

2021-22 First Interim Financial Report

Tim Zearley
Associate Superintendent, Business Services

December 13, 2021



CELEBRATING 150 YEARS - 1871-2021
EVERY STUDENT MATTERS, EVERY MOMENT COUNTS



Purpose of Presentation

- ▶ **First Interim Financial Update** (since June Budget Adoption)
 - ▶ Average Daily Attendance (ADA) Assumptions
 - ▶ Revenue Assumptions
 - ▶ Expenditure Assumptions
 - ▶ Multi Year Projection (MYP) Summary
- ▶ **Questions**



CELEBRATING 150 YEARS - 1871-2021
EVERY STUDENT MATTERS, EVERY MOMENT COUNTS



District Goal Alignment

► Strategic Goal Four

► Ensure the District is Fiscally and Operationally Sound



CELEBRATING 150 YEARS - 1871-2021
EVERY STUDENT MATTERS, EVERY MOMENT COUNTS



What Funds Are In The Budget?

- ▶ General Fund (Fund 01) includes Unrestricted and Restricted Funds
 - ▶ Unrestricted Funds are not subject to specific constraints and may be used for any educational purpose not prohibited by law
- ▶ LCFF Funds are unrestricted but Supplemental and Concentration Funds must be used to increase services for the most at risk students



CELEBRATING 150 YEARS - 1871-2021
EVERY STUDENT MATTERS, EVERY MOMENT COUNTS



What Funds Are In The Budget?

- ▶ **Restricted Funds** have been received by an external source and are **legally restricted** by the donor to be used for **specific** purposes
 - ▶ COVID Funds (Federal & State)
 - ▶ Every Student Succeeds Act (ESSA)
 - ▶ Special Education (IDEA)
 - ▶ Other State Funded Programs
 - ▶ Local Funds



CELEBRATING 150 YEARS - 1871-2021
EVERY STUDENT MATTERS, EVERY MOMENT COUNTS



ADA Assumptions

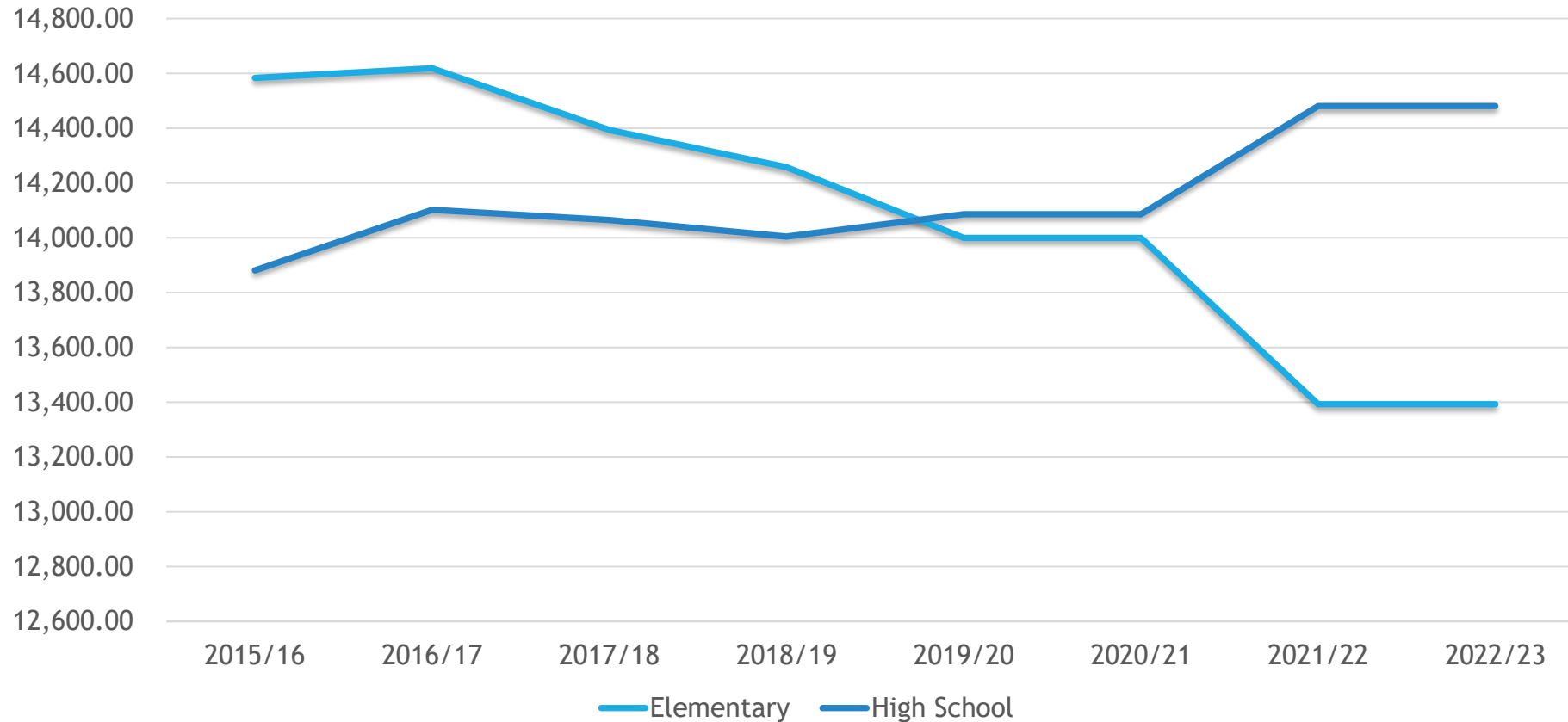
- ▶ Increase to projected funded ADA of 123.60
 - ▶ Adjustment to final 2020-21 attendance reporting
- ▶ Projected flat enrollment in subsequent years for the Multi Year Projection
 - ▶ May change to a decrease at 2nd Interim Report
 - ▶ Potential for ADA cliff as early as 2022-23
 - ▶ Current year funding is based on 2019-20 enrollment and attendance figures



CELEBRATING 150 YEARS - 1871-2021
EVERY STUDENT MATTERS, EVERY MOMENT COUNTS



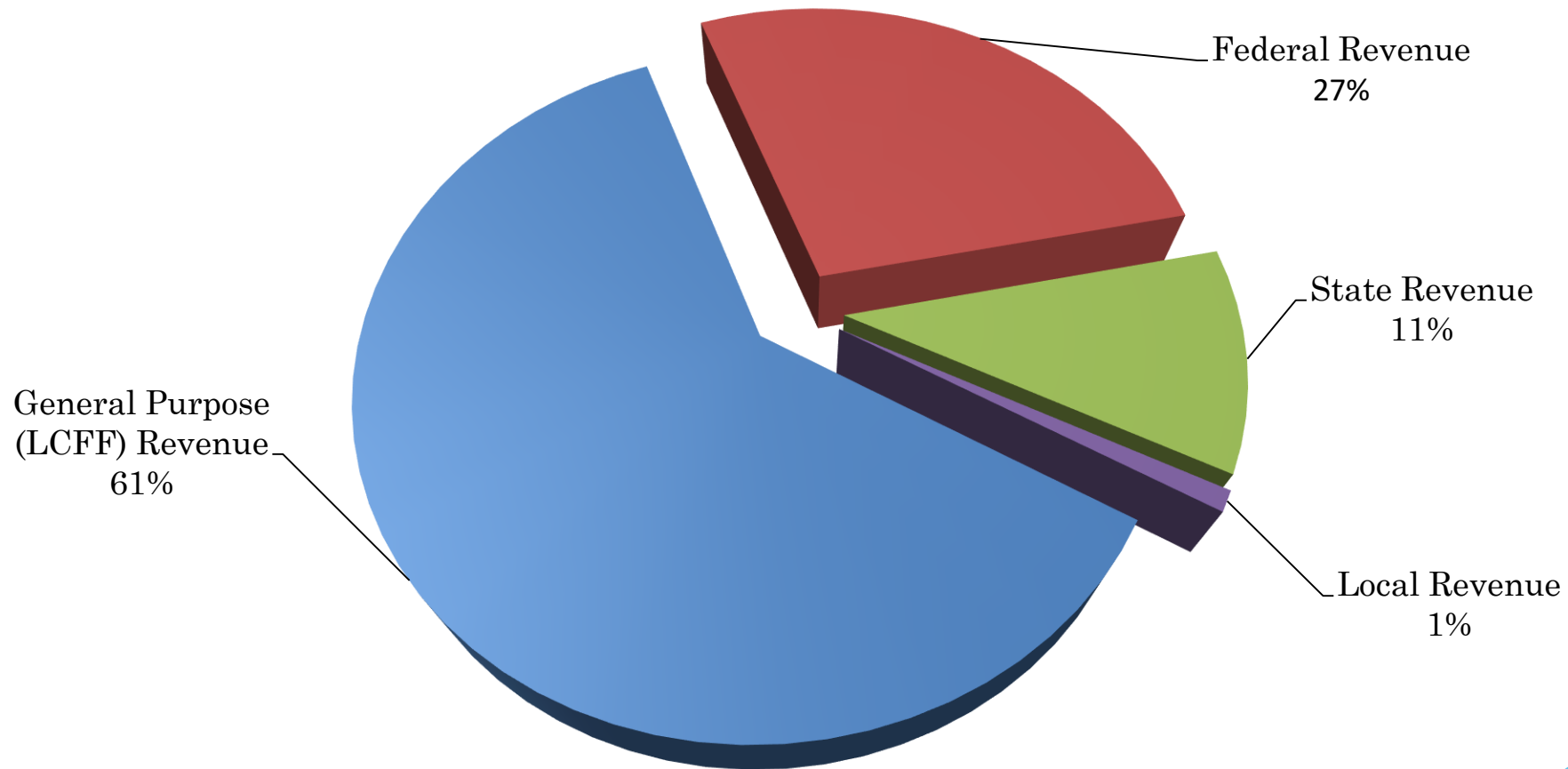
ADA Assumptions



CELEBRATING 150 YEARS - 1871-2021
EVERY STUDENT MATTERS, EVERY MOMENT COUNTS



Total General Fund (01) Revenue



CELEBRATING 150 YEARS - 1871-2021
EVERY STUDENT MATTERS, EVERY MOMENT COUNTS



LCFF Revenue Assumptions

YEAR	COLA	Gap	Base Change with ADA Adj.	Supplemental/Concentration Change with ADA Adj.
2021/22	5.07%	100%	\$16.9M	\$12.6M
2022/23	2.48%	100%	\$1.4M	<\$1.3M>
2023/24	3.11%	100%	\$8.5M	\$2.4M

- ▶ **LCFF Base Funding**
 - ▶ Determined by change in **ADA** and funded Statutory **COLA**
- ▶ **Supplemental & Concentration**
 - ▶ Determined by the **Unduplicated Pupil Percentage (UPP)**



CELEBRATING 150 YEARS - 1871-2021
EVERY STUDENT MATTERS, EVERY MOMENT COUNTS



LCFF Elementary Grade Span Calculation

Grades	ADA	Base	Grade Span	Supp	Conc.	Total
Unduplicated %				87.46%	87.46%	
K-3	6,093.79	\$8,093	\$842	\$1,563	\$1,885	\$75,460,047
4-6	4,736.79	\$8,215		\$1,437	\$1,733	\$53,929,542
7-8	3,275.24	\$8,458		\$1,479	\$1,785	\$38,392,451
TOTAL						\$167,782,040
TIIG Add-On						\$1,084,014
Transportation Add-On						\$474,814
21-22 LCFF FUNDING						\$169,340,868



CELEBRATING 150 YEARS - 1871-2021
EVERY STUDENT MATTERS, EVERY MOMENT COUNTS



LCFF High School Grade Span Calculation

Grades	ADA	Base	Grade Span	Supp	Conc	Total
Unduplicated %				67.06%	67.06%	
9-12	14,961.93	\$9,802	\$255	\$1,349	\$788	\$182,448,962
TOTAL						\$182,448,962
TIIG Add-On						\$717,582
Transportation Add-On						\$458,416
21-22 LCFF FUNDING						\$183,624,960



CELEBRATING 150 YEARS - 1871-2021
EVERY STUDENT MATTERS, EVERY MOMENT COUNTS



Other Revenue Assumptions

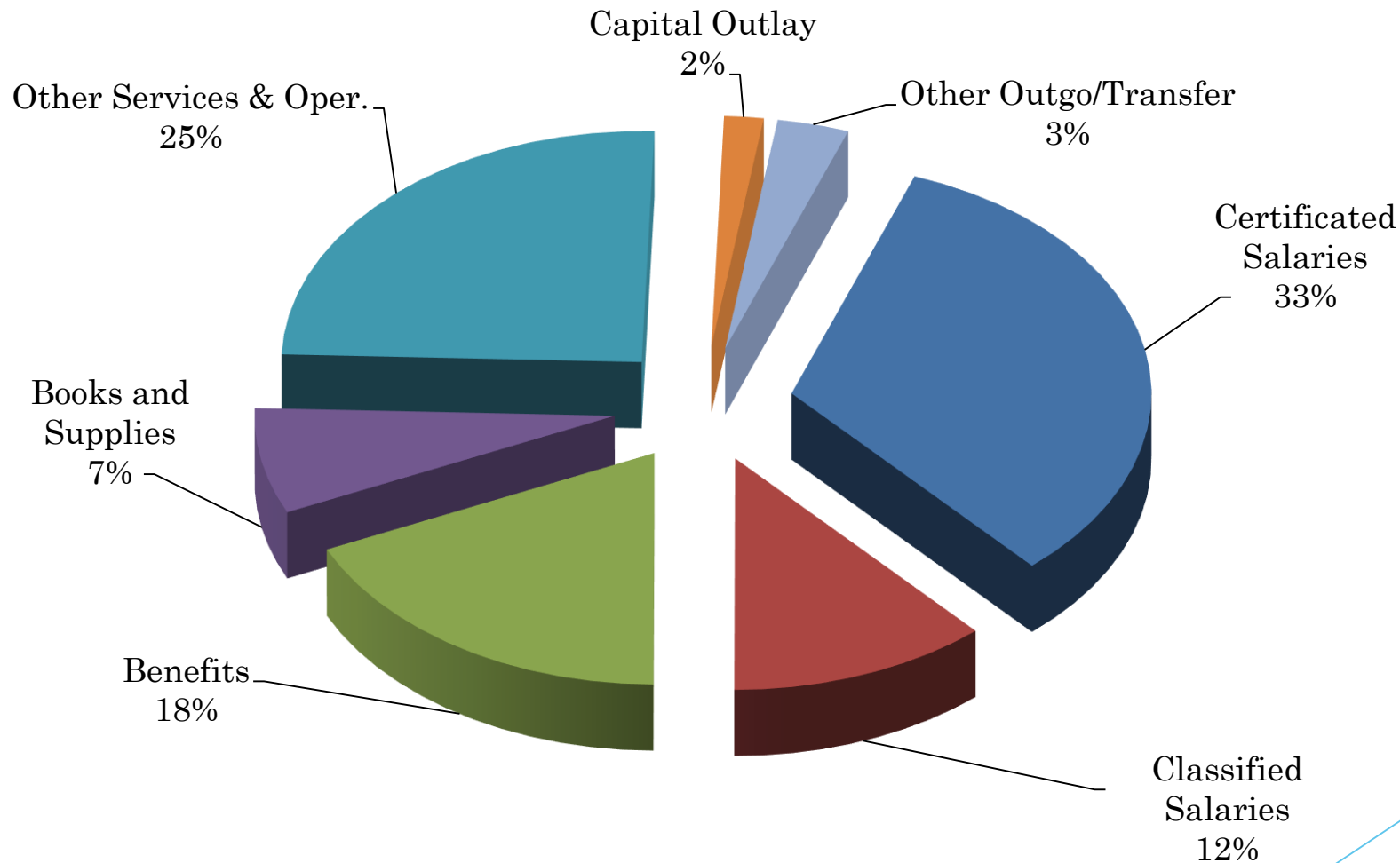
- ▶ Deferred and Prior Year Revenue - \$150.5M
- ▶ Increase to Special Education IDEA - \$581K
- ▶ Increase to Title I - \$300K
- ▶ Increase to Title III - 233K
- ▶ Increase to Lottery Funds - \$187K
- ▶ Increase to Interest Earnings - \$200K



CELEBRATING 150 YEARS - 1871-2021
EVERY STUDENT MATTERS, EVERY MOMENT COUNTS



Total General Fund (01) Expenditures



Pension Expenditure Assumptions

PENSION REFORM	2021-22	2022-23	2023-24
STRS (Certificated)	16.92%	19.10%	19.10%
Increase over 2021-22	\$4.4M	\$3.9M	\$400K
PERS (Classified)	22.91%	26.10%	27.10%
Increase over 2021-22	\$1.1M	\$2.0M	\$700K



CELEBRATING 150 YEARS - 1871-2021
EVERY STUDENT MATTERS, EVERY MOMENT COUNTS



Other Expenditure Assumptions

- ▶ School site staffing & allocation adjustments due to first month student **enrollment** counts
- ▶ **2020-21** Carryover Balances and Deferred Revenue expenditures for 2021-22
- ▶ **One-time** approved expenditures for 2021-22
- ▶ Salary negotiation **settlements**
 - ▶ Modesto Teachers Association
 - ▶ Managers Group



CELEBRATING 150 YEARS - 1871-2021
EVERY STUDENT MATTERS, EVERY MOMENT COUNTS



Multi Year Projection Summary

- ▶ Step & Column costs of 1.5%
- ▶ Pension cost increases
- ▶ Removal of 2021-22 one-time expenditures
 - ▶ Including one-year MTA settlement for 2021-22
- ▶ Removal of Carryover and Deferred expenditures



CELEBRATING 150 YEARS - 1871-2021
EVERY STUDENT MATTERS, EVERY MOMENT COUNTS



Unrestricted Ending Fund Balance

Unrestricted Fund Balance	2020-21	2021-22	2022-23	2023-24
Fund Balance	\$111,833,775	\$109,180,188	\$98,142,485	\$93,885,327
Nonspendable – Stores, Revolving Cash, Prepaid Expenses	\$3,948,042	\$3,400,000	\$3,400,000	\$3,400,000
Assigned				
Economic Uncertainties	\$26,204,170	\$36,158,223	\$26,627,451	\$26,900,882
County Cash FMV Adjustments	\$227,535	\$227,535	\$227,535	\$227,535
LCAP Supplemental & Concentration	\$25,548,541	\$32,281,673	\$31,020,134	\$33,425,765
Carryover Obligation – Misc.	\$2,195,643	\$-0-	\$-0-	\$-0-
One Time Expenditures	\$-0-	\$250,000	\$250,000	\$250,000
Unassigned Balance	\$53,659,844	\$36,812,756	\$36,567,364	\$29,631,145
Unassigned Reserve Percentage	19.42%	11.92%	11.70%	9.38%

Next Steps

- ▶ January Governor's Budget Proposal
 - ▶ Impact on assumptions for MYP
 - ▶ 5.35% current estimated COLA for 2022-23
- ▶ Second Interim Financial Report (Include)
 - ▶ MOU with CSEA for Position Range Increases
 - ▶ Management Compensation Study Adjustments
 - ▶ Collective bargaining with CSEA if completed



CELEBRATING 150 YEARS - 1871-2021
EVERY STUDENT MATTERS, EVERY MOMENT COUNTS



Recommendation

- ▶ Based on the factors and assumptions included in the First Interim Financial Report, the District recommends the Board approve the report with a Positive Financial Certification for all Funds



CELEBRATING 150 YEARS - 1871-2021
EVERY STUDENT MATTERS, EVERY MOMENT COUNTS



Questions



CELEBRATING 150 YEARS - 1871-2021
EVERY STUDENT MATTERS, EVERY MOMENT COUNTS

