

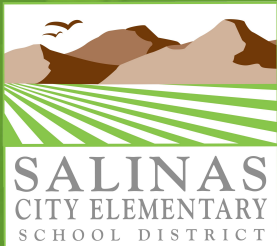
Salinas City Elementary School District

2021-2022 Second Interim

March 14, 2022

Presenters:

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Overview

- Federal and State Indicators
- Fiscal Highlights of Second Interim
- Considerations and Changes from First Interim
- Multi-Year Projection 2021-22 through 2023-24
- Revenue and Expense Assumptions
- Next Steps

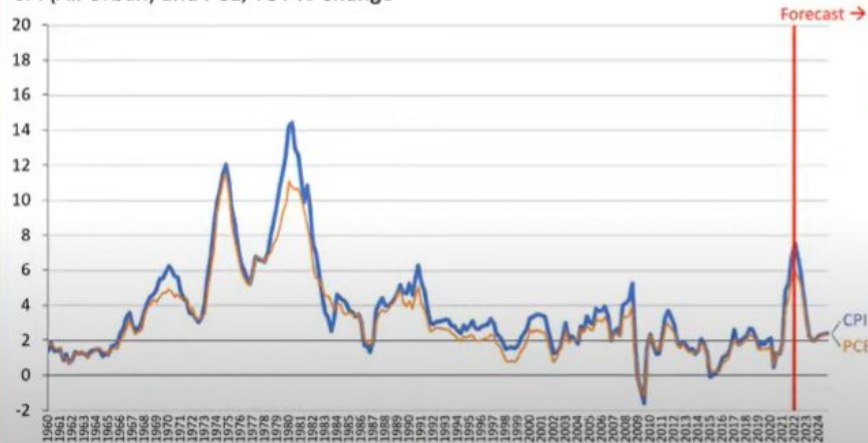
Federal and State Financial Indicators

- Production and employment have recovered from the pandemic recession
- Inflation and geopolitical conflicts pose risks for economic recovery
 - Risks:
 - Higher oil prices, inflation, interest rates, lower GDP growth, lower employment growth

Inflation will take a while to come down;
Now higher for longer because of Russia-Ukraine supply shocks

Year-Over-Year Inflation, CPI and PCE, Actual and Forecast, 1960–2024

CPI (All Urban) and PCE, YOY % Change



Source: UCLA Forecast: March 2022 Economic Outlook

California Economy Forecast

- Paradox of California's gross domestic product growing while unemployment is still high
- Real personal income to drop by **2.8%** in 2022 - end of stimulus payments
- Economic boom but without the euphoria

Fiscal Highlights

- Second Interim - Reports the Financial Conditions of the District for the Period Ending January 31, 2022
- Positive Certification
- Ending fund balance of \$25.3 million
 - First Interim \$24.9 million
- Decrease of Deficit \$331,803

Considerations and Changes from First Interim

- **Governor's January Proposal**
 - Increased COLA from 2.48% to 5.33% for 2022-2023 and from 3.11% to 3.61% for 2023-2024
 - Did not provide relief for increases in employer contribution for CalSTRS and CalPERS



Considerations and Changes from First Interim

- Governor's January Proposal - cont'd
 - LCFF funded ADA based on three year average: 82.02%
 - Helps by approximately 3 points
 - Implementation of Universal Meals will impact Unduplicated Pupil Percentage (UPP)
- SCESD Declining Enrollment
 - Covid - No additional ADA hold harmless provision
- Decrease in UPP-CBEDS: \$1.1 million
 - Continuous improvement - data collection



Multi-Year Projection Second Interim Budget



Revenue & Expense Assumptions

REVENUE	2021-2022	2022-2023	2023-2024
<i>LCFF Base</i>	29,362,876	32,002,083	34,005,201
<i>LCFF S/C</i>	23,976,739	24,361,137	25,313,281
<i>Statutory COLA</i>	5.07	5.33	3.61
<i>Unduplicated Count %</i>	82.02	81.92	82.73
<i>ADA (3 prior year avg)</i>	78.86	77.51	76.24
EXPENSE	2021-2022	2022-2023	2023-2024
<i>CalSTRS Rate</i>	16.92%	19.10%	19.10%
<i>CalPERS Rate</i>	22.91%	26.10%	27.10%

Salinas City Elementary School District
MULTI-YEAR PROJECTION - Second Interim Budget

	Object Codes	2021-22 2nd Interim Budget			2022-23 Projection			2023-24 Projection		
		Unrestricted	Restricted	Unr/Rest	5.33% COLA Unrestricted	Restricted	Unr/Rest	3.61% COLA Unrestricted	Restricted	Unr/Rest
LCFF/Property Tax	8010-8099	95,723,561		95,723,561	97,419,562		97,419,562	99,693,984		99,693,984
Federal Revenue	8100-8299		35,675,080	35,675,080		6,613,755	6,613,755		6,613,755	6,613,755
Other State Revenue	8300-8599	1,649,405	25,761,881	27,411,286	1,649,405	14,653,227	16,302,632	1,649,405	14,653,227	16,302,632
Other Local Revenue	8600-8799	3,185,087	5,614,248	8,799,335	480,665	5,414,248	5,894,913	480,665	5,414,248	5,894,913
TOTAL REVENUES		100,558,053	67,051,209	167,609,262	99,549,632	26,681,230	126,230,862	101,824,054	26,681,230	128,505,284
Certificated Salaries	1000-1999	37,230,064	10,774,304	48,004,368	37,788,515	6,107,074	43,895,589	38,355,343	6,198,680	44,554,023
Classified Salaries	2000-2999	10,724,979	5,481,200	16,206,179	10,885,854	4,449,677	15,335,531	11,049,141	4,516,422	15,565,563
Employee Benefits	3000-3999	23,178,694	6,904,673	30,083,367	25,597,782	5,140,733	30,738,515	26,988,299	5,488,395	32,476,694
Books & Supplies	4000-4999	6,521,339	8,119,523	14,640,862	4,267,604	5,202,292	9,469,896	7,021,339	5,202,292	12,223,631
Operating Expenses	5000-5999	7,865,033	12,169,828	20,034,861	7,755,934	7,823,565	15,579,499	7,755,934	7,823,565	15,579,499
Capital Outlay	6000-6900	994,384	1,038,752	2,033,136	896,643	2,538,752	3,435,395	896,643	2,538,752	3,435,395
	7100-7299									
Other Outgo	7400-7499	514,022	3,933,189	4,447,211	514,022	3,933,189	4,447,211	659,963	3,933,189	4,593,152
Direct/Indirect Costs	7300-7399	(1,040,688)	779,685	(261,003)	(1,018,364)	779,685	(238,679)	(1,018,364)	779,685	(238,679)
TOTAL EXPENDITURES		85,987,827	49,201,154	135,188,981	86,687,990	35,974,967	122,662,957	91,708,298	36,480,980	128,189,278
Transfers In	8900-8929	-	-	-	-	-	-	-	-	-
Transfers Out-Debt Service Fund	7600-7629	-	-	-	-	-	-	-	-	-
Sources	8930-8979									
Contributions to Restricted	8980-8999	(17,096,137)	17,096,137	-	(16,884,628)	16,884,628	-	(16,884,628)	16,884,628	-
TOTAL OTHER FINANCING SOURCES/USES		(17,096,137)	17,096,137	-	(16,884,628)	16,884,628	-	(16,884,628)	16,884,628	-
Increase/Decrease in Fund Balance		(2,525,911)	34,946,192	32,420,281	(4,022,986)	7,590,891	3,567,905	(6,768,872)	7,084,878	316,006
Beginning Fund Balance	9791	27,853,333	7,832,700	35,686,033	25,327,422	42,778,892	68,106,314	21,304,436	50,369,783	71,674,219
Non Spendable	9711	10,000		10,000	10,000		10,000	10,000		10,000
Restricted	9740	-	42,778,892	42,778,892		50,369,783	50,369,783		57,454,661	57,454,661
Committed	9760									
Assigned - Economic Uncertainties	9789	4,055,669		4,055,669	3,679,889		3,679,889	3,845,678		3,845,678
Assigned - LCAP	9780	-	-	-						
Assigned-Deficit Spending/CalSTRS/CalPER	9780	21,261,753		21,261,753	17,614,547		17,614,547	10,679,886		10,679,886
Ending Fund Balance		25,327,422	42,778,892	68,106,314	21,304,436	50,369,783	71,674,219	14,535,564	57,454,661	71,990,225
Reserve Level %				18.73%			17.37%			11.34%
Recommended Reserve Level%*				17%			17%			17%

*This level of reserve is equal to 2 months of payroll and other expenses.

Next Steps

- Board consideration to approve Second Interim with Positive Certification
- May: Interim Audit
- May Revise

June:

- 2022-23 LCAP and Budget Hearing & Adoption
- 2022-23 State Budget Adoption



Salinas City Elementary School District

Questions

