

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Report to the Board of Education

2022-2023 First Period Interim Financial Report

Changes since the 45 day Budget Update

We have now included the beginning balances, carryover, and restricted and assigned funds from our 2021-22 unaudited actuals into our working budget. Below is an explanation of the changes in revenue and expenditures that have occurred. Overall as of October 31, 2022, the ending fund balance decreased by a total of \$1,363,733.

Beginning Fund Balance

As a result of the closing of the 2021-22 fiscal year, our beginning fund balance increased by \$7,859,112: \$1,505,129 unrestricted and \$6,353,983 restricted.

Revenue

Due to trailer bill language, the Local Control Funding Formula was recalculated and increased by \$319,381, which increased the base funding.

Expenditures

Restricted expenditures increased by \$6,889,023 as a result of posting the prior year's restricted ending balances of grants that are earmarked for specific purposes as well as implementing current year plans from new one-time block grants.

Expenses on the unrestricted side of the budget increased by \$1,487,217 for prior year textbook adoption encumbrances. This amount was designated as "assigned" at year-end closing. Expenses also increased by \$1,184,117 for various budget revisions including adjusting for actual positions hired, substitutes, and contracted services.

Indirect cost charges increased by \$18,131 due to the posting of grant carryover. This has a positive impact on the ending fund balance.

Assumptions used for the First Interim

2022/23 1st Interim Assumptions

- Revenue based on FCMAT LCFF calculator
- Funded Cost of Living Adjustment (COLA) = 6.56%

- Additional increase to LCFF Base = 6.70%
- Enrollment is currently 12,948
- Using three year average of Average Daily Attendance (ADA) = 12,970
- Projected Parcel Tax revenue of \$3.97 million
- Lottery = \$170.00 unrestricted and \$67.00 restricted per ADA
- STRS employer rate = 19.10%
- PERS employer rate = 25.37%
- One-time Art, Music and Instructional Material Discretionary Block Grant and Learning Recovery Block Grant are included

Multi-Year Projection (MYP) Assumptions

2023/24

- Revenue based on FCMAT LCFF calculator
- School Services estimated Cost of Living Adjustment (COLA) = 5.38%
- Using three year average of Average Daily Attendance (ADA) = 12,738
- Projected Parcel Tax revenue of \$3.97 million
- Lottery = \$170.00 unrestricted and \$67.00 restricted per ADA
- STRS employer rate = 19.10%
- PERS employer rate = 25.20%
- Removed all one-time revenues and prior year carryover

2024/25

- Revenue based on FCMAT LCFF calculator
- School Services estimated Cost of Living Adjustment (COLA) = 4.02%
- Using three year average of Average Daily Attendance (ADA) = 12,507
- Projected Parcel Tax revenue of \$3.97 million
- Lottery = \$170.00 unrestricted and \$67.00 restricted per ADA
- STRS employer rate = 19.10%
- PERS employer rate = 24.60%

State Budget

The Legislative Analyst's Office (LAO) published their annual *2023-24 Budget Fiscal Outlook* report on November 15, 2022. The LAO projects that California faces a \$25 billion budget deficit heading into the 2023-24 fiscal year with annual (but diminishing) deficits through their forecast period ending in 2026-27. If the State's economy should go into a recession, the LAO notes that their forecasted budget deficit could worsen significantly.

Lower State revenues also reduce the contribution amount the State is required to make into the Budget Stabilization Account (BSA), or state reserve. The LAO's revised revenue estimates suggest that the State's BSA obligation is reduced by \$5 billion across 2021-22, 2022-23, and 2023-24. This leaves California with a sizeable (\$22 billion) rainy day fund. This, the LAO notes, is sufficient to cover the anticipated budget-year deficit but would be insufficient if California enters a recession. Nevertheless, the

LAO recommends that, given the level of economic and revenue uncertainty for the remainder of the fiscal year, the Legislature begin budget deliberations without using reserves.

Governor Newsom and his fiscal advisors are monitoring state revenues as his obligation to unveil his 2023-24 State Budget proposal by January 10, 2023, 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 total projected ending fund balance for the year is \$23,403,382.

Of this amount, \$16,854,911 is restricted one-time funding allocated for future programs:

Educator Effectiveness	\$ 1,452,445
Arts, Music, and Instructional Material Block Grant	\$ 8,049,623
Learning Recovery Emergency Block Grant	\$ 7,266,098
Expanded Learning Opportunities Grant	\$ 86,745

Of the unrestricted funds, we are designating \$50,000 for the revolving fund, \$200,000 in estimated warehouse inventory, and \$5,960,882 as a 3% reserve for economic uncertainty. This leaves \$337,589 as undesignated for ongoing staffing adjustments.

	45 Day Revise August 4, 2022			Adjustments			First Interim October 31, 2022		
	Unrestricted	Restricted	Totals	Unrestricted	Restricted	Totals	Unrestricted	Restricted	Totals
A. REVENUE									
1. LOCAL CONTROL FUNDING FORMULA	\$ 141,516,742	\$ 947,745	\$ 142,464,487	\$319,381	\$0	\$319,381	\$ 141,836,123	\$ 947,745	\$ 142,783,868
2. FEDERAL REVENUE	\$ -	\$ 5,101,291	\$ 5,101,291	\$0	\$2,700,498	\$2,700,498	\$ -	\$ 7,801,789	\$ 7,801,789
3. STATE REVENUE	\$ 2,600,173	\$ 31,710,151	\$ 34,310,324	\$1,394,004	\$323,477	\$1,717,481	\$ 3,994,177	\$ 32,033,628	\$ 36,027,805
4. LOCAL REVENUE	\$ 1,817,250	\$ 13,585,452	\$ 15,402,702	\$29,456	\$1,307,748	\$1,337,204	\$ 1,846,706	\$ 14,893,200	\$ 16,739,906
TOTAL	\$145,934,165	\$51,344,639	\$197,278,804	\$1,742,841	\$4,331,723	\$6,074,564	\$147,677,006	\$55,676,362	\$203,353,368
B. EXPENDITURES									
1. CERTIFICATED SALARIES	\$ 59,781,538	\$ 19,981,721	\$ 79,763,259	\$562,583	\$2,795,397	\$3,357,980	\$ 60,344,121	\$ 22,777,118	\$ 83,121,239
2. CLASSIFIED SALARIES	\$ 15,698,178	\$ 12,900,318	\$ 28,598,496	\$312,198	\$1,104,241	\$1,416,439	\$ 16,010,376	\$ 14,004,559	\$ 30,014,935
3. EMPLOYEE BENEFITS	\$ 26,930,109	\$ 21,180,116	\$ 48,110,225	(\$195,060)	\$1,405,016	\$1,209,956	\$ 26,735,049	\$ 22,585,132	\$ 49,320,181
4. BOOKS AND SUPPLIES	\$ 1,364,731	\$ 3,971,864	\$ 5,336,595	\$1,862,747	\$3,686,811	\$5,549,558	\$ 3,227,478	\$ 7,658,675	\$ 10,886,153
5. SERV & OTHER OPER EXP	\$ 8,475,020	\$ 11,285,651	\$ 19,760,671	(\$252,809)	\$3,946,531	\$3,693,722	\$ 8,222,211	\$ 15,232,182	\$ 23,454,393
6. CAPITAL OUTLAY	\$ -	\$ 14,169	\$ 14,169	\$83,923	(\$14,169)	\$69,754	\$ 83,923	\$ -	\$ 83,923
7. OTHER OUTGO	\$ 435,000	\$ 1,505,864	\$ 1,940,864	\$0	\$0	\$0	\$ 435,000	\$ 1,505,864	\$ 1,940,864
8. INDIRECT COSTS	\$ (246,436)	\$ 120,474	\$ (125,962)	(\$18,131)	\$18,131	\$0	\$ (264,567)	\$ 138,605	\$ (125,962)
TOTAL	\$ 112,438,140	\$ 70,960,177	\$ 183,398,317	\$2,355,451	\$12,941,958	\$15,297,409	\$ 114,793,591	\$ 83,902,135	\$ 198,695,726
C. DEFICIENCY OF REV TO EXP	\$33,496,025	(\$19,615,538)	\$13,880,487	(\$612,610)	(\$8,610,235)	(\$9,222,845)	\$32,883,415	(\$28,225,773)	\$4,657,642
D. INTERFUND TRANSFERS									
1. TRANSFERS IN	\$ 13,662	\$ -	\$13,662	\$0	\$0	\$0	\$13,662		\$13,662
2. TRANSFERS OUT	\$ -	\$ -	\$0	\$0	\$0	\$0			\$0
TOTAL	\$13,662	\$0	\$13,662	\$0	\$0	\$0	\$13,662	\$0	\$13,662
OTHER SOURCES/USES									
3. SOURCES	\$ -	\$ -	\$0	\$0	\$0	\$0			\$0
4. USES	\$ -	\$ -	\$0	\$0	\$0	\$0			\$0
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CONTRIBUTION TO RESTR. PROG.	(\$32,125,448)	\$ 32,125,448	\$0	(\$1,721,212)	\$1,721,212	\$0	(\$33,846,660)	\$33,846,660	\$0
E. NET CHANGE IN FUND BALANCE	\$ 1,384,239	\$ 12,509,910	\$13,894,149	(\$2,333,822)	(\$6,889,023)	(\$9,222,845)	(\$949,583)	\$5,620,887	\$4,671,304
F. BEGINNING BALANCE	\$ 5,992,925	\$ 4,880,041	\$10,872,966	\$1,505,129	\$6,353,983	\$7,859,112	\$7,498,054	\$11,234,024	\$18,732,078
AUDIT ADJUSTMENTS			\$0	\$0	\$0	\$0			\$0
G. ESTIMATED ENDING BALANCE	\$7,377,164	\$17,389,951	\$24,767,115	(\$828,693)	(\$535,040)	(\$1,363,733)	\$6,548,471	\$16,854,911	\$23,403,382
COMPONENTS OF ENDING BAL:									
1. REVOLVING CASH	\$50,000		\$50,000	\$0	\$0	\$0	\$50,000		\$50,000
2. STORES/WAREHOUSE	\$200,000		\$200,000	\$0	\$0	\$0	\$200,000		\$200,000
3. RESERVE FOR ECONOMIC UNCERTAINTY	\$ 5,501,955		\$5,501,955	\$458,927	\$0	\$458,927	\$5,960,882		\$5,960,882
4. OTHER DESIGNATIONS	\$0	\$ 17,389,951	\$17,389,951	\$0	(\$535,040)	(\$535,040)	\$0	\$16,854,911	\$16,854,911
5. UNDESIGNATED BALANCE	\$1,625,209	\$ -	\$1,625,209	(\$1,287,620)	\$0	(\$1,287,620)	\$337,589	\$0	\$337,589