



Action Item

TO: Board of Trustees and Superintendent of Schools

PRESENTED BY: Ted P. Lawrence, Assistant Superintendent Business Services

BOARD AGENDA ITEM: Consideration of Approval of the Adopted Budget, Fiscal Year 2022-23

BOARD MEETING DATE: June 22, 2022

BACKGROUND:

Pursuant to the Education Code, the governing board of a school district must approve an annual Adopted Budget prior to July 1 each fiscal year. Prior to adoption, the board must hold at least one public hearing to provide the public the opportunity to comment on the proposed Adopted Budget. On June 8, 2022, the Board of Trustees conducted public hearings to receive input on the proposed 2022-23 Adopted Budget. The meeting agenda for June 22, 2022 includes Board consideration of approval of the 2022-23 Adopted Budget.

At the time of preparation of the proposed 2022-23 Adopted Budget, the State had not adopted a 2022-23 budget. Therefore, some of the State income assumptions contained in the District's proposed budget may change. Any unanticipated changes to the State budget, as well as final 2021-22 ending balance figures will be included in the 2022-23 First Interim Revision and Financial Report to be presented to the Board of Trustees in December 2022.

ADMINISTRATIVE DISCUSSION:

The proposed 2022-23 budget has been prepared and a summary of the proposed revenues, expenditures, transfers, and fund balances are attached.

FISCAL IMPACT:

The proposed 2022-23 Adopted Budget projected ending fund balance is \$22,826,194.

RECOMMENDATION:

It is the recommendation of District Administration that the Board of Trustees approve the 2022-23 Revised Adopted Budget Financial Report and authorize the Superintendent or designee to sign the Adopted Budget Certification.

2022-23 Proposed Budget Summary

2022-23 Fiscal Overview

The Governor's May Revise reflects additional spending proposals from the January Governor's Budget. This is due to California's surging tax revenues.

The Local Control Funding Formula (LCFF) COLA for 2022-23 is 6.56% and the additional LCFF investment of \$322 per ADA. The 2022-23 Base Grant is estimated to be funded at \$10,767 per ADA. The Grade Span Adjustment also received the COLA which is \$280 per ADA. The 2022-23 adjusted Base Grant per ADA is estimated at \$11,047 per ADA.

The District's Supplemental/Concentration funding also received the 6.56% COLA. The 20% Supplemental Grant is estimated to be funded at \$2,209 per ADA and the 65% Concentration at \$7,811 per ADA. This funding supports the Local Control Accountability Plan (LCAP).

2022-23 Budget Development Assumptions

There are many unpredictable factors that affect revenues and expenditures. The District bases the 2022-23 budget on assumptions. This is the best information available at the time the budget is developed. The budget report, therefore, should be considered a "financial snapshot" on the date it is approved.

As variables change, formal adjustments approved by the Governing Board are made throughout the course of the year. The District utilizes School Services of California, Inc. dashboards which provides officially recognized financial information for budgetary reporting. The district's budgetary methodology encompasses the following assumptions for developing the 2022-23 Adopted budget:

- The district uses the FCMAT calculator for the LCFF revenue projection.
- The district questions and/or validates all new requests for expenditure increases.
- The district holds the line on expenses and budgetary increases to the best extent possible and all budgetary increases are reviewed on a case-by-case basis – most increases are made because of normal operations for employee salaries and benefit costs and adjustments for utilities and other services.
- The budget includes a proportional allocation to provide supplemental services to English Learners (EL), Low Income and Foster Youth students through the Local Control Accountability Plan (LCAP).

The financial assumptions upon which the 2022-23 budget report is based are as follows:

REVENUE

- ✓ Total revenues are projected to decrease (\$8,215,735) from the 2021-22 Estimated Actuals.
- ✓ Local Control Funding Formula (LCFF) is projected to increase over prior year \$1,213 per Average Daily Attendance (ADA).
- ✓ Cost of Living Allowance (COLA) for LCFF is projected at 6.56%.
- ✓ LCFF is calculated based on 15,773.78 ADA.
- ✓ Lottery revenue is based on \$163 per ADA for Unrestricted and \$65 per ADA for Restricted Prop. 20.
- ✓ Mandated Block Grant is based on \$67.31 per ADA.
- ✓ Federal Programs are based on 2021-22 revenue and estimated carryover.

EXPENDITURES

- ✓ Total expenditures are projected to decrease **(\$10,903,517)** over the 2021-22 Estimated Actuals.
- ✓ Teacher Student ratio was staffed at 30:1 for the comprehensive high schools and flat staffing for the alternative schools (Frontier 11.46 fte, Oxnard Middle College 6.46 fte and Condor 15.63 fte).
- ✓ Additional teachers staffed include 1.33 fte GED, 4.0 fte Condor and 7.0 fte Frontier in Supplemental/Concentration Funding.
- ✓ Increase staff costs for step/column and longevity movement.
- ✓ CalSTRS employer rate of 19.10% an increase over the 2021-22 rate of 16.92%.
- ✓ CalPERS employer rate of 25.37% an increase over the 2021-22 rate of 22.91%.
- ✓ Employee health and welfare increased by approximately 3%.

Revenue Summary

The District's total projected revenues for the 2022-23 Adopted Budget totals \$295,326,801 which is a decrease of **(\$8,215,735)** over the 2021-22 Estimated Actuals of \$303,542,536.

Local Control Funding Formula (LCFF)

The District's LCFF funding at budget adoption totals \$215,019,076 which is projected to increase \$16,024,949 over the 2021-22 Estimated Actuals of \$198,994,127.

The District uses the Fiscal Crisis & Management Assistance Team (FCMAT) calculator for the LCFF revenue projection. The 2022-23 base grant is \$10,446 plus the additional LCFF investment of \$322 and Grade Span Adjustment of \$280 for a total of \$11,047 per ADA. There is also a 20% supplemental grant and 65% concentration grant above 55% for students that are eligible through Free and Reduced Priced Meal (FRPM), English Learner and Foster Youth. This funding is based on the unduplicated pupil percentage times the 20% Supplemental Grant and 65% Concentration Grant. The total LCFF entitlement per ADA is \$13,631.

At budget adoption, the District's projected unduplicated pupil 3 year rolling percentage is 68.86%.

Federal Revenues

The District's Federal revenues at budget adoption totals \$33,709,417 which is projected to decrease by **(\$16,822,491)** compared to the 2021-22 Estimated Actuals of \$50,531,908.

The decrease is due to the end of funding for ESSER I, GEER I and Title IX McKinney Vento Homeless Assistance funding in the amount of **(\$2,800,317)** and carryover funds that will be budgeted at First Interim for ESSER II, ESSER III, ESSER III Learning Loss, Title I, ESSA School Improvement (CSI), Title II Supporting Effective Instruction, American Rescue Plan Homeless Children & Youth I and National Park Services in the amount of **(\$14,425,792)**. This was offset by new funding for American Rescue Plan Homeless Children & Youth II and American Rescue Plan Homeless Children & Youth I funded through the Ventura County Office of Education in the amount of \$378,843 and miscellaneous federal revenue changes in the amount of \$24,775.

Other State Revenue

The District's Other State revenues at budget adoption totals \$27,337,059 which is projected to decrease **(\$4,342,098)** compared to 2021-22 Estimated Actuals of \$31,679,157.

The decrease is due to the revenue received in 2021-22 and not being fully expended and becoming fund balance which is budgeted in expenditures. This includes SPED Dispute Prevention & Resolution **(\$210,220)**, SPED Learning Recovery Support **(\$1,182,484)**, Child Nutrition Kitchen Infrastructure Staff Training **(\$73,841)**, In Person Instruction Grant **(\$4,382,003)**, and Expanded Learning Opportunities **(\$708,074)**. Reduction in revenue

for programs that the revenue was received in 2021-22 but not fully expended which includes Educator Effectiveness (\$2,290,158), Career Technical Education Incentive Grant Program (\$506,964). Miscellaneous other state revenue changes in the amount of (\$37,970). Recalculation of the STRS on Behalf which is the retirement liability entry (\$473,713). This was offset with the increase in funding for the Mandated Block Grant \$36,030 and Classified School Employee Summer Assistance Program \$150,864 and funding for A-G Access/Success \$3,430,973, California Partnership Academy \$341,218 and K-12 Strong Workforce \$277,987 and A-G Learning Loss \$1,286,257.

Other Local Revenue

The District's Other Local revenues at budget adoption totals \$19,261,249 which is projected to decrease by (\$3,076,095) Adopted Budget compared to the 2021-22 Estimated Actuals of \$22,337,344.

The decrease is due to the reduction in facility rentals in the amount of (\$1,257,969). Programs that received revenue in 2021-22 and not fully expended includes K-12 Strong Workforce Program (\$673,387), Career Technical Education (\$36,822) Prevention and Early Intervention (\$65,196) and California Energy Commission (\$1,020,541). Miscellaneous other local revenue changes in the amount of (\$22,180).

Contributions

The General Fund Contributions at budget adoption totals \$17,510,777 which is projected to increase \$6,285,104 compared to the 2021-22 Estimated Actuals of \$11,255,673.

The contributions for Special Education are projected to increase \$6,333,014. This is due to the increase in salary and benefit costs for certificated and classified and the continuing increase in costs for non-public schools, transportation and excess costs.

The contribution for Routine Restricted Maintenance Account (RRMA) is projected to decreased (\$47,910). The district is required to contribute 3% of the total general fund.

Expenditure Summary

The District's total projected expenditures for the 2022-23 Adopted Budget totals \$299,449,257 which is a decrease of (\$10,903,517) over the 2021-22 Estimated Actuals of \$310,352,774.

Certificated Salaries

Are projected to be \$102,603,976 which is a decrease of (\$834,922) over the 2021-22 Estimated Actuals of \$103,438,898.

The decrease is due to the reduction in carryover funds and reallocation of certificated salaries to paraeducator salaries in Expanded Learning Opportunity Grant (\$1,305,441). This was offset by an increase in LCAP funding for professional growth \$471,877 and decrease in miscellaneous changes in certificated salaries in the amount of (\$1,358).

Classified Salaries

Are projected to be \$33,370,795 which an increase of \$2,213,615 over the 2021-22 Estimated Actuals of \$31,157,180.

The increase is due to new positions in Fiscal Services, Instructional Support, Del Sol Administrative Secretary, custodians, classified management salary schedule change and other miscellaneous changes totaling \$869,772 in the General Fund. Bilingual Paraeducators and miscellaneous changes in LCAP \$331,656. Increase of 4.5 fte for Special Education Paraeducators and miscellaneous changes in the amount of \$757,107. New position of Maintenance Supervisor in Routine Restricted Maintenance in the amount of \$85,396. Increase in participation of the Classified School Employee Summer Assistance Program in the amount of \$150,864. New SPED funding for Dispute Prevention and Resolution and Learning Recovery Support in the amount of \$119,550. This was offset

by the reallocation of ESSER II funding to supplies in the amount of (\$98,029) and miscellaneous changes in classified salaries in the amount of (\$2,701).

Employees Benefits

Are projected to be \$87,321,926 which is an increase of \$6,469,221 over the 2021-22 Estimated Actuals of \$80,852,705.

The increase is due to increases in certificated and classified salaries. The increases include, an increase to CalSTRS \$1,674,799, CalPERS \$1,481,883, Health & Welfare \$3,424,846, OASDI/Medicare \$158,971, SUI \$3,649 and Workers Comp \$21,036. This is offset by a reduction in retiree benefits of \$295,963 which will be adjusted at the First Interim due to retirements.

Books and Supplies

Are projected to be \$22,853,373 which is a decrease of (\$14,693,645) over the 2021-22 Estimated Actuals of \$37,547,018.

The decrease is due to the reallocation of books and supplies to cover the increases in salary and benefits Title I (\$47,480), School Wide Program (\$274,848), ESSER III Learning Loss (\$2,214,227) and In Person Grant (\$4,614,517). Budget reductions due to carryover in ESSER II (\$3,961,902), K-12 Strong Workforce Program (\$1,431,868), California Technical Education Incentive Grant (\$783,984) and Carl Perkins, Farm to School, Title III, California Partnership Academies, Gene Haas Grant, Preventive Education Incentive and Wellness grant (\$235,127). Completion of funding for ESSER I (\$849), GEER I (\$328,346) ESSER III Learning Loss (\$2,177,011), Homeless Children & Youth (\$3,954), Nutrition Services Kitchen Infrastructure (\$25,000) and local grants (\$5,513). Reduced budget for Solar Drive purchases (\$430,281) and donations (\$19,823). This was offset by new funding SPED Dispute Prevention & Dispute Resolution \$11,193, SPED Learning Recovery Support \$439,024 and Nutrition Services Kitchen Infrastructure Staff Training \$39,791. The reallocation and funding increases for Title IV Student Support & Academic Enrichment \$255,961, American Rescue Plan Homeless Children and Youth \$160,397, California Partnership Academies \$296,655, SPED \$175,448, Expanded Learning Opportunities \$225,746 and Routine Restricted Maintenance Account \$165,663. Miscellaneous books and supplies changes in the amount of \$91,207

Services and Other Operating

Are projected to be \$37,296,191 which is an increase of \$7,186,757 over the 2021-22 Estimated Actuals of \$30,109,434.

The increase is due to the increase cost of electricity and gas \$1,658,118, costs for students attending Non-Public Schools \$1,171,174, new funding for the A-G Success Grant \$3,206,817 and A-G Success Grant Learning Loss Mitigation \$1,202,222. This was offset by miscellaneous changes totaling (\$51,574).

Capital Outlay

Is projected to be \$10,882,482 which is a decrease of (\$11,512,266) over the 2021-22 Estimated Actuals of \$22,394,748.

The decrease is due to approximately 50% completion of Hueneme High Schools HVAC project funded by ESSER (\$9,630,258), reduction in budget for Routine Restricted Maintenance Account (\$439,731), the purchase of three electric school buses (\$1,020,541), reduction in budget for K-12 Strong Workforce Program (\$20,000) and reduction in budget for the district office generator (\$95,553), tech equipment for the board room (\$35,163), instruction detection system at district office (\$31,833), shared cost for three electric buses (\$87,347) and three new white fleet vehicles (\$151,840).

Other Outgo

Is projected to be \$5,120,514 which is an increase of \$267,723 over the 2021-22 Estimated Actuals of \$4,852,791.

The increase in indirect costs of **(\$36,151)** is due to the decrease in the indirect cost rate from 7.18% to 6.99% and decrease in funding for restricted programs. This was offset by an increase of \$277,987 for a pass-through grant through the K-12 Strong Workforce Program to assist the OUHSD’s feeder districts, an increase in SPED excess costs and transportation \$26,232, an increase in transfer to county operated schools due to increase in ADA of \$18,126, an increase in the interest and principal of \$43,775 for the solar panel debt and a decrease in the interest and principal of **(\$62,246)** for the Solar Drive debt.

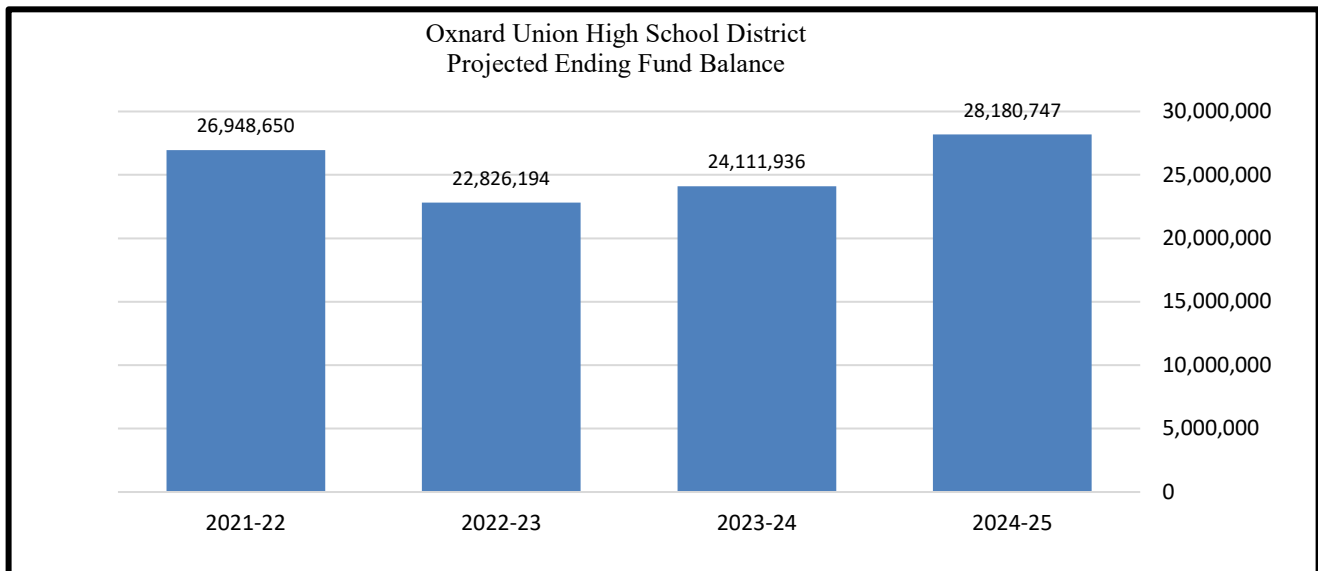
Interfund Transfers Out

Is projected to be \$0 (zero) which is a decrease of **(\$2,000,000)** over the 2021-22 Estimated Actuals of \$2,000,000.

The decrease is for the transfer of funds to the Del Sol High School Startup Funds.

Ending General Fund Balance

The Adopted Budget projects a decrease of **(\$4,122,456)** in the ending balance over the 2021-22 Estimated Actuals. The two out years have an increase due to the projection of COLA.



The District’s Components of End Fund Balances are as follows:

Fund Balance Components	2021-22 Estimated Actuals	2022-23 Adopted Budget	2023-24 Projected Budget	2024-25 Projected Budget
Revolving Cash & Stores Inventory	\$594,576	\$510,000	\$510,000	\$510,000
Reserve for Economic Uncertainty (3%)	9,370,584	8,983,478	8,029,752	7,984,529
Restricted	8,064,305	2,704,045	2,079,745	0
Summer School Reserve	2,926,055	2,926,055	3,504,277	4,082,499
Contribution to Del Sol High School Start Up	2,000,000	0	0	0
Unallocated Unit Share	3,055,423	3,055,423	0	0
Unassigned/Unappropriated	937,707	4,647,193	9,988,162	15,603,719
Total	\$26,948,650	\$22,826,194	\$24,111,936	\$28,180,747

Local Control Accountability Plan (LCAP) Budget

The Local Control Accountability Plan (LCAP) budget provides supplemental services to the District's English learners, free and reduced-price meal program eligible, foster youth. The projected 2022-23 Supplemental revenue is \$24,000,293 and the Concentration revenue is \$15,699,872 for a total of \$39,700,165. These funds are considered unrestricted, but the District budgets the Supplemental & Concentration funds in a locally defined revenue.

Goal	Action	Budget
Instruction		
1110	Professional Development	3,418,699
1111	Welcome Center	243,575
1112	Redesignation of English Learners	80,243
1113	California Assessment of Student Performance and Progress (CAASPP)	21,398
1114	Advanced Placement (AP) and International Baccalaureate (IB)	21,398
1115	California State Seal of Biliteracy (SBB)	25,678
1118	School and Home Communication	23,538
1119	Parent/Guardian trainings	21,398
1120	Parent Liaison	34,032
1210	Professional Collaborative Learning	171,184
1310	Lesson Study	44,936
1410	English Language Proficiency for California (ELPAC)	531,733
1510	Open Educational Resources (OER)	0
1610	Educational Technology Subscriptions and Library Support	5,631,839
1710	Instructional Specialist	984,149
1810	Educational Technology	1,275,854
1910	Site Learning Technology (LIT) Coach	3,665,718
		<u>16,195,372</u>
College, Career and Life Readiness		
2110	College Partnerships	366,748
2310	AVID	321,396
2410	PSAT	22,643
2510	Advanced Placement & IB Programs	868,837
2610	Counseling & Guidance	631,395
2710	CTE Career Pathways and Academies	1,156,160
		<u>3,367,179</u>
Multi-Tiered Systems of Intervention and Support		
3110	Restorative Justice / Restorative Practices and PBIS	149,455
3210	MTSS and Student Wellness; Wellness Centers	10,752,882
3310	Culturally Responsive Practices	37,447
3410	CALSAFE	557,761
3510	School Safety	8,158,386
3610	Social Emotional and Culture Climate Student Survey	37,674
3710	Music and Athletics	374,465
3810	Chronic Absenteeism Interventions/Saturday Academy	69,544
		<u>20,137,614</u>
Total Supplemental/Concentration & 15% Concentration		<u><u>39,700,165</u></u>

Multi-Year Projection (MYP)

The 2022-23 MYP at budget adoption reflects that the District will be able to maintain the statutory reserve throughout the forecast period. Staffing for Del Sol High School is included in fiscal years 2023-24 and 2024-25. Increases for step and column, STRS, PERS and Health and Welfare are included in the current year. The district will continue to look into increasing revenue through ADA recovery and reduce expenditures in fiscal years 2023-24 and 2024-25.

	2022-23	2023-24	2024-25
Revenues & Other Financing Sources	295,326,801	268,944,142	270,219,761
Expenditures & Other Financing Uses	299,449,257	272,614,392	271,520,176
Net Increase (Decrease) to Fund Balance	(4,122,456)	(3,670,250)	(1,300,415)
Beginning Fund Balance	26,948,650	22,826,194	19,155,944
Ending Fund Balance	22,826,194	19,155,944	17,855,529
Revolving Cash & Stores	510,000	510,000	510,000
Reserves	13,332,716	15,572,184	19,686,218
Reserve for Economic Uncertainties of 3%	8,983,478	8,029,752	7,984,529
Estimated Reserve %	7.62%	8.84%	10.38%

	2022-23		2023-24		2024-25	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Revenues & Other Financing Sources	204,898,214	90,428,587	207,815,176	61,128,966	214,544,414	55,675,347
Expenditures & Other Financing Uses	203,660,410	95,788,847	210,861,126	61,753,266	213,765,084	57,755,092
Net Increase (Decrease) to Fund Balance	1,237,804	(5,360,260)	(3,045,950)	(624,300)	779,330	(2,079,745)
Beginning Fund Balance	18,884,345	8,064,305	20,122,149	2,704,045	17,076,199	2,079,745
Ending Fund Balance	20,122,149	2,704,045	17,076,199	2,079,745	17,855,529	0

Summary of Other Funds

	Student Activity	Adult Education	Cafeteria	Measure A	Developer Fees	Capital Facilities RDA	Prop 51 CTE
	080	110	130	215	250	251	352
Total Revenue	0	4,078,080	8,872,566	60,100	512,000	1,604,000	400
Total Expenditures	0	4,295,893	10,879,892	100,957,580	2,858,906	1,781,351	235,408
Excess/ (Deficiency)	0	(217,813)	(2,007,326)	(100,897,480)	(2,346,906)	(177,351)	(235,008)
Other Financing Sources	0	0	0	100,897,500	0	0	0
Net Inc/(Dec) to Fund Balance	0	(217,813)	(2,007,326)	20	(2,346,906)	(177,351)	(235,008)
Beginning Balance	1,591,882	217,813	2,007,326	74,663,907	7,869,372	2,159,946	235,008
Ending Balance	1,591,882	0	0	74,663,927	5,522,466	1,982,595	0

	COP Del Sol HS	Start Up Del Sol HS	RCHS State Reimburse	Bond Interest & Redemption 1996 Measure Q	Bond Interest & Redemption 2004 Measure H	Bond Interest & Redemption 2018 Measure A	Scholarships
	401	409	411	510	514	515	730
Total Revenue	30,000	2,161	14,000	2,448,443	6,348,067	8,645,022	191
Total Expenditures	35,765,992	2,433,824	12,386,029	3,674,495	6,743,997	15,549,691	
Excess/ (Deficiency)	(35,735,992)	(2,431,663)	(12,372,029)	(1,226,052)	(395,930)	(6,904,669)	191
Other Financing Sources	0	0	0	0	0	0	0
Net Inc/(Dec) to Fund Balance	(35,735,992)	(2,431,663)	(12,372,029)	(1,226,052)	(395,930)	(6,904,669)	191
Beginning Balance	35,735,992	2,431,663	12,372,029	3,865,113	6,688,393	14,696,710	60,767
Ending Balance	0	0	0	2,639,061	6,292,463	7,792,041	60,958

Fund 080 - The Student Body Fund is to report associated student body (ASB) activities. GASB 84 recognizes ASB activity to be governmental rather than fiduciary. This was implemented in the 2020-21 fiscal year.

Fund 110 - The Adult Education Fund is used to account separately for federal, state and local revenues that are restricted or committed for adult education programs.

Fund 130 - The Cafeteria Fund is used to account separate for federal, state and local resources to operate the food service program (Education Code sections 38090 and 38093).

Fund 215 - The Building Fund (Measure A) proceeds have been targeted to be used for a new high school in the Oxnard area, improve/repair all high schools and adult school.

Fund 250 - Capital Facilities Fund - Developer Fees is supported by developer fees and is restricted to the construction or reconstruction of facilities related to the growth generated by development.

Fund 251 - Capital Facilities Fund - Redevelopment Fund/Other is supported by funds received from the dissolution of Redevelopment Agencies in 2012. Redevelopment funds come with fewer restrictions as to how the fund may be expended. Land lease is also recorded in this fund.

Fund 401, 409, & 411 - The Special Reserve Fund for Capital Outlay Projects - are to be used for the Del Sol High School COP (Fund 401), the Del Sol High School Startup funds (Fund 409) and the reimbursement for Rancho Campana High School to be used towards Del Sol High School (Fund 411).

Fund 510, 514 & 515 - Bond Interest and Redemption Fund - account for the receipt of property taxes to repay the principal and interest on the General Obligation Bond debt service. This fund is restricted in use and cannot be used to pay General Fund expenditures.

Fund 730 - Foundation Private-Purpose Trust Fund is used for scholarship funds established with public donations.

Final Comments

The recommendation to the Governing Board is to adopt a positive certification for the budget adoption. The certification reflects that the District will end this year and the next 2 years with a positive ending fund balance.

The District will continue to be proactive in managing its fiscal resources while ensuring that the schools, teachers, staff, and students have the resources they need to maintain the excellent educational program. The District will continue to explore new cost saving strategies and revenue enhancement efforts to provide relief to the District's budget.