

June 28, 2023

Please find attached the proposed 2023-24 fiscal budget for the Lincoln Unified School District. Budget development was completed with a detailed review of all revenues and expenditures. Information on each budget fund is provided.

We are proud to publish and disseminate budget information to the Board of Trustees and to our community. We welcome the opportunity to present and discuss operational plans and the related financial impact with all interested parties. Interaction among interested groups consistently leads to positive operational and educational outcomes for Lincoln Unified School District.

The General Fund Budget Assumptions:

This budget was developed using the known information from the May Revision and "Common Message" provided to the District by the San Joaquin County Office of Education (SJCOE) in May 2023.

The following assumptions are represented in this year's budget.

1. The local control funding formula (LCFF) and COLA of 8.22% generated an increase of \$9,054,772 in revenues for the 2023-24 fiscal year based on the Governor's May Revision.
2. Our P2 attendance is currently down 341.73 (three-year average) which is a decrease of \$-4,544,605 in the 2023-24 budget.
3. Salary projections include step and column increases of \$1,628,480 and anticipate salary increases for all units of \$7,012,750.
4. Increase of two additional professional development days for all certified staff funded with one-time funding.
5. Increase of 12.0 FTE for Prop 28 Art and Music certificated staff, 1.0 FTE for Transitional Kindergarten due to new birthdate adjustments. Increase of 5.0 FTE for 20 2-hour Paraprofessionals for extended day Kindergarten funded with restricted Expanded Learning Opportunity Program funds (res 2600). Increase of 1.0 Counselor funded with supplemental and concentration grant funding.
6. The PERS rate increased from 25.37% to 26.68% effective July 1, 2023. This is an increase of \$166,735 in expenditures for the 2023-24 unrestricted general fund budget. There are additional costs to restricted funds.
7. Special Education costs increased due to additional required SJCOE SELPA programs and 3.31 FTE for Program Specialist, Coordinator of Behavior and Autism Services, a new preschool class and step and column etc. Our total contribution from unrestricted general fund to Special Education increases to \$12,164,955.
8. The reserve for economic uncertainties has been maintained at 3.2% or \$4,782,923.
9. One-time funding is budgeted to fully expend prior to deadlines.

Attendance

The student attendance forecast provides the assumption upon which staffing, and school site allocations are based. The following schedule shows the P2 attendance data. The three-year average for attendance for 23/24 of 7985.38 was used for budget. Our enrollment numbers have not decreased considerably, although students not coming to school daily is really impacting our funding. The state has allowed us a soft landing to utilize the average of three years for funding attendance (ADA). Lincoln's attendance continues to decrease over the next two years, (see page 1 of the multi-year projection). If our ADA does not rebound, we anticipate an additional, significant decrease to our revenue in year 2024-25, even with a projected state COLA of 3.29%.

P2 Attendance

Year	P2	Difference
2012-2013	8679.43	138.36
2013-2014	8818.47	139.04
2014-2015	8825.72	7.25
2015-2016 *	8736.19	-89.53
2016-2017 *	8692.63	-43.55
2017-2018 *	8609.49	-83.14
2018-2019 *	8468.85	-140.64
2019-2020	8433.92	-34.93
2020-2021	8067.08	Prior yr. ADA
2021-2022	8067.08	Prior yr. ADA
2022-2023 (3-year avg)	7744.19	-742.66
2023-2024 (3-year avg)	7985.38	-341.73

Actual ADA for 22/23 - 7482.46 *Charter Shift

Revenues and Expenditures

The following schedule presents a comparison between the proposed 2023-2024 revenues for all governmental funds and 2022-2023 estimated actuals.

Revenues

Fund	2022-2023 Estimated Actuals	2023-2024 Budget	% Change
General Fund – 01	\$158,000,157	\$137,627,976	-12.89%
Student Activity Special Reserve – 08	\$250,000	\$250,000	0.00%
Charter School Special Reserve Fund – 09	\$5,673,719	\$5,482,633	-3.37%
Adult Education Fund - 11	\$98,246	\$95,869	-2.42%
Child Development Fund – 12	\$3,065,674	\$2,882,939	-5.96%
Cafeteria Fund – 13	\$5,861,873	\$5,615,000	-4.21%
Deferred Maintenance – 14	\$3,769,424	\$3,740,424	-0.77%
Special Reserve Fund – Post Retirement benefits - 20	\$637,500	\$4,100,000	534.14%
Capital Facilities – 25	\$111,916	\$1000	-99.11%
County School Facility Fund – 35	\$ 123,500	\$75,000	-39.27%
Special Reserve Fund for Capital Outlay - 40 (Fire)	\$0	\$0	0.00%
Capital Fund – Blended Components – 49	\$523,789	\$483,953	-7.61%
Bond Interest & Redemption – 51	\$6,541,228	\$6,475,490	-1.00%
Debt Service Fund- Blended Components – 52	\$3,155,250	\$2,670,250	-15.37%
Self Insurance Fund – 67	\$1,008,406	\$1,012,276	0.38%

The following schedule presents a comparison between the proposed 2023-2024 expenditures and transfers out for all governmental funds and 2022-2023 estimated actuals.

Expenditures

Fund	2022-2023 Estimated Actuals	2023-2024 Budget	% Change
General Fund – 01	\$136,876,838	\$149,528,846	9.24%
Student Activity Special Reserve – 08	\$250,000	\$250,000	0.00%
Charter School Special Reserve – 09	\$4,469,545	\$4,975,735	11.33%
Adult Education Fund - 11	\$97,456	\$95,869	-1.63%
Child Development Fund – 12	\$3,285,578	\$2,965,328	-9.75%
Cafeteria Fund – 13	\$5,312,548	\$5,564,553	4.74%
Deferred Maintenance – 14	\$3,096,588	\$2,319,486	-25.10%
Special Reserve Fund – Post Retirement benefits - 20	\$0	\$0	0.00%
Capital Facilities – 25	\$53,473	\$75,000	40.26%
County School Facility Fund – 35	\$1,227,712	\$925,220	-24.64%
Special Reserve Fund for Capital Outlay – 40 (Fire)	\$80,199	\$0	-100.00%
Capital Fund – Blended Components – 49	\$232,265	\$225,482	-2.92%
Bond Interest & Redemption – 51	\$6,411,115	\$7,364,156	14.87%
Debt Service Fund- Blended Components – 52	\$3,095,114	\$3,298,330	6.57%
Self Insurance Fund – 67	\$1,005,748	\$1,011,276	0.55%

The following schedule presents a comparison between the anticipated 2023-2024 ending fund balances for all governmental funds and 2022-2023 estimated actuals.

Ending Fund Balance

Fund	2022-2023 Estimated Actuals	2023-2024 Budget	% Change
General Fund – 01 (combined Restricted & Unrestricted)	\$66,891,763	\$54,990,893	-17.79%
Student Activity Special Reserve – 08	\$454,690	\$454,690	0.00%
Charter School Special Reserve Fund – 09	\$2,745,540	\$3,252,438	18.46%
Adult Education Fund - 11	\$790	\$790	0.00%
Child Development Fund – 12	\$601,855	\$519,466	-13.69%
Cafeteria Fund – 13	\$2,495,411	\$2,545,858	2.02%
Deferred Maintenance – 14	\$4,674,757	\$6,095,695	30.40%
Special Reserve Fund – Post Retirement benefits - 20	\$6,708,372	\$10,808,372	61.12%
Capital Facilities – 25	\$152,603	\$78,603	-48.49%
County School Facility Fund – 35	\$4,513,307	\$3,663,087	-18.84%
Special Reserve Fund for Capital Outlay - 40 (Fire)	\$0	\$0	0.00%
Capital Fund – Blended Components – 49	\$1,332,979	\$1,591,450	19.39%
Bond Interest & Redemption – 51	\$6,174,420	\$5,285,754	-14.39%
Debt Service Fund- Blended Components – 52	\$2,003,092	\$1,375,012	-31.36%
Self Insurance Fund – 67	\$357,936	\$358,936	-2.45%

Change in Fund Balance – Multi-year Projection

The ending fund balance for the unrestricted general fund is projected to be \$37,525,202 on June 30, 2024. We have not closed the books for the 2022-2023 school year. Therefore, this ending fund balance will change, as we will experience budget “fall out” when all the scheduled expenditures are not completed prior to June 30, 2023.

For the multi-year projections, we are following the SJCOE’s assumptions and the Governor’s Budget proposal. Under these recommendations, the district will use the “official” COLAs and gap funding percentages provided by Department of Finance and the official FCMAT/BASC local control funding calculator.

There are multiple reasons to carry higher than minimum reserves. These reasons include the state economy and the volatility of state revenues, cash management and the LCAP regulations. State revenue volatility, unexpected new expenses and declining enrollment are the most compelling.

Fund 01 Ending Fund Balance History

Year	Unrestricted	Restricted	Total
2013-2014	\$18,317,266	\$2,195,016	\$20,512,282
2014-2015	\$16,228,870	\$2,083,733	\$18,312,603
2015-2016	\$17,824,622	\$3,691,312	\$21,515,934
2016-2017	\$19,783,417	\$4,641,931	\$24,425,348
2017-2018	\$23,136,337	\$3,900,919	\$27,037,256
2018-2019	\$21,343,925	\$3,037,952	\$24,381,877
2019-2020	\$24,663,044	\$3,525,468	\$28,188,512
2020-2021	\$29,021,690	\$14,531,914	\$43,553,604
2021-2022	\$34,384,148	\$11,384,296	\$45,768,444
2022-2023 (projected)	\$42,137,021	\$24,754,742	\$66,891,763
2023-2024 (projected)	\$37,525,202	\$17,465,691	\$54,990,893

Simply looking at the ending fund balance could lead to false conclusions regarding the budget. Our ending fund balance is inflated due to several primary factors: The ending fund balance does not include important designations in expenditures such as 1) replacing existing computers on a structured timeline; 2) site carryover 3) reserve for economic uncertainties. The true unassigned money in the 2023-24 budget is \$9,585,429, which is virtually all one-time money.

While one- time money has benefits, most of these funds are required to be used in very specific ways. The impacts of COVID and resulting student needs will likely outlast the spending timelines on many of these one-time funds.

Acknowledgements

We appreciate the fiscal support provided by the Lincoln Unified School District Board of Trustees, staff and community for the development, implementation, and maintenance of an excellent educational program for the students of Lincoln Unified School District.