



Folsom Cordova Unified School District

2021-2022

1st Interim Budget

December 16, 2021



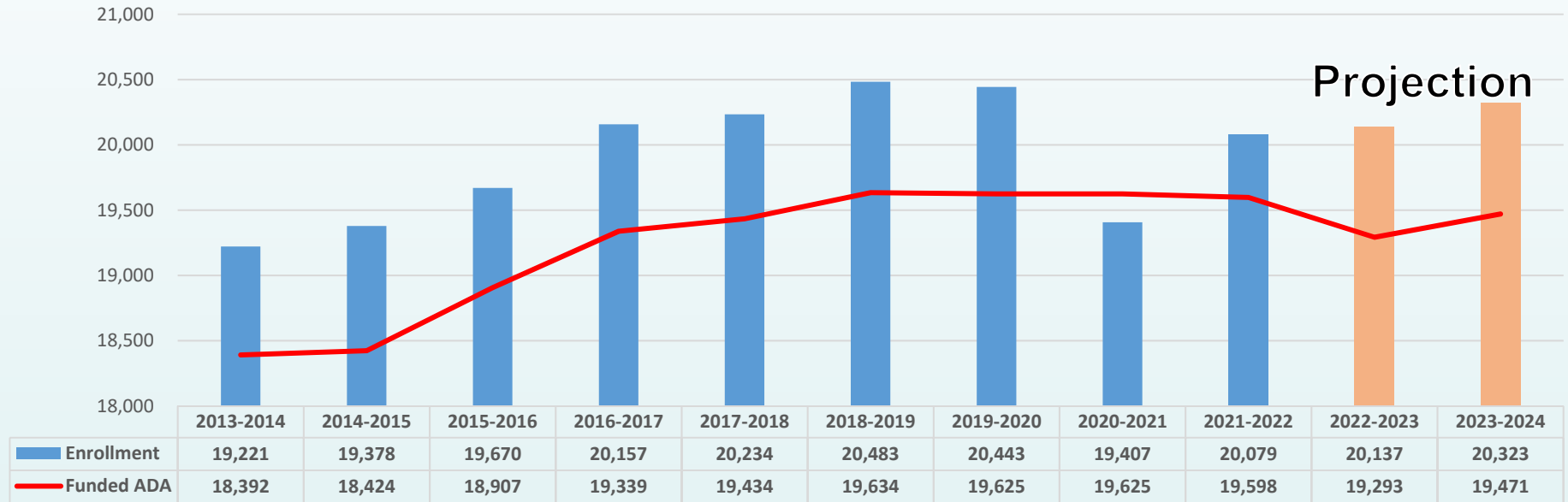
Introduction on First Interim Budget

- This presentation is a user-friendly summary of the budget proposed for adoption at 1st interim.
 - ⊕ All information included is from the official “SACS” documents that will be submitted to Sacramento County Office of Education for review and approval.
- The district bases its budget on assumptions using the best information available at the time of adoption. This revised budget, therefore, should be considered a “financial snapshot” as of October 31, 2021.
- Education Code requires that the Board of Education certify twice per year as to whether the District will be able to meet its financial obligations
 - ⊕ Positive Certification: The District WILL MEET their financial obligations for the current and two (2) subsequent fiscal years, or
 - ⊕ Qualified Certification: The District MAY NOT MEET their financial obligations for the current or two (2) subsequent fiscal years, or
 - ⊕ Negative Certification: The District WILL BE UNABLE TO MEET their financial obligations for the remainder of the current year or subsequent fiscal years based upon current projections (not meeting reserves in current year or negative fund balances in any year)
- Staff is recommending positive certification
- The 1st interim budget reflects the adopted budget from June with updated revenues and expenses, which includes carry-over funds, updated revenue allocations, revised student enrollment/attendance numbers, settled salary negotiations, and staffing changes. When possible, actual expense are used.
- This presentation document is showing activities including revenues and expenses from the general fund (01), unless noted otherwise.



FCUSD Enrollment*/ Attendance History

Enrollment vs Funded ADA



* Enrollment excludes Charter, County Office of Education (COE), Adult Education, and Preschool Programs

Narrative – The district receives over 75% of ongoing revenues from the Local Control Funding Formula (LCFF) which is based upon Average Daily Attendance (ADA). Enrollment is the total number of students enrolled in district schools at Census Day (October); ADA is the Average Daily Attendance of enrolled students. This graph shows the historical enrollment and funded ADA with projections for 2022-2023 and 2023-2024.

In 2020-2021 due to COVID, enrollment dropped by over one-thousand students. Enrollment rebounded in 2021-2022 by 672 students and enrollment is projected to be relatively flat (Increase of 58) for 2022-2023, and some growth (Increase of 186) in 2023-2024.

The district is funded on the greater of current or prior year ADA. For 2021-2022, due to COVID, a hold harmless for ADA is in place and the 2019-2020 ADA will be used instead. In 2022-2023 and 2023-2024, the funded ADA is projected based upon historical 5-year average (pre-COVID) of the ADA-to-Enrollment percentage of 95.8%



Quick Calculation of Local Control Funding Formula (LCFF)

a	b	c	d	e	f	g	h
Grade Span	Total Funded ADA (Includes COE)	Base Funding per ADA	TK-3 GSA Add-on	9-12 CTE Add-on	Supplemental Add-On	Funding Per ADA	ADA Funding
			=c* 10.4%	=c* 2.6%	= (c + d + e) * 20% * 35.62%	= c + d + e + f	= b * g
TK - 3	5,865.67	\$ 8,093	\$ 842		\$ 637	\$ 9,572	\$ 56,143,432
4 - 6	4,408.98	\$ 8,215			\$ 585	\$ 8,800	\$ 38,800,067
7 - 8	3,082.75	\$ 8,458			\$ 603	\$ 9,061	\$ 27,931,405
9 - 12	6,337.69	\$ 9,802		\$ 255	\$ 716	\$ 10,773	\$ 68,278,854
Total	19,695.09						\$ 191,153,758

1st Step – Determine the Total District ADA – Under LCFF, base funding is segregated into grade spans and includes students that reside in the district but attend Non-Public School (NPS) programs and County Office of Education (COE) programs. Funding received for COE programs is transferred back to the COE.

2nd Step – Calculate the ADA Funding – The district ADA is now multiplied by the Base Grant with add-ons for Grade Span Adjustment (GSA), 9-12 CTE, and the Supplemental Grant. The Supplemental Grant is a 20% add-on to the Base Grant multiplied by the percentage of the district population that are eligible for Free/Reduced Meals, are English Language Learners, or are Foster Youth (this figure is known as the Unduplicated Pupil Percentage (UPP)). FCUSD’s 3-year average for UPP is 35.62%

3rd Step – Determine the Total Funding – There are two additional add-ons to the ADA funding that account for the total targeted funding amount - Transportation and Targeted Instructional Improvement Block Grant (TIIG). The sum of all three determines the total LCFF Funding amount.

Finally, the district transfers funds to Fund 14 Deferred Maintenance and to the COE an agreed amount for ADA that are in COE programs.

ADA Funding	Add-on Transportation	Add-on TIIG	Total Amount	Deferred Maintenance (Fund 14) Transfer Out	Adjusted LCFF Funding	COE Transfer for ADA
= h			= i + j + k		= m + n	
\$ 191,153,758	\$ 749,374	\$ 976,737	\$ 192,879,869	\$ (650,566)	\$ 192,229,303	\$ 1,056,435



Revenue Change Summary

Unrestricted Account Revenue (Resource 0000-1400)	2021-2022 Adopted Budget	2021-2022 1st Interim	Change	Significant Changes from Adopted Budget to 1st Interim
LCFF Entitlement	192,593,837	192,237,075	(356,762)	Decrease in current year COE and NPS ADA, and lower Unduplicated Pupil Percentage
Federal Income	238,000	238,000	-	
Other State Income	3,895,111	3,911,020	15,909	
Local Income	2,747,154	2,498,812	(248,342)	Revenues for ASB, Facility Use, and transportation fees adjusted due to decrease activity
Total	199,474,102	198,884,907	(589,195)	
Restricted Account Revenue (Resource 3010-9945)	2021-2022 Adopted Budget	2021-2022 1st Interim	Change	Significant Changes from Adopted Budget to 1st Interim
LCFF Entitlement	913,784	913,784	-	
Federal Income	11,487,086	30,548,400	19,061,314	ESSER II & III Funds, Deferred Revenues for Title I, II, III, IV, CSI Grant
Other State Income	30,336,519	33,813,410	3,476,891	Deferred CTE Funding, SPED Dispute Resolution & Learning Recovery, COVID In-Person Grant
Local Income	2,694,526	3,752,940	1,058,414	Measure H, Site ASB Reimbursement Activity, SMUD Rebate for HVAC projects
Total	45,431,915	69,028,534	23,596,619	
Combined Revenue Accounts	2021-2022 Adopted Budget	2021-2022 1st Interim	Change	Narrative - A portion of California school district income is restricted income and, as such, can only be expended for selected purposes as determined by the granting agency--usually higher levels of government. The balance of the district income is called unrestricted, since it can be expended as determined by the local agency for general educational priorities. Due to the LCFF Funding many categorical programs are now unrestricted including transportation. The largest restricted program is Special Education.
LCFF Entitlement	193,507,621	193,150,859	(356,762)	
Federal Income	11,725,086	30,786,400	19,061,314	
Other State Income	34,231,630	37,724,430	3,492,800	
Local Income	5,441,680	6,251,752	810,072	
Total	244,906,017	267,913,441	23,007,424	



Expenditure Change Summary

Unrestricted Account Expense (Resource 0000-1400)	2021-2022 Adopted Budget	2021-2022 1st Interim	Change	Significant Changes from Adopted Budget to 1st Interim
Certificated Salaries	79,538,156	83,337,073	3,798,917	Salary Negotiations for 2020-21 & 2021-22 / Staffing Adjustments
Classified Salaries	22,010,794	24,399,922	2,389,128	Negotiations for 2020-21 & 2021-22 include settlement for 2022-23 / Staffing Adjustments
Employee Benefits	33,711,334	34,582,747	871,413	Benefit cost increase related to salary settlements & adjustments
Books & Supplies	5,524,015	6,389,854	865,839	Instructional Materials Fund, Site Donation Accounts, Department Accounts
Contract Services	12,475,106	12,953,700	478,594	Instructional Materials Fund, Site Donation Accounts, Department Accounts
Capital Outlay	2,240,145	2,617,815	377,670	Supplemental Account, CTE Program, Technology for Departments, Copiers
Other Expenses/Transfer Out	(1,626,714)	(2,612,386)	(985,672)	Indirect Charge Rate of 5.01% offset for increase in restricted activities
Total	153,872,836	161,668,725	7,795,889	
Restricted Account Expense (Resource 3010-9945)	2021-2022 Adopted Budget	2021-2022 1st Interim	Change	Significant Changes from Adopted Budget to 1st Interim
Certificated Salaries	24,064,317	27,062,949	2,998,632	Salary Negotiations for 2020-21 & 2021-22 / Staffing Adjustments
Classified Salaries	15,516,754	18,417,883	2,901,129	Negotiations for 2020-21 & 2021-22 include settlement for 2022-23 / Staffing Adjustments
Employee Benefits	25,267,369	25,789,495	522,126	Benefit cost increase related to salary settlements & adjustments
Books & Supplies	4,128,840	11,658,452	7,529,612	Deferred revenue Title I, II, III, IV, CSI, ESSER II & III activities, Lottery IMF, CTE, SPED Learning Recovery, ELO Grant, In-Person Instruction, Measure H,
Contract Services	10,042,761	19,759,167	9,716,406	Title I, CSI, ESSER II & III, SPED Programs -Learning Recovery, Dispute Resolution & Mental Health, In-Person Instruction, Routine Maintenance, Measure H, Site ASB
Capital Outlay	130,800	6,686,862	6,556,062	ESSER II & III, In-Person Instruction, Maintenance
Other Expenses/Transfer Out	3,075,876	4,145,440	1,069,564	Indirect Charge Rate of 5.01% for additional expenses
Total	82,226,717	113,520,248	31,293,532	
Combined Revenue Accounts	2021-2022 Adopted Budget	2021-2022 1st Interim	Change	<p>Narrative – For most school districts in the state, the largest portion of expenses is for staffing. Salaries and benefits of staff often account for 80 to 90 percent of the district’s budget. The majority of these expenses is paid from unrestricted funds, but some salaries are paid from restricted accounts, depending upon the program and duties of the employee. Special Education is usually the largest restricted program. Often, the expenses for these programs are greater than the governmental funding, and they must be supported by a contribution from the district’s unrestricted funds.</p>
Certificated Salaries	103,602,473	110,400,022	6,797,549	
Classified Salaries	37,527,548	42,817,805	5,290,257	
Employee Benefits	58,978,703	60,372,242	1,393,539	
Books & Supplies	9,652,855	18,048,306	8,395,451	
Contract Services	22,517,867	32,712,867	10,195,000	
Capital Outlay	2,370,945	9,304,677	6,933,732	
Other Expenses/Transfer Out	1,449,162	1,533,054	83,892	
Total	236,099,553	275,188,973	39,089,420	



Budget Summary

	2021-2022 Adopted Budget			2021-2022 1st Interim Budget			Difference 1st Interim vs Adopted		
	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>
Total Revenue	199,474,102	45,431,915	244,906,017	198,884,907	69,028,534	267,913,441	(589,195)	23,596,619	23,007,424
Total Expenditures	153,872,836	82,226,717	236,099,553	161,668,725	113,520,248	275,188,973	7,795,889	31,293,532	39,089,420
Excess/(Deficiency)	45,601,266	(36,794,802)	8,806,464	37,216,182	(44,491,714)	(7,275,532)	(8,385,084)	(7,696,912)	(16,081,996)
Other Financing Sources	(37,568,116)	36,546,251	(1,021,865)	(38,888,859)	37,829,754	(1,059,105)	(1,320,743)	1,283,503	(37,240)
Net Inc/Dec to Fund Bal	8,033,150	(248,551)	7,784,599	(1,672,677)	(6,661,960)	(8,334,637)	(9,705,827)	(6,413,409)	(16,119,236)
Beginning Balance	45,386,579	11,433,739	56,820,318	45,386,579	11,433,739	56,820,318			
Ending Balance	53,419,729	11,185,188	64,604,917	43,713,902	4,771,779	48,485,681			

Narrative – After all updates for first interim, the District is anticipating an unrestricted deficit of \$1.67M in 2021-2022. This is a net decrease of \$9.7M over the June adopted budget, and is primarily driven by the recognition of the salary negotiations with all bargaining groups for 2020-2021 and 2021-2022 that was approved by the Board on 6/17/2021 which was not included in the adopted budget. Additionally, the cost for the 2022-2023 negotiations settlement with the CSEA bargaining group which was approved by the Board on 10/07/2021 is included at 1st interim.

It should be noted that the district has many unfilled positions and currently the budget includes cost related to hiring these positions for the remainder of the 2021-2022 year, and therefore additional savings to salaries and benefits will most likely occur which will lower the deficit when updated at 2nd interim, and closing of the accounts.



Components of the Ending Fund Balance

Narrative – The “Ending Fund Balance” is made up of the resources that are required or remain after expenditures are deducted from the total budget amount.

Folsom Cordova Unified School District is required to have a minimum reserve of 3% of budgeted expenses for economic uncertainty based upon the District’s enrollment size.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external agencies (i.e. State & Federal programs).

Committed fund balance includes funds that may be used for specific purposes stipulated by formal action of the Board.

Assigned fund balance comprises amounts intended to be used for district defined purposes but no formal action has been taken.

Distribution of Ending Fund Balance and Reserves	
1st Interim Budget 2021-2022	
Revolving Cash	\$ 75,000
Restricted Accounts	\$ 4,771,779
<i>RESOURCE 5640: Medi-Cal Billing Option</i>	\$ 1,657,530
<i>RESOURCE 6300: Lottery: Instructional Materials</i>	\$ 2,363,543
<i>RESOURCE 6546: Special Education Mental Health Services</i>	\$ 5,495
<i>RESOURCE 7311: Classified School Employee PD Grant</i>	\$ 124,310
<i>RESOURCE 7388: COVID-19 LEA Response Funds</i>	\$ 313,744
<i>RESOURCE 8150: Routine Repair & Maintenance</i>	\$ 272,839
<i>RESOURCE 9010: Other Restricted Local</i>	\$ 34,318
Committed	\$ 5,823,610
<i>Cash with Fiscal Agent - Trust Account PERS/STRS</i>	\$ 5,823,610
Assigned	\$ 29,515,293
<i>RESOURCE 0042: Common Core State Standards - Tech/PD</i>	\$ 3,354,417
<i>RESOURCE 0300: Donations/Fundraisers</i>	\$ 2,134
<i>RESOURCE 0485: Medi-Cal Billing Admin</i>	\$ 945,079
<i>RESOURCE 0489: Project Lead The Way</i>	\$ 2,919
<i>RESOURCE 0711: Supplemental Funding (EL/LI)</i>	\$ 6,487,847
<i>RESOURCE 0712: Career and Technical Education</i>	\$ 9,304
<i>RESOURCE 0820/0850: Retiree Benefits District Contributions</i>	\$ 80,050
<i>Liability - Compensated Absences for 12 Month Employees</i>	\$ 1,544,996
<i>Set-aside for Chromebooks</i>	\$ 1,000,000
<i>Set-aside for 2022-2023</i>	\$ 16,088,547
Reserve for Economic Uncertainty	\$ 8,300,000
% of Expense	3.00%
Undesignated Fund Balance	\$ 0
Total Distribution of Ending Fund Balance	\$ 48,485,681



MULTI-YEAR PROJECTION (MYP)



Summary of MYP Revenues

REVENUE PROJECTIONS					
	1st Interim 2021 - 2022	Projection 2022 - 2023	Change 21-22 vs 22-23	Projection 2023 - 2024	Change 22-23 vs 23-24
Total LCFF/Taxes	193,150,859	195,071,782	1,920,923	202,749,255	7,677,473
Federal Revenues	30,786,400	16,913,219	(13,873,181)	10,508,470	(6,404,749)
Other State Revenues	37,724,430	34,207,351	(3,517,079)	34,207,351	-
Other Local/Financing Rev	6,379,887	6,379,887	-	6,379,887	-
Total Revenues	\$ 268,041,576	\$ 252,572,239	\$ (15,469,337)	\$ 253,844,963	\$ 1,272,724
COLA %	5.07%	2.48%	(2.59%)	3.11%	0.63%
Unduplicated %	35.62%	34.99%	(0.63%)	34.96%	(0.03%)
Enrollment	20,079	20,137	58	20,323	186
Funded ADA	19,695.09	19,389.71	(305.38)	19,567.53	177.82

Narrative – LCFF funding for 2022-2023 is projecting a loss of 305 ADA due to the elimination of the hold-harmless provision this loss in ADA is offset by a projected COLA of 2.48%. In 2023-2024 LCFF revenues are anticipated to increase by \$7.67M due to a projected increase in ADA of 177 and COLA of 3.11%.

Federal and Other State revenues decrease in 2022-2023 due to COVID related funds and other one-time activities being removed. 2023-2024 Federal Revenues are adjusted for the remaining COVID funding being spent in 2022-2023.

Other Local revenues are projected to be flat with no changes built into the MYP.



Summary of MYP Expenses

EXPENSE PROJECTIONS					
	1st Interim 2021 - 2022	Projection 2022 - 2023	Change 21-22 vs 22-23	Projection 2023 - 2024	Change 22-23 vs 23-24
Certificated Salaries	110,400,022	110,895,869	495,847	111,922,964	1,027,095
Classified Salaries	42,817,805	46,194,100	3,376,295	45,794,209	(399,891)
Employee Benefits	60,372,242	66,117,671	5,745,429	66,544,409	426,738
<i>Subtotal Personnel Costs</i>	213,590,069	223,207,640	9,617,571	224,261,582	1,053,942
<i>Books & Supplies</i>	18,048,306	10,217,189	(7,831,117)	10,217,189	-
<i>Services & Other Operating</i>	32,712,867	26,708,175	(6,004,692)	26,708,175	-
<i>Capital Outlay</i>	9,304,677	728,864	(8,575,813)	728,864	-
<i>Other Outgo/Support (7xxx)</i>	2,720,294	2,683,054	(2,720,294)	2,683,054	-
Total Expenses	\$ 276,376,213	\$ 263,544,922	\$ (12,831,291)	\$ 264,598,864	\$ 1,053,942
<i>PERS Rate</i>	22.91%	26.10%	3.19%	27.10%	1.00%
<i>STRS Rate</i>	16.92%	19.10%	2.18%	19.10%	0.00%

Narrative – The largest expense is for personnel costs; projections include filling of all open positions, ongoing increases for step & column and employer pension payments. When adjusted for one-time activities, salaries and benefits account for over 84% of expenditures in the general fund.

In 2022-2023 one-time COVID related staffing costs (extra duty/pay, subs, etc.) were removed, but COVID funded positions were continued. In 2023-2024, it is budgeted that the remaining COVID funded positions would be eliminated except for the Innovations Academy, whose costs will be moved to the unrestricted general fund, as this is an ongoing program.

All other expense categories are adjusted for one-time activities including COVID related expenses in 2022-2023, and held constant into 2023-2024.



Multi-Year Projection Summary

	2021-2022	2022-2023	2023-2024
Revenues & Other Financing Sources	268,041,576	252,572,239	253,844,963
Expenditures & Other Financing Uses	276,376,213	263,544,922	264,598,864
Net Increase (Decrease) to Fund Balance	(8,334,637)	(10,972,683)	(10,753,901)
Beginning Fund Balance	56,820,318	48,485,681	37,512,998
Ending Fund Balance	48,485,681	37,512,998	26,759,097
Required Economic Reserve of 3%	8,291,286	7,906,348	7,937,966
Projected Unrestricted General Fund Balance as a Percentage of Total General Fund Expenditures, Transfers, and Other Uses	17.54%	14.23%	10.11%

	2021-2022		2022-2023		2023-2024	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Revenues & Other Financing Sources	160,746,048	107,295,528	158,617,457	93,954,782	165,148,182	88,696,781
Expenditures & Other Financing Uses	162,418,725	113,957,488	168,869,711	94,675,211	175,481,654	89,117,210
Net Increase (Decrease) to Fund Balance	(1,672,677)	(6,661,960)	(10,252,254)	(720,429)	(10,333,472)	(420,429)
Beginning Fund Balance	45,386,579	11,433,739	43,713,902	4,771,779	33,461,648	4,051,350
Ending Fund Balance	43,713,902	4,771,779	33,461,648	4,051,350	23,128,176	3,630,921

Narrative – At 1st interim the projected unrestricted deficit increases in 2022-2023 to approximately \$10 million. However, the Legislative Analyst's Office recently released their projections for the state budget and there is a high likelihood of increased funding for 2022-2023 including a higher COLA.



In Closing...Next Steps

- The district has a **Positive Certification** at 1st Interim for 2021-2022, meaning it can meet the 3% economic reserve in the current and subsequent two years.
- However, due to COVID enrollment loss and rising personnel costs it is projected that the district will have a significant structural deficit by 2022-2023.
- The district must continue to take action to adjust the budget to mitigate the deficit by prioritizing goals and programs using the LCAP process.
- The district Budget Advisory Committee will start meetings in January to find financial solutions to present to the LCAP Committee and the Board to help mitigate the increasing deficit.
- District staff will continue to monitor enrollment, staffing, reserve levels, and cash flow to ensure the financial well-being of the district.
- The Governor's January Budget Proposal will provide an updated financial picture for 2022-2023. Early information points to a better outlook for the state budget and schools from the projections included in the MYP. How these additional dollars show up in the final budget, and consequently how they affect the district remains to be seen.



Next Steps Timeline

January 2022	<ul style="list-style-type: none">• Governor's Proposed 2022-2023 Budget
January – April	<ul style="list-style-type: none">• Budget Advisory Committee Meetings – 1/25, 2/23, 3/30, 4/20• LCAP Stakeholder Forums
March 2021	<ul style="list-style-type: none">• Second Interim Budget
May 2021	<ul style="list-style-type: none">• Governor's May Revise• LCAP Draft
June 2021	<ul style="list-style-type: none">• Adopt 2022-2023 Budget• Adopt 2022-2023 LCAP

