# 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.

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 as of April 30

# District 2021-22 Adopted Budget conditionally approved by SCOE

The District must approve a Fiscal Recovery plan by December 15, 2021 to address the on-going structural deficit

#### 2021-22 First Interim Qualified Certification

Approved Fiscal Recovery Plan

Structural deficit of (\$19.5M) in 2022-23 and (\$26.2M) in 2023-24

Cash Flow continues to diminish rapidly

**Enrollment Decline** 

Unsettled negotiations for both certificated and classified bargaining units

Proposed State Budget

Sacramento Office of Education (SCOE 213(COE 213(COE 213(COE 213)

# Summary of Changes 2021-22 First Interim Report

Unrestricted revenues increased by \$5.7M

Restricted revenues increased by \$146.7M

1X Unrestricted expenditure savings & budget adjustments decrease of \$11M

Restricted expenditures increased by \$136.8M due to budgeting for CARES/COVID funds and other carryover funds

Contributions decreased by \$3.2M due to increase in special education funding

# Summary of Changes 2021-22 First Interim Report

Cash Flow positive through June 2022

Multi-Year Projections will meet the required 2% reserve for the current year and two subsequent years

Unrestricted deficit spending not eliminated, (\$19.5M) in 2022-23 and (\$26.2M) in 2023-24

Need Fiscal Recovery plan which includes a negotiated solution to achieve sufficient on-going reductions

# 2021-22 First Interim Financial Report Compared to 2021-22 Adopted Budget

Description

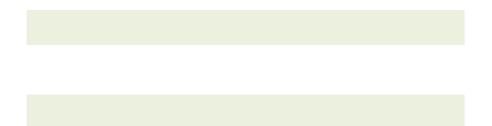
Unrestricted

Restricted

Combined

### Changes Since 2021-22 Adopted Budget

	Unrestricted	Restricted	Combined
Revenue			
General Purpose	5,260,231	0	5,260,231
Federal Revenue	0	131,970,353	131,970,353
State Revenue	0	12,665,014	12,665,014
Local Revenue	104,546	2,076,087	2,180,634
Total Revenue	5,364,777	146,711,454	152,076,231
Expenditures			
Certificated Salaries	(3,210,339)	8,467,916	5,257,578
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### 2021-22 First Interim Changes in Current Year Unrestricted Revenues

Increase in projected LCFF Revenue of \$5.3M Increase of concentration grant from 50% to 65% Offset by lower unduplicated percentage 72% to 68%

Increase in Local revenue by \$105K primarily due to school donations

# 2021-22 First Interim Changes in Current Year Unrestricted Expenses

Decrease in Salaries and Benefits - \$6.3M 1X savings/adjustments Decrease in Supplies & Services - \$1.4M 1X savings/adjustments Capital Outlay increase of \$40K

Indirect Costs increase of \$3.4M due to restricted program adjustments

Decrease in Contributions - \$3.25M

Increased state revenue for Special Education

### 2021-22 First Interim Changes in Current Year Restricted Revenues

Increase in projected Federal Revenue - \$132M Due to budgeting CARES/COVID funds and 1x carryover
Increase in projected State Revenue - \$12.7M Due to budgeting CARES/COVID funds and 1x carryover
Increase in projected Local Revenue - \$2.1M Due to budgeting 1x carryover
Decrease in Contributions of \$3.25M Increased funding (AB602) for Special Education



# 2021-22 First Interim Changes in Current Year Restricted Expenses

Increase in Salaries and Benefits - \$19.9M Increase in Supplies & Services - \$101.8M Capital Outlay increased by \$11.6M Indirect Costs increase of \$3.5M to align to added expenditures

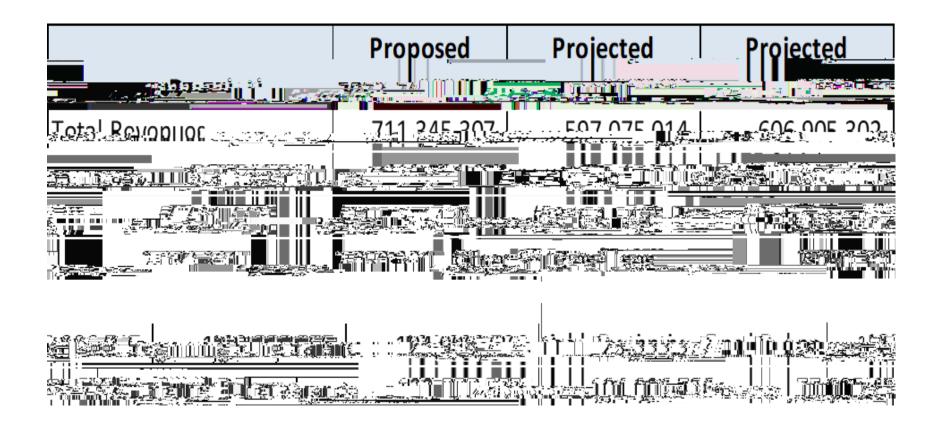
The majority of the restricted expenditures due to budgeting for

### Multi-Year Projection Assumptions

### Multi-Year Projection Assumptions Unrestricted Expenditure Changes for 2022-23 and 2023-24

- Certificated salaries adjust by 1.5% each year for step/column, adjustments made for \$3.2M for adding back 1x savings and a decrease of \$5.1M for a projected decrease in FTE for 1,850 enrollment decline in FY 22-23
- Classified salaries adjust by 0.8% for step/column, \$132k for adding back 1x savings in FY 22-23
- Benefits adjust each year for STRS/PERS increases, 8% for health/welfare benefits, and add back of \$3M 1x interim savings for FY 22-23
- Supplies and Services adjustments for each year include the projected decrease in LCAP supplemental/concentration actions for FY 22-23 and then an increase in FY 23-24 offset by 1x interim budget savings
- Indirect costs decrease due to removal of 1x or expiring grants

#### **General Fund Multi-Year Projections**



The target to eliminate deficit spending is \$26.2M

#### General Fund Multi-Year Projections NO CARES/COVID

	Proposed	Projected	Projected	
Description	2021-22	2022-23	2023-24	
Total Revenues	577,603,070	545,824,550	555,654,838	
Total Expenditures	570,639,213	568,247,242	584,819,937	
Excess/(Deficiency)	6,963,857	(22,422,692)	(29,165,099)	
Other Sources/Uses	2,050,301	2,050,301	2,050,301	
Net Increase/(Decrease)	9,014,158	(20,372,391)	(27,114,798)	
Add: Beginning Fund Balance	110,862,766	119,876,924	99,504,533	
Ending Fund Balance	119,876,924	99,504,533	72,389,735	

### **GFOA Recommended Reserves**

The Government Finance Officers Association (GFOA) recommends a prudent reserve of 17%, representing two

average payroll is approximately \$82M based on the 2021-22 First Interim Financial Report.

### 2021-22 Budget Calendar and Timeline

Date

**Description** 

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### Fiscal Crisis Management Assistance Team (FCMAT) Fiscal Health Risk Analysis Update

Fiscal Health Risk Analysis conducted October 2018 60 deficiencies were identified Provided recommended corrective actions

Regular updates presented with Interim Financial Reports Matrix is available on District website

#### COVID 19 FUNDING SOURCES

Resc	Description	Award	<b>Expiration Date</b>
3220	Coronavirus Relief	34,085,392	5/31/2021
7388	SB117	666,159	NA
7420	Learning Loss Mitigation	3,497,424	6/30/2021
7422	AB 86 In Person Instruction	13,663,701	9/30/2024
7425	AB 86 ELO	13,150,213	9/30/2024
7426	ELO Grant: Paraprofessional Staff	2,841,060	9/30/2024
3210	ESSER I	15,877,983	9/30/2022
3215	GEER I	2,950,972	9/30/2022
3212	ESSER II	68,709,493	9/30/2023
3213	ESSER III	123,537,980	9/30/2024
3214	ESSER III, Learning Loss	30,884,496	09/30/2024
3216	ELO Grant: ESSER II State Reserve	4,223,222	09/30/2023
3217	ELO Grant: GEER II	969,267	09/30/2023
3218	ELO Grant: ESSER III State Reserve Emergency Need	2,753,051	09/30/2024
3219	ELO Grant: ESSER III State Reserve Learning Loss	4,745,785	09/30/2024
Total Allocati	ion	322,556,198	

# District 2021-22 Adopted Budget conditionally approved by SCOE

The District must approve a Fiscal Recovery plan by December 15, 2021 to address the on-going structural deficit

#### 2021-22 First Interim Qualified Certification

Approved Fiscal Recovery Plan

Structural deficit of (\$19.5M)

### 5 Year Multi Year Projection

### Potential Future Risk/Opportunity

Risks

Significant decline in enrollment

Uncertainty regarding the State Budget and fiscal impact on K12 Districts

Future salary se-2( 5ns-4(li)-3( m)8ent)4(lreW\* nBT/F3 24.024 Tf1

### Summary

District has implemented more than \$50 million in ongoing and 1X reductions

2/4/21 Board Approved Fiscal Recovery Plan \$4.5M

A \$26.2 million ongoing solution is required to achieve fiscal solvency

Fiscal Recovery Plan needed by December 15<sup>th</sup>

Next reporting period is Second Interim in March 2022

