



Folsom Cordova Unified School District

2021-2022

2nd Interim Budget

March 10, 2022



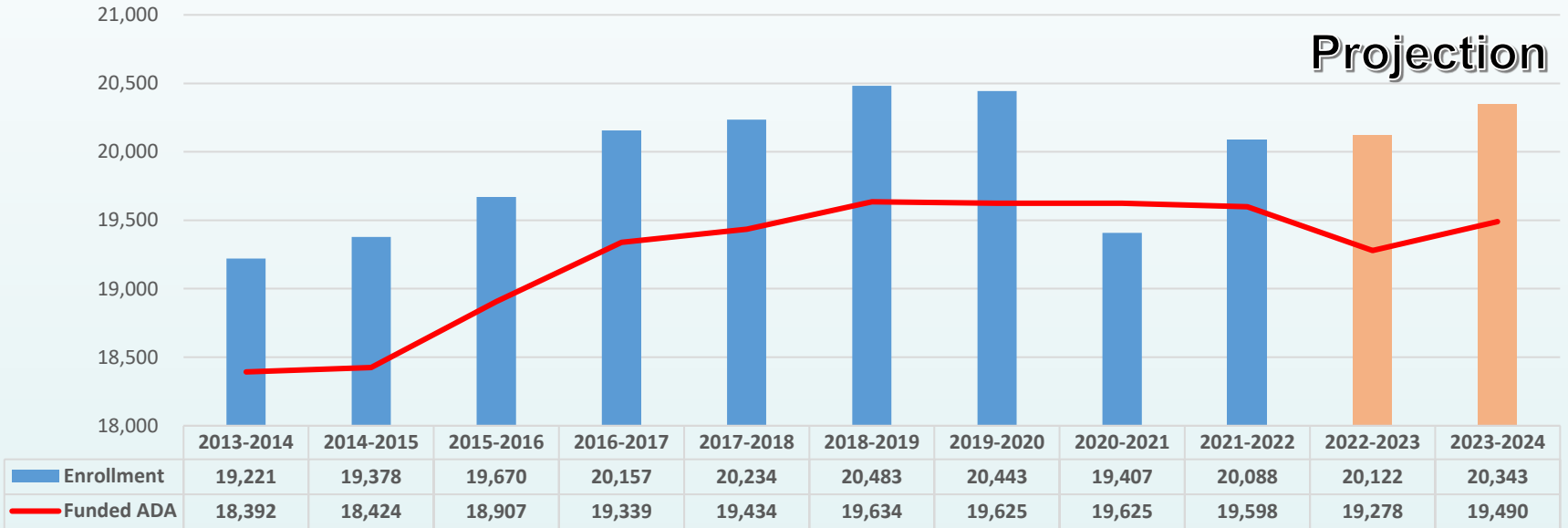
Introduction on Second Interim Budget

- This presentation is a user-friendly summary of the budget proposed for adoption at 2nd 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 January 31, 2022.
- 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 2nd interim budget reflects the 1st interim budget from December 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 72% of 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 681 students and enrollment is projected to be relatively flat (Increase of 34) for 2022-2023, and some growth (Increase of 221) 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% * 35.64%	= c + d + e + f	= b * g
TK - 3	5,861.09	\$ 8,093	\$ 842		\$ 637	\$ 9,572	\$ 56,101,690
4 - 6	4,402.06	\$ 8,215			\$ 586	\$ 8,801	\$ 38,740,643
7 - 8	3,110.92	\$ 8,458			\$ 603	\$ 9,061	\$ 28,187,692
9 - 12	6,320.21	\$ 9,802		\$ 255	\$ 717	\$ 10,774	\$ 68,093,023
Total	19,694.28						\$ 191,123,048

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 35.64%

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.

i	j	k	l	m	n	o
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	Objt 7142
\$ 191,123,048	\$ 976,737	\$ 749,374	\$ 192,849,159	\$ (650,566)	\$ 192,198,593	\$ (1,091,227)



Revenue Change Summary

Unrestricted Account Revenue (Resource 0000-1400)	2021-2022 1st Interim	2021-2022 2nd Interim	Change	Significant Changes from Adopted Budget to 1st Interim
LCFF Entitlement	192,237,075	192,206,365	(30,710)	Adjustment in current year COE and NPS ADA
Federal Income	238,000	-	(238,000)	Medi-Cal Billing recognized under local revenues (8699)
Other State Income	3,911,020	4,177,482	266,462	Updated Lottery projection
Local Income	2,498,812	2,658,052	159,240	Increase for Medi-Cal Billing offset by decrease in Facility Use fees and other misc. revenues
Total	198,884,907	199,041,899	156,992	

Restricted Account Revenue (Resource 2000-9945)	2021-2022 1st Interim	2021-2022 2nd Interim	Change	Significant Changes from Adopted Budget to 1st Interim
LCFF Entitlement	913,784	913,784	-	
Federal Income	30,548,400	36,374,125	5,825,725	ESSER II & III funds updated to recognize anticipated expenses
Other State Income	33,813,410	40,278,407	6,464,997	Recognition of ELO-P & Educator Effectiveness funding, Updated Lottery and CTE projection
Local Income	3,752,940	3,556,043	(196,897)	Site ASB reimbursement activity
Total	69,028,534	81,122,359	12,093,825	

Combined Revenue Accounts	2021-2022 1st Interim	2021-2022 2nd Interim	Change
LCFF Entitlement	193,150,859	193,120,149	(30,710)
Federal Income	30,786,400	36,374,125	5,587,725
Other State Income	37,724,430	44,455,889	6,731,459
Local Income	6,251,752	6,214,095	(37,657)
Total	267,913,441	280,164,258	12,250,817

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.



Expenditure Change Summary

Unrestricted Account Expense (Resource 0000-1400)	2021-2022 1st Interim	2021-2022 2nd Interim	Change	Significant Changes from Adopted Budget to 1st Interim
Certificated Salaries	83,337,073	83,483,571	146,498	Staffing adjustments including substitute staffing and extra duty cost estimates
Classified Salaries	24,399,922	24,571,362	171,440	Staffing adjustments including substitute staffing, extra-duty, and overtime cost estimates
Employee Benefits	34,582,747	34,512,033	(70,714)	Benefit cost adjustments based on salary adjustments including open positions
Books & Supplies	6,389,854	6,287,191	(102,663)	Adjustment for Site Donation Accounts and Department Accounts
Contract Services	12,953,700	13,743,332	789,632	Adjustment for Site Donation Accounts to balance revenues and carryover
Capital Outlay	2,617,815	2,652,125	34,310	Misc. Adjustments
Other Expenses/Transfer Out	(2,612,386)	(2,871,754)	(259,368)	Increase in Indirect Cost charges related to increase in budgeted restricted expenses
Total	161,668,725	162,377,860	709,135	

Restricted Account Expense (Resource 3010-9945)	2021-2022 1st Interim	2021-2022 2nd Interim	Change	Significant Changes from Adopted Budget to 1st Interim
Certificated Salaries	27,062,949	33,098,958	6,036,009	Certificated COVID pay, Summer School and misc. staffing adjustments
Classified Salaries	18,417,883	19,131,720	713,837	Summer School staffing, misc. staffing adjustments including extra duty and overtime
Employee Benefits	25,789,495	26,947,634	1,158,139	Benefit cost increase related to settlements & adjustments
Books & Supplies	11,658,452	10,463,418	(1,195,034)	Decrease of activities for Title I, ESSER II & III activities, and SPED Learning Recovery
Contract Services	19,759,167	18,658,793	(1,100,374)	Title I Increase in services, ESSER III expenses moved to cover summer school program
Capital Outlay	6,686,862	6,615,510	(71,352)	Misc. Adjustments
Other Expenses/Transfer Out	4,145,440	4,443,858	298,418	Increase in Indirect Cost charges related to increase in budgeted restricted expenses
Total	113,520,248	119,359,891	5,839,643	

Combined Revenue Accounts	2021-2022 1st Interim	2021-2022 2nd Interim	Change
Certificated Salaries	110,400,022	116,582,529	6,182,507
Classified Salaries	42,817,805	43,703,082	885,277
Employee Benefits	60,372,242	61,459,667	1,087,425
Books & Supplies	18,048,306	16,750,609	(1,297,697)
Contract Services	32,712,867	32,402,125	(310,742)
Capital Outlay	9,304,677	9,267,635	(37,042)
Other Expenses/Transfer Out	1,533,054	1,572,104	39,050
Total	275,188,973	281,737,751	6,548,778

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.



Budget Summary

	2021-2022 1st Interim Budget			2021-2022 2nd Interim Budget			Difference 2nd Interim vs 1st Interim		
	<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	198,884,907	69,028,534	267,913,441	199,041,899	81,122,359	280,164,258	156,992	12,093,825	12,250,817
Total Expenditures	161,668,725	113,520,248	275,188,973	162,377,860	119,359,891	281,737,751	709,135	5,839,643	6,548,778
Excess/(Deficiency)	37,216,182	(44,491,714)	(7,275,532)	36,664,039	(38,237,532)	(1,573,493)	(552,143)	6,254,182	5,702,039
Other Financing Sources	(38,888,859)	37,829,754	(1,059,105)	(39,311,763)	37,902,658	(1,409,105)	(422,904)	72,904	(350,000)
Net Inc/Dec to Fund Bal	(1,672,677)	(6,661,960)	(8,334,637)	(2,647,724)	(334,874)	(2,982,598)	(975,047)	6,327,086	5,352,039
Beginning Balance	45,386,579	11,433,739	56,820,318	45,386,579	11,433,739	56,820,318			
Ending Balance	43,713,902	4,771,779	48,485,681	42,738,855	11,098,865	53,837,720			

Narrative – After all updates for second interim, the District is anticipating an unrestricted deficit of \$2.62M in 2021-2022. This is a net increase of \$975K over the first interim budget, and is primarily driven by site donation activities using carryover funds. Overall the district deficit amount for 2021-2022 at 2nd interim is stable and planned.

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 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	
2nd Interim Budget 2021-2022	
Revolving Cash	\$ 75,000
Restricted Accounts	\$ 11,098,865
<i>RESOURCE 2600: Expanded Learning Opportunity Program</i>	\$ 2,529,834
<i>RESOURCE 5640: Medi-Cal Billing Option</i>	\$ 1,657,530
<i>RESOURCE 6266: Educator Effectiveness Funds</i>	\$ 3,680,266
<i>RESOURCE 6300: Lottery: Instructional Materials</i>	\$ 2,611,498
<i>RESOURCE 6546: Special Education Mental Health Services</i>	\$ 5,495
<i>RESOURCE 7311: Classified School Employee PD Grant</i>	\$ 120,300
<i>RESOURCE 7388: COVID-19 LEA Response Funds</i>	\$ 313,744
<i>RESOURCE 8150: Routine Repair & Maintenance</i>	\$ 48,994
<i>RESOURCE 9010: Other Restricted Local</i>	\$ 131,204
Committed	\$ 5,823,610
<i>Cash with Fiscal Agent - Trust Account PERS/STRS</i>	\$ 5,823,610
Assigned	\$ 28,340,245
<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>	\$ 595,969
<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 Professional Development 2022-23 & 2023-24</i>	\$ 3,800,000
<i>Set-aside for Transportation Buses</i>	\$ 1,000,000
<i>Set-aside for Site Safety Needs</i>	\$ 1,000,000
<i>Set-aside for 2022-2023</i>	\$ 8,526,835
Reserve for Economic Uncertainty	\$ 8,500,000
% of Expense	3.00%
Undesignated Fund Balance	\$ 0
Total Distribution of Ending Fund Balance	\$ 53,837,720



MULTI-YEAR PROJECTION (MYP)



Governor's Proposal for the 2022-2023 Budget

From School Services of California

- Projected Cost of Living Adjustment (COLA) increased from 2.48% to 5.33%
 - ⊕ Approximate increase in funding of \$5M on going which was included in 2nd interim MYP
- After Governor's proposal the LAO projected a COLA for 2022-2023 of 6.17% - A potential additional on going allocation \$1.6M (*Not included in MYP*)
- Special Education funding would receive COLA and an additional \$500M on-going increase
 - ⊕ Approximately a \$1.9M increase in SPED Funding which was included in MYP
- Proposal to change ADA calculation for funding based on the greater of:
 - ⊕ Current-Year ADA, Prior-Year ADA, or Computed average ADA using the prior three years' ADA
 - ⊕ MYP is using Current Year ADA for 2022-2023 and 2023-2024
 - Three year average for 2022-2023 would be an additional 18 ADA over MYP projection of current year ADA - \$185k in additional funding
 - Three year average for 2023-2024 would be an additional 10 ADA over MYP projection of current year ADA- \$106k in additional funding



Summary of MYP Revenues

REVENUE PROJECTIONS					
	2nd Interim 2021 - 2022	Projection 2022 - 2023	Change 21-22 vs 22-23	Projection 2023 - 2024	Change 22-23 vs 23-24
<i>Total LCFF/Taxes</i>	193,120,149	200,092,499	6,972,350	209,358,570	9,266,071
<i>Federal Revenues</i>	36,374,125	16,693,896	(19,680,229)	10,289,147	(6,404,749)
<i>Other State Revenues</i>	44,455,889	36,692,960	(7,762,929)	36,692,960	-
<i>Other Local/Financing Rev</i>	6,342,230	6,892,230	550,000	6,892,230	-
Total Revenues	\$ 280,292,393	\$ 260,371,585	\$ (19,920,808)	\$ 263,232,907	\$ 2,861,322
<i>COLA %</i>	5.07%	5.33%	0.26%	3.61%	-1.72%
<i>Funded Unduplicated %</i>	35.64%	35.03%	-0.61%	35.02%	-0.01%
<i>Enrollment</i>	20,088	20,122	34	20,343	221
<i>Funded ADA</i>	19,694.28	19,396.90	-297.38	19,609.33	212.43

Narrative – LCFF funding for 2022-2023 is projecting a loss of 297 ADA due to the elimination of the hold-harmless provision this loss in ADA is offset by a projected COLA of 5.33%. In 2023-2024 LCFF revenues are anticipated to increase by \$9.27M due to a projected increase in ADA of 212 and COLA of 3.61%.

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					
	2nd Interim 2021 - 2022	Projection 2022 - 2023	Change 21-22 vs 22-23	Projection 2023 - 2024	Change 22-23 vs 23-24
Certificated Salaries	116,582,529	112,314,259	(4,268,270)	113,372,558	1,058,299
Classified Salaries	43,703,082	46,200,000	2,496,918	45,800,179	(399,821)
Employee Benefits	61,459,667	66,057,021	4,597,354	66,490,867	433,846
<i>Subtotal Personnel Costs</i>	221,745,278	224,571,280	2,826,002	225,663,604	1,092,324
<i>Books & Supplies</i>	16,750,609	10,217,253	(6,533,356)	10,217,253	0
<i>Services & Other Operating</i>	32,402,125	25,880,433	(6,521,692)	24,530,433	(1,350,000)
<i>Capital Outlay</i>	9,267,635	691,822	(8,575,813)	691,822	0
<i>Other Outgo/Support (7xxx)</i>	3,109,344	2,722,104	(387,240)	2,722,104	0
Total Expenses	\$ 283,274,991	\$ 264,082,892	\$ (19,192,099)	\$ 263,825,216	\$ (257,676)
<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	280,292,393	260,371,585	263,232,907
Expenditures & Other Financing Uses	283,274,991	264,082,891	263,825,217
Net Increase (Decrease) to Fund Balance	(2,982,598)	(3,711,306)	(592,310)
Beginning Fund Balance	56,820,318	53,837,720	50,126,414
Ending Fund Balance	53,837,720	50,126,414	49,534,104
Required Economic Reserve of 3%	8,498,250	7,922,487	7,914,757
Projected Unrestricted General Fund Balance as a Percentage of Total General Fund Expenditures, Transfers, and Other Uses	19.01%	18.98%	18.78%

	2021-2022		2022-2023		2023-2024	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Revenues & Other Financing Sources	160,830,136	119,462,257	166,125,102	94,246,483	174,217,036	89,015,871
Expenditures & Other Financing Uses	163,477,860	119,797,131	169,516,965	94,565,926	174,789,903	89,035,314
Net Increase (Decrease) to Fund Balance	(2,647,724)	(334,874)	(3,391,863)	(319,443)	(572,867)	(19,443)
Beginning Fund Balance	45,386,579	11,433,739	42,738,855	11,098,865	39,346,992	10,779,422
Ending Fund Balance	42,738,855	11,098,865	39,346,992	10,779,422	38,774,125	10,759,979

Narrative – At 2nd interim the projected unrestricted deficit increases in 2022-2023 to approximately \$3 million and 2023-2024 projects an unrestricted deficit of \$572k. Conservative assumptions were used when creating this MYP so there is a likelihood that the deficit will be lower once all known factors such as ADA, the state budget, and final staffing are recognized.



In Closing...Next Steps

- The district has a **Positive Certification** at 2nd Interim for 2021-2022, meaning it can meet the 3% economic reserve in the current and subsequent two years.
- The budget outlook for 2022-2023 and 2023-2024 looks promising with the projected increase in COLA and additional funding for special education.
- District staff will continue to monitor enrollment, staffing, reserve levels, and cash flow to ensure the financial well-being of the district.
- The next major update will be with the Governor's May revise and all indicators show a positive outlook with additional State revenues that will be directed toward education goals.



Next Steps Timeline for 2022-2023 Budget

March – April 2022	Budget Advisory Committee Meetings – 3/30, 4/20
March 2022	<ul style="list-style-type: none">• Second Interim Budget
May 2022	<ul style="list-style-type: none">• Governor’s May Revise• LCAP Draft
June 2022	<ul style="list-style-type: none">• Adopt 2022-2023 Budget• Adopt 2022-2023 LCAP

