



Fresno Unified  
School District

## Agenda Item B-xx



# Second Interim Financial Report 2022/23

March 08, 2023

# Overview

## Summary:

- *Budget to actual report based on year-to-date results*
- *Positive Certification of the district's financial condition*

## Items to Review:

- Financial Reporting Timelines
- Second Interim 2022/23 – Certification
- Second Interim 2022/23 – Current Year Revenues and Expenses
- Multi-Year Projection Assumptions for 2023/24 and 2024/25

# Financial Reporting Timelines

## State Financial Reports

- ☐ Adopted Budget – June 30
- ☐ First Interim – December 15
- ☐ Second Interim – March 15
- ☐ Unaudited Actuals – September 15
- ☐ Independent Audit – December 15

## Local Financial Reports

- ☐ First Budget Revision – typically by October 15
  - Recognize actual beginning balances and carryover
- ☐ Other Budget Revisions as necessary
  - Usually follows Interim Reports

# Second Interim 2022/23 – Certification

## Submitting a Positive Certification for Second Interim 2022/23

The district is able to meet its financial obligations for this year and two subsequent years and will have a positive cash balance

# Second Interim 2022/23 – Current Year Revenues

## ❑ Local Control Funding Formula (LCFF) – \$600,000

- Increase Unduplicated Pupil Percentage (UPP) from 87.90% to 88.45%

## ❑ Local Income

- Interest income \$1.1 million
- Medi-Cal Administrative Activity (MAA) prior year reimbursements – \$400,000

# Second Interim 2022/23 – Current Year Expenses

## ❑ Expense Savings

- Salaries and Benefits – \$2.9 million
- Supplies, Services, Capital Outlay – \$2.3 million
- Increased Preschool Rates (reduces contribution) – \$4.1 million

## ❑ Expense Increases

- Utilities – \$5.0 million

## ❑ Committed Board Approved One-Time Expenditures

- Education Center Remodel – \$2.4 million
- Design Science Facility – \$0.9 million
- Financial Software Upgrade – \$0.9 million
- Restroom Renovation – \$0.8 million
- Supplemental and Concentration – \$21.4 million
- Future Textbook Adoption – \$29.8 million
- Pandemic Learning and Recovery – \$122.4 million

# Multi-Year Projections

## ❑ Multi-Year Assumptions

- Local Control Funding Formula (LCFF)
  - ❑ 2023/24 – 8.13% COLA – \$58.1 million
  - ❑ 2024/25 – 3.54% COLA – \$21.9 million
- Increase contribution to STRS and PERS per statute
  - ❑ 2023/24 – \$2.1 million
  - ❑ 2024/25 – \$1.4 million
- Health and Welfare
  - ❑ 2023/24 – \$9.6 million
  - ❑ 2024/25 – \$3.7 million
- Workers' Compensation rate decrease from 1.60% to 1.15% to maintain reserve at 90% through 2024/25
  - ❑ 2023/24 – (\$1.6 million)
- Unemployment rate decreases from .50% to .20%
  - ❑ 2023/24 – (\$1.2 million)

# Projected Employer Pension Increases

**CALSTRS**

- 2013/14 – 8.25%
- 2014/15 – 8.88%
- 2015/16 – 10.73%
- 2016/17 – 12.58%
- 2017/18 – 14.43%
- 2018/19 – 16.28%
- 2019/20 – 17.10%
- 2020/21 – 16.15%
- 2021/22 – 16.92%
- **2022/23 – 19.10%**
- 2023/24 – 19.10%
- 2024/25 – 19.10%
- 2025/26 – 19.10%
- 2026/27 – 19.10%

*\*Estimated rates provided by CalPERS*

 **CalPERS**

- 2013/14 – 11.442%
- 2014/15 – 11.771%
- 2015/16 – 11.847%
- 2016/17 – 13.888%
- 2017/18 – 15.531%
- 2018/19 – 18.062%
- 2019/20 – 19.721%
- 2020/21 – 20.700%
- 2021/22 – 22.910%
- **2022/23 – 25.370%**
- 2023/24 – 27.000%\*
- 2024/25 – 28.100%\*
- 2025/26 – 28.800%\*
- 2026/27 – 29.200%\*





# Multi-Year Projections (in millions)

	<u>Projected</u> <u>2022/23</u>	<u>Projected</u> <u>2023/24</u>	<u>Projected</u> <u>2024/25</u>
<b>Ongoing Funds:</b>			
Revenues	\$991.60	\$1,050.63	\$1,072.51
Expenses, Sources/Uses	\$956.03	\$1,048.86	\$1,084.97
<i>Ongoing Net Change in Fund Balance</i>	\$35.57	\$1.77	(\$12.46)
<b>One-Time Funds:</b>			
One-Time Revenues	\$1.40	\$0.00	\$0.00
One-Time Expenses	(\$40.66)	(\$38.80)	(\$10.80)
One-Time State and Federal Recovery Funds	\$201.10	\$242.70	\$0.00
One-Time State and Federal Recovery Expenses	\$146.90	\$242.70	\$0.00
<i>One-Time Net Change in Fund Balance</i>	\$14.94	(\$38.80)	(\$10.80)
<b>Total Unrestricted General Fund:</b>			
Beginning Balance	\$284.63	\$335.14	\$299.11
Ending Balance	<b>\$335.14</b>	<b>\$298.11</b>	<b>\$274.85</b>
Cash, Inventory, Prepaid Assets	\$4.55	\$4.55	\$4.55
Committed Future Textbook Adoption	\$29.80	\$18.80	\$8.00
Committed Pandemic Learning and Recovery	\$121.40	\$122.40	\$122.40
Committed Supplemental and Concentration Carryover	\$21.40	\$0.00	\$0.00
Committed One-Time Expenses and Carryover	\$5.00	\$0.00	\$0.00
<b>Net Unrestricted General Fund Balance:</b>	<b>\$151.96</b>	<b>\$153.43</b>	<b>\$139.90</b>
<i>Change in Reserve</i>	<i>\$5.19</i>	<i>\$0.40</i>	<i>(\$12.46)</i>
<b>Reserve level</b>	<b>9.93%</b>	<b>8.82%</b>	<b>9.13%</b>

# Second Interim 2022/23 – Summary

- Captured savings from current year expenditures
- Revised Multi-Year Projections
- **Resulting “Positive Certification”**
- **Staff Recommends Approval of the 2022/23 Second Interim Financial Report**