

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Report to the Board of Education

2022-2023 Second Period Interim Financial Report

The 2022-23 Second Interim Report has been prepared based on the Governor's January Budget Proposal. The report is a snapshot in time of the District's revenue and expenditure forecasts for the current year as well as a projection for the subsequent two years.

Changes since First Interim

As of January 31, 2023 the ending fund balance decreased by a total of \$5,101,480; \$4,923,137 from the restricted ending balance and \$178,343 from the unrestricted balance.

Revenue

The Local Control Funding Formula was recalculated with our Period 1 attendance, which resulted in an increase of \$86,407.

Expenditures

The largest expenditure change was the ratification of a 3% ongoing competitive compensation adjustment retroactive to July 1, 2022 as well as a 6% ongoing increase beginning on March 1, 2023. These increases were paid from one-time funds in the 2022/23 fiscal year.

Expenses increased by \$290,906 for additional Special Education non-public schools.

Our indirect costs charged to restricted funds increased by \$26,156.

Assumptions used for the Second Interim

2022-23 2nd Interim Assumptions

- Revenue based on FCMAT LCFF calculator
- Funded Cost of Living Adjustment (COLA) = 6.56%
- Additional increase to LCFF Base = 6.70%
- CALPADS enrollment was 12,947
- Using three year average of Average Daily Attendance (ADA) = 12,962
- 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) = 8.13%
- Using three year average of Average Daily Attendance (ADA) = 12,642
- 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 = 27.00%
- Removed all one-time revenues and prior year carry over

2024-25

- Revenue based on FCMAT LCFF calculator
- School Services estimated Cost of Living Adjustment (COLA) = 3.54%
- Using three year average of Average Daily Attendance (ADA) = 12,355
- 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 = 28.10%

State Budget

Governor Newsom's revenue forecast assumes slower economic growth, but not a recession at this time. Persistent inflation, rising interest rates, supply chain issues, and a struggling stock market are continuing to slow the growth for the State of California as well as nationally.

The Governor's Budget proposal for K-12 education uses \$4.2 billion of available Proposition 98 resources to pay for his estimated 8.13% cost-of-living adjustment (COLA) for the Local Control Funding Formula (LCFF) and an additional \$669 million of available Proposition 98 resources to pay for the projected COLA of 8.13% to select categorical programs.

The LAO highlights that the Governor's education spending proposal relies on \$1.4 billion in one-time funds to support the new ongoing costs of the LCFF, with \$1.2 billion coming from his planned 30% mid-year reduction to the 2022-23 Enacted Budget's Arts, Music, and Instructional Materials Discretionary Block Grant. This creates a budget deficit for education in that the minimum guarantee in 2024-25 would have to increase by at least \$1.4 billion to backfill the loss of one-time funding. Even if the minimum guarantee were to increase, the deficit would reduce funding available for the COLA or other education spending priorities.

Summary

As of the Second Interim, the District's projected ending fund balance for the 2022-23 fiscal year is \$18,301,902.

Of this amount, \$11,931,774 is restricted one-time funding allocated for future programs:

Educator Effectiveness	\$ 1,452,445
Arts, Music, and Instructional Material Block Grant	\$ 4,329,409
Learning Recovery Emergency Block Grant	\$ 6,063,175
Expanded Learning Opportunities Grant	\$ 86,745

Of the unrestricted funds, we are designating \$50,000 for the revolving fund, \$150,000 in estimated warehouse inventory, and \$6,122,313 as a 3% reserve for economic uncertainty. This leaves \$47,815 as unappropriated at this time.