Interim)
  - Grant funding updated
  - Personnel salary placements updated
  - Carryover is updated along with projections for year-end
  - Supplies and services updated for increased costs

# Recent News

- Inflation challenges key at state and federal levels
- Cost of Living Adjustment (COLA) projected 8.13%
  - Discussion of deferrals in Sacramento
  - Unknown actual level COLA will be funded
- State legislators continued budget hearings
- State revenue to be \$22.5B below projection in 2022-23 (01/23)
  - Tax deadline extended to October for storm affected counties
- Cash Flow is constant topic

# Second Interim Adjustments

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Changes in Revenue:

**Local Control Funding Formula (LCFF) Sources increased by \$48,588**

- Updated calculation from 1st Interim with adjusted calculator

**Federal Revenue increased by \$23,665**

- Updated carryover in Title I, Special Ed-Local Assistance Preschool Grant

# Second Interim Adjustments

## Changes in Revenue:

### **State Revenue decreased by (\$1,080,930)**

- Arts, Music & Instructional Block Grant decrease proposed by Gov Newsom
- Career Technical Education Incentive Grant (CTEIG) increased

### **Local Revenue increased by \$1,108,891**

- Interest rate earnings and donations increased
- Special Education State fund increased
- Career Technical Education-Memorandum of Understanding (MOU) increased

# Second Interim Adjustments

Changes in Expenditures:

**Certificated Salaries increased by \$825,725**

- Staffing costs from 1<sup>st</sup> Interim adjusted for One-time bonus

**Classified Salaries increased by \$439,631**

- Staffing costs from 1<sup>st</sup> Interim adjusted for One-time bonus

**Employee Benefits increased by \$6,858**

- State Teacher Retirement System (STRS) budget adjusted
- Public Employee Retirement System (PERS) budget adjusted
- Health and Welfare budget adjusted for open enrollment changes

# Second Interim Adjustments

Changes in Expenditures:

## **Books and Supplies increased by \$1,742,727**

- Committed funds from Board approved resolutions (items at bottom of MYP) have been placed in holding account (obj code 4399)
- Budgets adjusted for movement to other object codes

## **Services and Operations increased by \$1,533,594**

- Budgets updated for professional/consulting services in special education, travel/conferences for professional development and leases/repairs

## **Capital Outlay decreased by (\$1,151)**

- Budgets adjusted for projected equipment purchases

# Changes in Fund Balance

	1st Interim	2nd Interim	Changed
Beg Fund Balance	\$34,710,630	\$34,710,630	\$0
Surplus/(Deficit)	<u>(\$12,672,197)</u>	<u>(\$16,727,927)</u>	<u>\$4,055,730</u>
Ending Fund Balance	\$22,038,433	\$17,982,703	(\$4,055,730)
Restricted	\$11,339	\$34,229	\$22,890
3% Reserve	\$4,197,984	\$4,322,662	\$124,678
Assigned	\$69,371	\$7,407,872	\$7,338,501
Committed	\$14,051,869	\$0	(\$14,051,869)
Undesignated	<u>\$3,707,870</u>	<u>\$6,217,941</u>	<u>\$2,510,071</u>
% Unrestricted Reserve	5.65%	7.32%	1.67%



# Second Interim Multi-Year Projection

	13.26% COLA Using SSC			Other Financing		
2/27/2023	2022/23			Transfers In	2,500,000	0 2,500,000
	Projected			Transfers Out	2,000,000	0 2,000,000
	Unrestricted	Restricted	Total	Contributions To Restr.	(22,743,071)	22,743,071 0
Revenue				Transfers/Contributions	(22,243,071)	22,743,071 500,000
LCFF Sources	81,697,495	0	81,697,495	Net Inc/Dcr to Fund Balance	(9,137,727)	(7,590,200) (16,727,927)
Federal Revenue	0	15,302,204	15,302,204	Beg Fund Balance	27,086,202	7,624,429 34,710,631
State Revenue	1,250,302	17,217,077	18,467,379	Ending Fund Balance	17,948,475	34,229 17,982,704
Local Revenue	7,473,385	1,920,339	9,393,724			
Total Revenue	90,421,182	34,439,620	124,860,802	Legally Restricted/Designated	69,371	34,229 103,600
Expenditures				Unrestricted Reserve:		
Certificated	32,959,359	10,394,882	43,354,241	Future Employment Costs for 23-24	749,763	749,763
Classified	11,957,473	6,172,191	18,129,664	Future Employment Costs for 24-25	2,736,028	2,736,028
Benefits	18,838,016	11,377,728	30,215,744	Future Employment Costs for 25-26	3,852,708	3,852,708
Books & Supplies	7,594,347	24,131,800	31,726,147	Future Employment Minimum Wage		0
Services, Other Ops	7,692,002	10,323,617	18,015,619	LCFF Supplemental Balance		0
Capital Outlay	236,941	385,011	621,952	Social Emotional Counselors		0
Other Outgo	25,362	0	25,362	Chromebooks(1,000 yr 1, 600 for yr 2-4)		0
Direct/Indirect Support	(1,987,662)	1,987,662	0	E-rate (60% District Costs)	0	0
Total Expenditures	77,315,838	64,772,891	142,088,729	For TK Aides 4@7hrs for 22-23 & 8@7hrs for 23-	0	0
Excess/Deficiency	13,105,344	(30,333,271)	(17,227,927)	Reserve 3% Econ. Uncert.	4,322,662	4,322,662
				Undesignated	6,217,943	0 6,217,943
				% Unrestricted Reserve including 3% Econ. Uncert.		7.32%

# Second Interim Multi-Year Projection

		8.13% COLA Using SSC					
2/27/2023		2023/24			Other Financing		
		Projected					
		Unrestricted	Restricted	Total			
Revenue							
LCFF Sources		85,265,145	0	85,265,145	Transfers In	2,500,000	0 2,500,000
Federal Revenue		0	3,832,898	3,832,898	Transfers Out	1,150,000	0 1,150,000
State Revenue		1,250,302	7,483,179	8,733,481	Contributions To Restr.	(22,996,298)	22,996,298 0
Local Revenue		7,439,054	1,917,959	9,357,013	Transfers/Contributions	(21,646,298)	22,996,298 1,350,000
Total Revenue		93,954,501	13,234,036	107,188,537	Net Inc/Dcr to Fund Balance	(1,376,914)	(34,229) (1,411,143)
					Beg Fund Balance	17,948,475	34,229 17,982,704
					Ending Fund Balance	16,571,561	0 16,571,561
Expenditures					Legally Restricted/Designated	69,371	0 69,371
Certificated		32,448,735	8,081,091	40,529,826	Unrestricted Reserve:		
Classified		11,692,261	4,551,302	16,243,563	Future Employment Costs for 23-24	0	0
Benefits		19,689,655	10,350,140	30,039,795	Future Employment Costs for 24-25	2,736,028	2,736,028
Books & Supplies		3,308,822	2,126,205	5,435,027	Future Employment Costs for 25-26	3,852,708	3,852,708
Services, Other Ops		7,653,254	9,433,918	17,087,172	Future Employment Minimum Wage	0	0
Capital Outlay		236,941	351,994	588,935	LCFF Supplemental Balance	1,000,000	1,000,000
Other Outgo		25,362	0	25,362	Social Emotional Counselors		0
Direct/Indirect Support		(1,369,913)	1,369,913	0	Chromebooks(1,000 yr 1, 600 for yr 2-4)	300,000	300,000
Total Expenditures		73,685,117	36,264,563	109,949,680	E-rate (60% District Costs)	0	0
					For TK Aides 4@7hrs for 22-23 & 8@7hrs for 23-	372,695	372,695
					Reserve 3% Econ. Uncert.	3,332,990	3,332,990
					Undesignated	4,907,769	0 4,907,769
Excess/Deficiency		20,269,384	(23,030,527)	(2,761,143)	% Unrestricted Reserve including 3% Econ. Uncert.		7.42%

# Second Interim Multi-Year Projection

		3.54% COLA Using SSC					
2/27/2023		2024/25			Other Financing		
		Projected					
		Unrestricted	Restricted	Total			
Revenue							
LCFF Sources		86,294,054	0	86,294,054	Transfers In	2,500,000	0 2,500,000
Federal Revenue		0	3,832,898	3,832,898	Transfers Out	1,150,000	0 1,150,000
State Revenue		1,250,302	7,483,179	8,733,481	Contributions To Restr.	(23,576,280)	23,576,280 0
Local Revenue		7,406,486	1,917,959	9,324,445	Transfers/Contributions	(22,226,280)	23,576,280 1,350,000
Total Revenue		94,950,842	13,234,036	108,184,878	Net Inc/Dcr to Fund Balance	(2,736,028)	0 (2,736,028)
					Beg Fund Balance	16,571,561	0 16,571,561
					Ending Fund Balance	13,835,533	0 13,835,533
Expenditures					Legally Restricted/Designated	69,371	0 69,371
Certificated		32,923,936	8,200,931	41,124,867	Unrestricted Reserve:		
Classified		11,901,463	4,634,998	16,536,461	Future Employment Costs for 23-24	0	0
Benefits		20,647,406	10,657,423	31,304,829	Future Employment Costs for 24-25	0	0
Books & Supplies		3,308,822	2,126,206	5,435,028	Future Employment Costs for 25-26	3,852,708	3,852,708
Services, Other Ops		7,821,506	9,433,918	17,255,424	Future Employment Minimum Wage	200,000	200,000
Capital Outlay		236,941	351,994	588,935	LCFF Supplemental Balance	800,000	800,000
Other Outgo		25,362	0	25,362	Social Emotional Counselors	750,000	750,000
Direct/Indirect Support		(1,404,846)	1,404,846	0	Chromebooks(1,000 yr 1, 600 for yr 2-4)	300,000	300,000
Total Expenditures		75,460,590	36,810,316	112,270,906	E-rate (60% District Costs)	0	0
					For TK Aides 4@7hrs for 22-23 & 8@7hrs for 23-	372,695	372,695
					Reserve 3% Econ. Uncert.	3,402,627	3,402,627
					Undesignated	4,088,132	0 4,088,132
Excess/Deficiency		19,490,252	(23,576,280)	(4,086,028)	% Unrestricted Reserve including 3% Econ. Uncert.		6.60%

# Second Interim Multi-Year Projection

		3.31% COLA Using SSC					
2/27/2023		2025/26			Other Financing		
		Projected					
		Unrestricted	Restricted	Total			
Revenue							
LCFF Sources		86,560,003	0	86,560,003	Transfers In	2,500,000	0 2,500,000
Federal Revenue		0	3,832,898	3,832,898	Transfers Out	150,000	0 150,000
State Revenue		1,250,302	7,483,179	8,733,481	Contributions To Restr.	(24,123,660)	24,123,660 0
Local Revenue		7,374,081	1,917,959	9,292,040	Transfers/Contributions	(21,773,660)	24,123,660 2,350,000
Total Revenue		95,184,386	13,234,036	108,418,422	Net Inc/Dcr to Fund Balance	(3,852,708)	0 (3,852,708)
					Beg Fund Balance	13,835,533	0 13,835,533
					Ending Fund Balance	9,982,825	0 9,982,825
Expenditures							
Certificated		33,406,266	8,320,587	41,726,853	Legally Restricted/Designated	69,371	0 69,371
Classified		12,114,849	4,720,369	16,835,218	Unrestricted Reserve:		
Benefits		21,614,799	10,963,953	32,578,752	Future Employment Costs for 23-24	0	0
Books & Supplies		3,308,822	2,126,205	5,435,027	Future Employment Costs for 24-25	0	0
Services, Other Ops		7,997,065	9,433,918	17,430,983	Future Employment Costs for 25-26		
Capital Outlay		236,941	351,994	588,935	Future Employment Minimum Wage	200,000	200,000
Other Outgo		25,362	0	25,362	LCFF Supplemental Balance	600,000	600,000
Direct/Indirect Support		(1,440,670)	1,440,670	0	Social Emotional Counselors	750,000	750,000
Total Expenditures		77,263,434	37,357,696	114,621,130	Chromebooks(1,000 yr 1, 600 for yr 2-4)	300,000	300,000
					E-rate (60% District Costs)	0	0
					For TK Aides 4@7hrs for 22-23 & 8@7hrs for 23-	372,695	372,695
					Reserve 3% Econ. Uncert.	3,443,134	3,443,134
					Undesignated	4,247,625	0 4,247,625
Excess/Deficiency		17,920,952	(24,123,660)	(6,202,708)	% Unrestricted Reserve including 3% Econ. Uncert.		6.70%

# Adjustments for Year End Closing and 2023-24 Budget Preparation

- Project effect of State Cost of Living (COLA) Adjustment
  - Elementary District Projection +3.0%
  - Secondary District Projection +5.3%
  - SCCS +4.4% with additional one-time savings
  - Amounts impacted by decline in enrollment & actual attendance rates
- Review of certificated and classified staffing for 2023-24
- Project continued supply and construction expenses
- Project need for commitments post 2024-25 for program and staffing

# Adjustments for Year End Closing and 2023-24 Budget Preparation

- Prepare plan for Arts/Music and Instructional Block Grant
- Project carryover in unrestricted, supplemental and restricted funds
- Develop site based plans for Proposition 28 - Arts/Music K-12 Education Funding Initiative
- Present updated Transportation Plan
- Support Educational Services with updates and changes to Local Control Accountability Plan (LCAP) and requirements

# Fund Balances

Fund	Amount	Description
Fund 08	\$ 625,987	Student Activity Special Reserve
Fund 11	\$ 48,398	Adult Education
Fund 13	\$ 317,612	Cafeteria
Fund 14	\$ 95,475	Deferred Maintenance
Fund 20	\$ 2,024,147	Special Reserve for Postemployment Benefits
Fund 21	\$23,928,388	Bonds

# Fund Balances

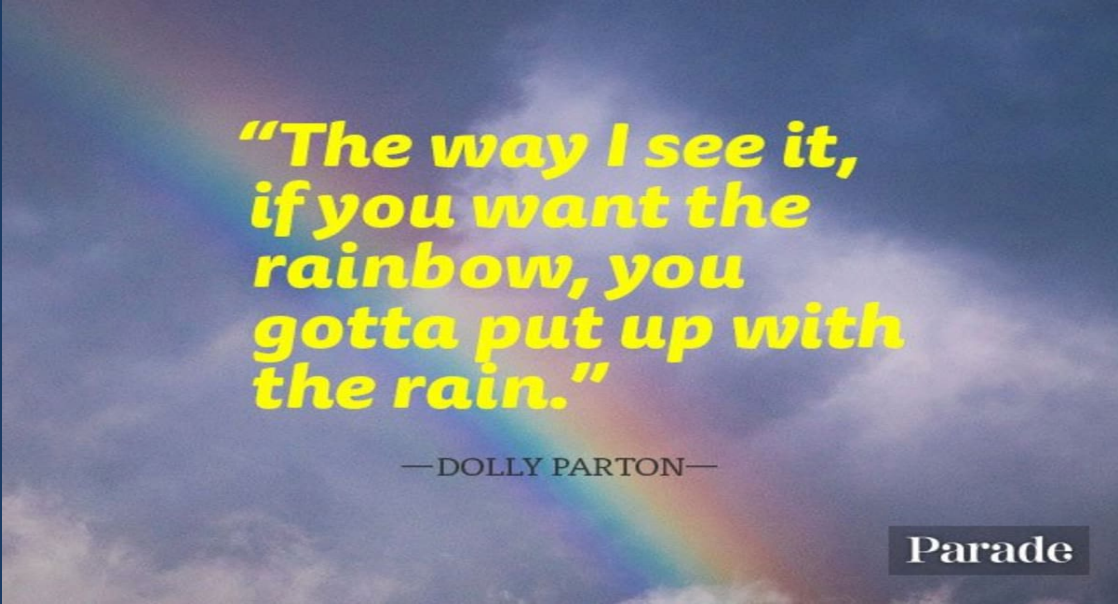
Fund	Amount	Description
Fund 25	\$ 1,218,922	Capital Facilities (Developer Fees)
Fund 40	\$ 40,422	Special Reserve for Capital Outlay Projects
Fund 40	\$ 3,585,903	Redevelopment Agency Elementary
Fund 40	\$ 7,087,060	Redevelopment Agency Secondary
Fund 40	\$ 169,279	Proceeds from sale of 2931 Mission
Fund 56	\$ 453,042	Debt Service
Fund 73	\$ 1,907,970	Foundation Trust (Scholarships)



# Just around the corner...

- Prudent staffing levels to match revenue
- Expiration of one-time funds and future needs
- Allocation of one-time savings/carryover
  
- May 19, 2023: Governor's May Revise
- May 31, 2023: LCAP Hearing & Budget Hearing
- June 14, 2023: LCAP Adoption & Budget Adoption

# 2nd Interim Thoughts



***"The way I see it,  
if you want the  
rainbow, you  
gotta put up with  
the rain."***

—DOLLY PARTON—

Parade



# Questions