

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Report to the Board of Education

2021-2022 First Period Interim Financial Report

Changes since the last budget update in September

As of October 31, 2021, the ending fund balance increased by a total of \$222,378.

Revenue

The Local Control Funding Formula was recalculated and reduced by \$186,602 due to a reduction in our unduplicated pupil population.

Expenditures

Current personnel have been reconciled with the budget and expenses for salaries and benefits decreased by \$148,690. Indirect cost charges to restricted programs increased by \$260,290, which has a positive impact to the General Fund.

Assumptions used for the First Interim

2021/22 1st Interim Assumptions

- Revenue based on FCMAT LCFF calculator
- Funded Cost of Living Adjustment (COLA) = 5.07%
- Enrollment is currently 13,014
- Using prior year Average Daily Attendance (ADA) of 13,195
- Projected Parcel Tax revenue of \$4 million
- Lottery = \$150.00 unrestricted and \$49.00 restricted per ADA
- STRS employer rate = 16.92%
- PERS employer rate = 22.91%
- One-time Expanded Learning Opportunity Grant and American Rescue Funds included

Multi-Year Projection (MYP) Assumptions

2022/23

- Revenue based on FCMAT LCFF calculator
- LAO estimated Cost of Living Adjustment (COLA) = 5.35%
- Estimated ADA = 12,484
- Measure G Parcel Tax expires, projection assumes renewal otherwise additional \$4 million in reductions will be required

- Lottery = \$150.00 unrestricted and \$49.00 restricted per ADA
- STRS employer rate = 19.10%
- PERS employer rate = 26.10%
- Attrition of 15 certificated and 10 classified positions
- Additional budget reductions/ solutions of \$2 million

2023/24

- Revenue based on FCMAT LCFF calculator
- LAO estimated Cost of Living Adjustment (COLA) = 3.50%
- Projected ADA = 12,484
- Assumes Parcel Tax renewal otherwise additional \$4 million in reductions will be required
- Lottery = \$150.00 unrestricted and \$49.00 restricted per ADA
- STRS employer rate = 19.10%
- PERS employer rate = 27.10%

State Budget

The Legislative Analyst's Office (LAO) published their annual *Fiscal Outlook* report on November 17, 2021. The LAO believes that the state will enjoy a historic surplus in 2022-23, and continued, but more modest, prosperity over its four-year forecast period. In keeping with the overall trend of the state's economic outlook, the LAO anticipates that funding for K-12 and community colleges under Proposition 98 will also spike in the immediate term and continue increasing through fiscal year 2025-26.

Although the 2022-23 minimum guarantee is expected to increase by nearly \$12 billion over Enacted Budget estimates, the LAO reminds us that the 2021 Enacted Budget included future commitments under Proposition 98 that will cost the minimum guarantee an estimated \$2.3 billion in the budget year and grow to \$8.2 billion by 2025-26. These commitments included funding for the Expanded Learning Opportunities Program, lower classroom ratios for TK beginning in 2022-23, universal school meals, and special education. Even so, the LAO estimates that the Legislature and Governor will have \$9.5 billion in ongoing Proposition 98 funding to spend in 2022-23.

Governor Newsom and his fiscal advisors are monitoring state revenues as his obligation to unveil his 2022-23 State Budget proposal by January 10, 2022, draws closer. By then, the Governor will have the benefit of an additional month of actual revenues to build into his forecast. We look forward to what the Governor's Budget will have in store for us.

Summary

As of the First Interim, our District's projected ending fund balance for the year is \$5,993,020. Of this amount, we are designating \$50,000 for the revolving fund, \$150,000 in estimated warehouse inventory, and \$5,495,010 as a 3% reserve for economic uncertainty. This allows \$298,010 for ongoing staffing adjustments.