



2022-23

Second Interim Report

COTATI-ROHNERT PARK UNIFIED SCHOOL DISTRICT

SCHOOL BOARD PRESENTATION

DATE 3/14/22

2022-23 Second Interim State Report

- California Education Code 42130 requires the Superintendent to prepare and submit two interim financial reports to the Board each fiscal year
- After reviewing the report, California Education Code 42131 requires the Board to certify the district's ability to meet its financial obligations for the remainder of the current fiscal year as well as the following two fiscal years
- The Second Interim Report is from July 1st through January 31st, and projects financial activity through June 30th



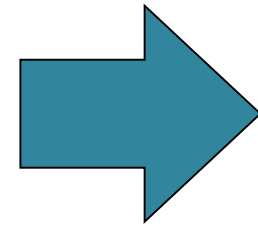
2022-23 Second Interim State Report

Process:

- Update the district budget for changes in revenues and expenditures since first interim using the most current information available and update multi-year projections (MYP) using the most current assumptions
- The report is sent to the Sonoma County Office of Education (SCOE) for review. District will receive a letter from SCOE noting approval (or disapproval)



State Budget Process



- January
 - Governor's proposed budget for budget year
- February
 - Legislative Analyst review with comments
- April
 - Statutory COLA recalculated
- May
 - "May Revise" reflects tax adjustments
- June 15 (or later)
 - Final adopted State budget
 - COLAs, "gap" funding
 - Potential additional programs, or funding changes
- November
 - Legislative Analyst Report (LAO Report)
 - Projections for next year based on tax collections and economic predictors
- January
 - Governor's proposed budget for next budget year...



Components: Funding Factors

Planning Factors for 2022-23 and MYPs

| | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|---|--|-----------|-----------|-----------|
| Statutory COLA | 1.70% | 6.56% | 8.13% | 3.54% |
| COLA Investment | 0.00% | 6.70% | 0.00% | 0.00% |
| Funded LCFF Cola | 5.07% | 13.26% | 8.13% | 3.54% |
| STRS Employer Rates | 16.92% | 19.10% | 19.10% | 19.10% |
| PERS Employer Rates | 22.91% | 25.37% | 27.00% | 28.10% |
| Unemployment Insurance Rate | 0.50% | 0.50% | 0.20% | 0.20% |
| Lottery per ADA | | | | |
| Unrestricted | \$ 176.94 | \$ 170.00 | \$ 170.00 | \$ 170.00 |
| Restricted | \$ 81.94 | \$ 67.00 | \$ 67.00 | \$ 67.00 |
| Mandated Block Grant for Districts | | | | |
| K-8 per ADA | \$ 32.79 | \$ 34.94 | \$ 37.78 | \$ 39.12 |
| 9-12 per ADA | \$ 63.17 | \$ 67.31 | \$ 72.78 | \$ 75.36 |
| Routine Restricted Maintenance | Minimum of 3% of total GF expenditures (based on actual expenditures) | | | |
| Est. Funded ADA | 5,423 | 5,700 | 5,617 | 5,613 |
| District Enrollment | 5,954 | 6,009 | 6,090 | 5,995 |
| Unduplicated Pupil Count % | 47.11% | 47.45% | 47.19% | 47.99% |

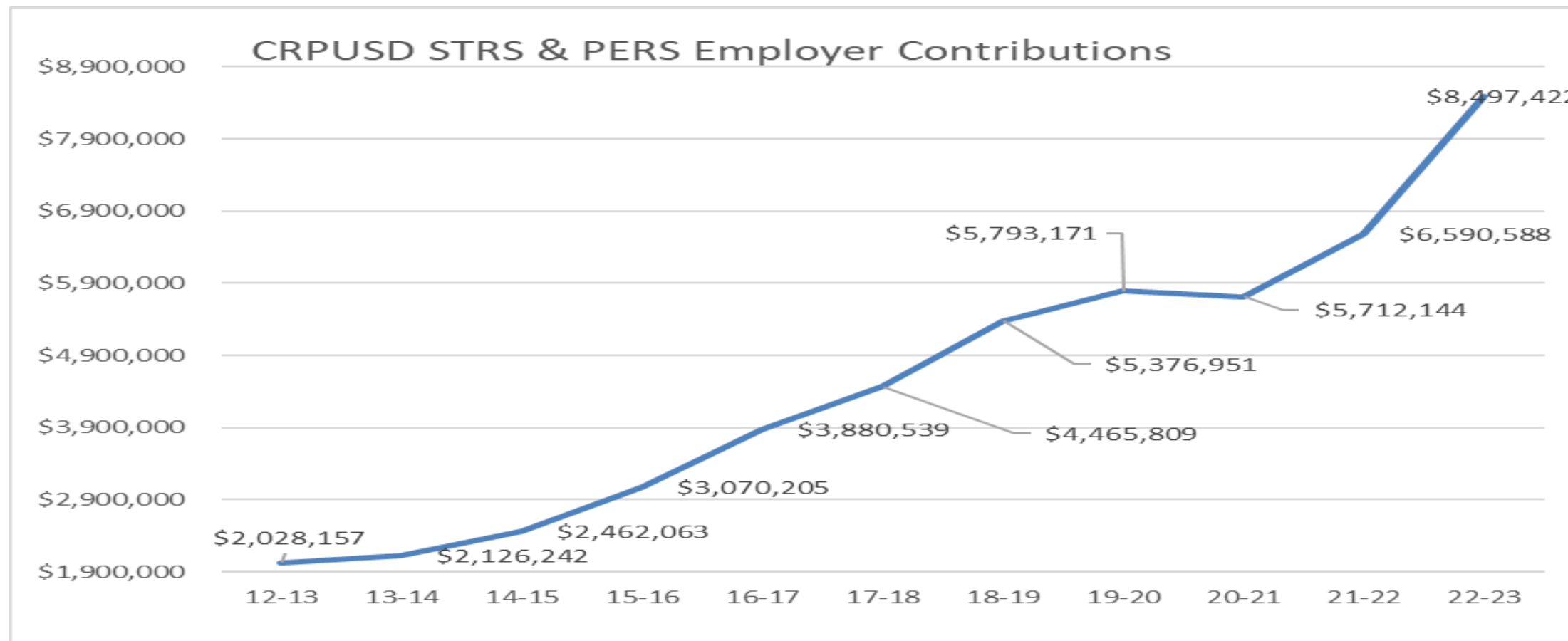
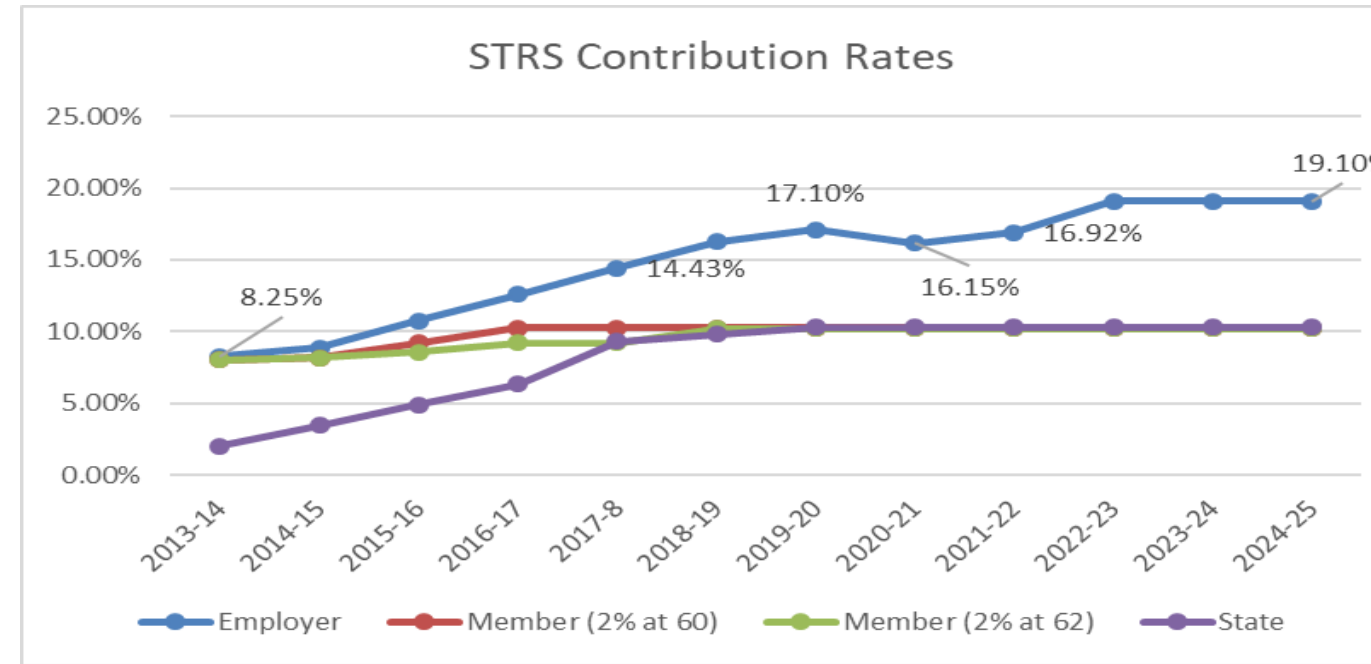
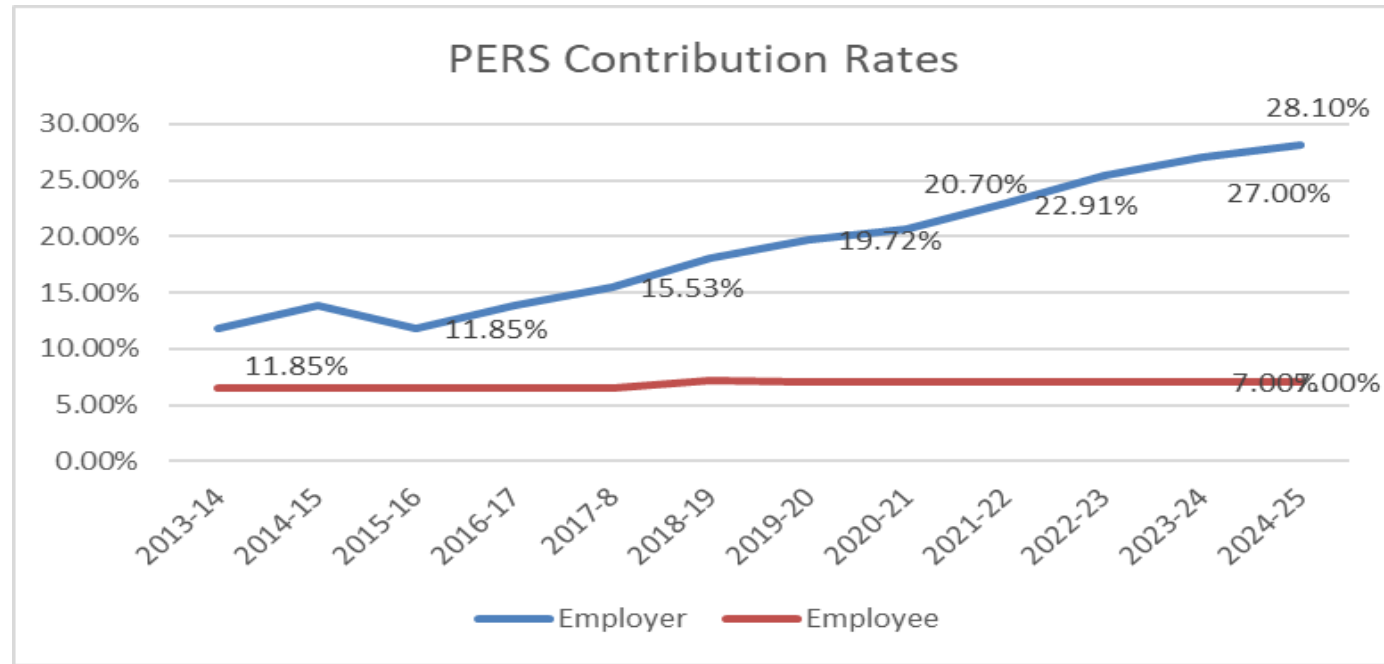
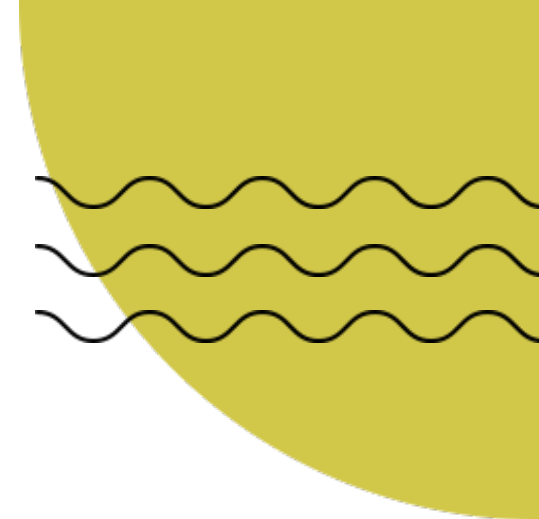


What has changed since 1st Interim?

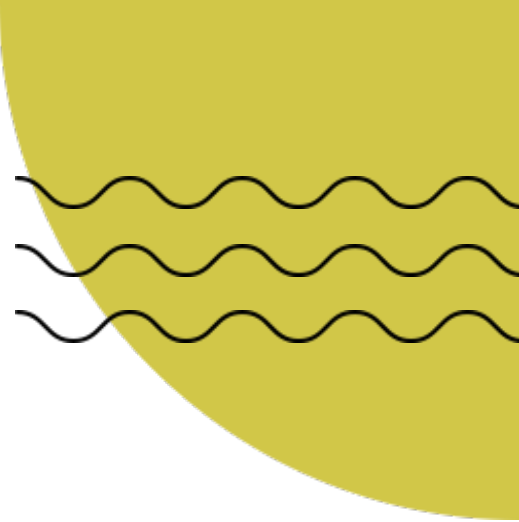
- Adjusted salaries and benefits to reflect actual projected costs
- PERS rates increased in outyears of MYP
- Adjusted utilities & substitute projected costs
- Local revenue budgets are adjusted as actual donations are received
- Contributions to SpEd & M&O adjusted closer to projected actual costs



Pension Reform



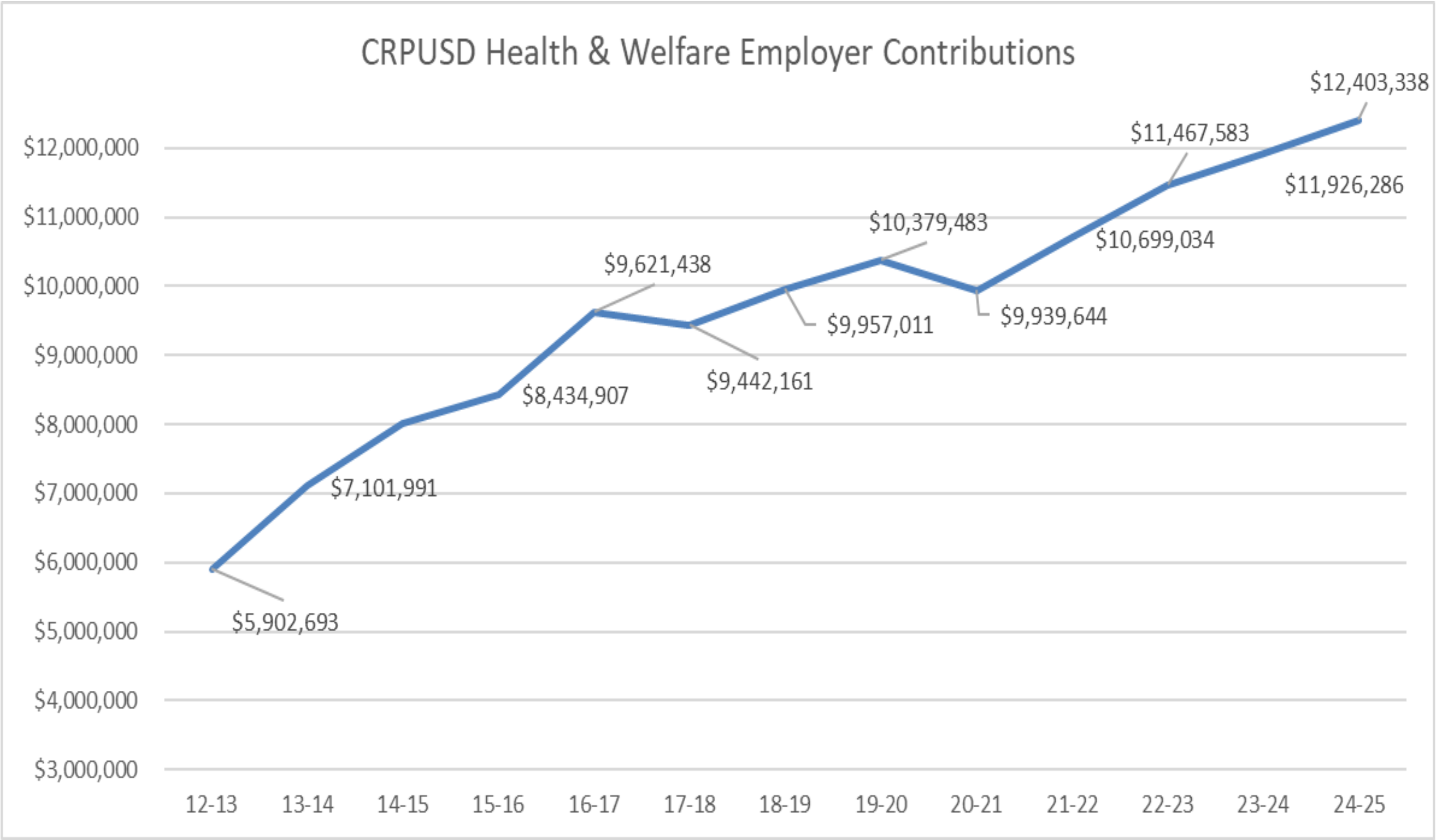
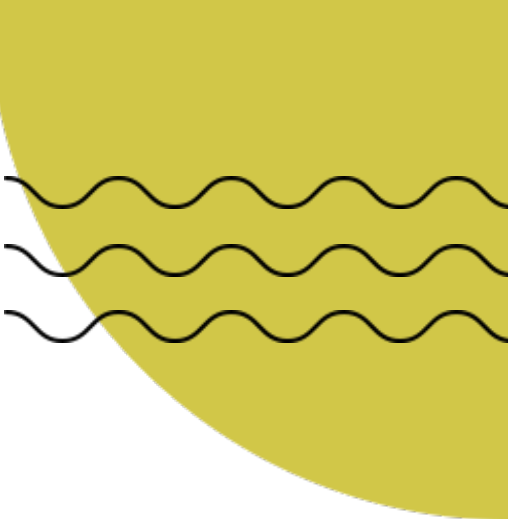
Key Budget Assumptions



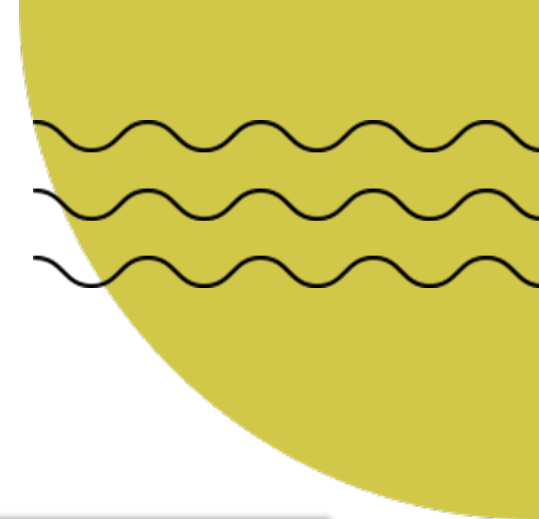
- Department of Finance COLA funding assumptions
- Step and Column cost increases 1.5% annually
- Assumes Health and Welfare cost increases 4% annually
- Increased PERS costs accordingly using current projected rates
- Funded Average Daily Attendance (ADA) projected at 5,631 (prior year ADA) for 2022-23
- Funded ADA for 2023-24 of 5,617 (current projected ADA for 2023-24)
- Funded ADA for 2024-25 of 5,613 (3-PY Average)
- 5.38% salary increase for 2023-24 for all employee groups
 - Costs for salary settlement included in MYP for 2023-24
 - 3.54% COLA increase salary cost shown “below the line” in MYP for 2024-25



Health & Welfare Costs



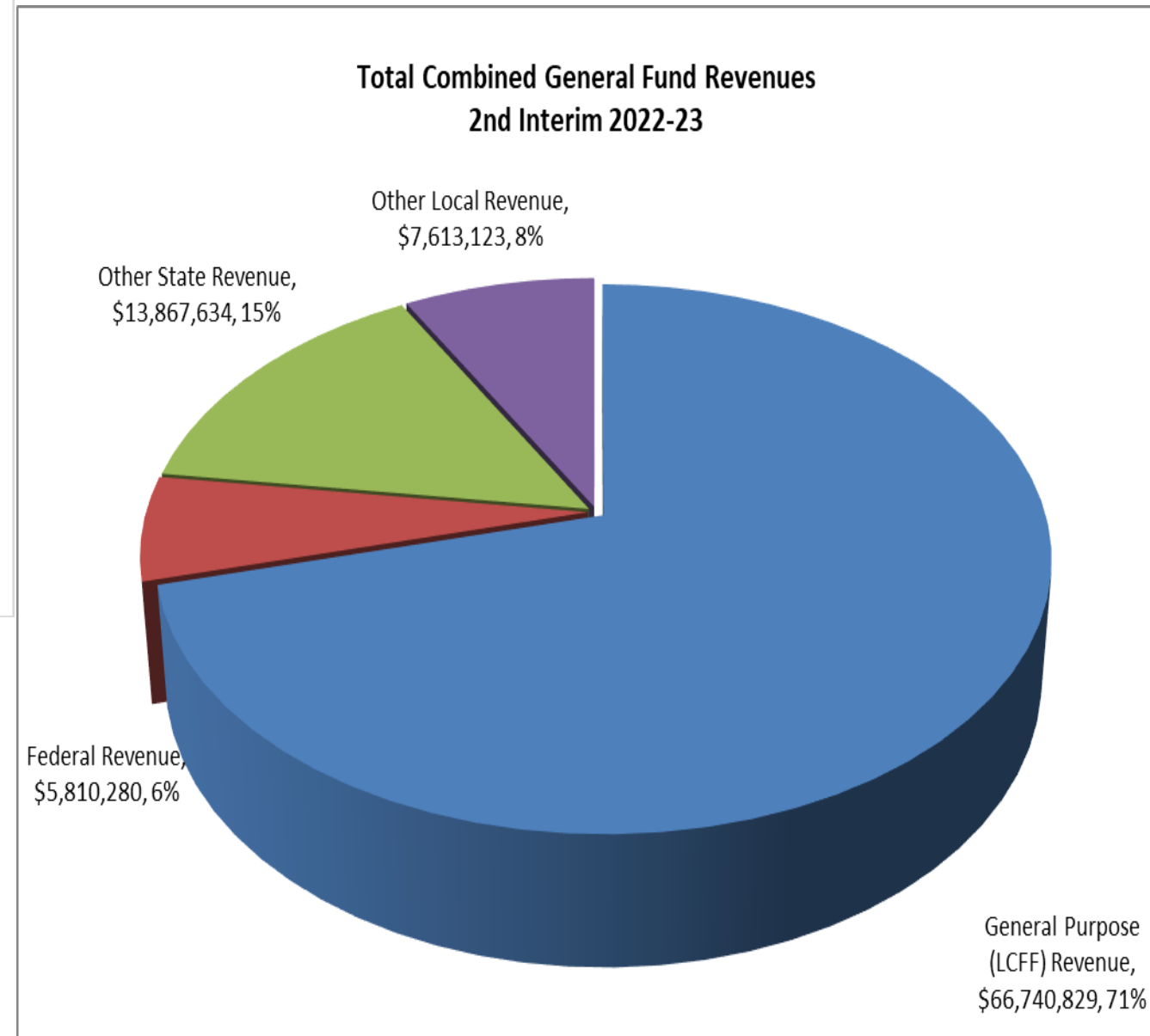
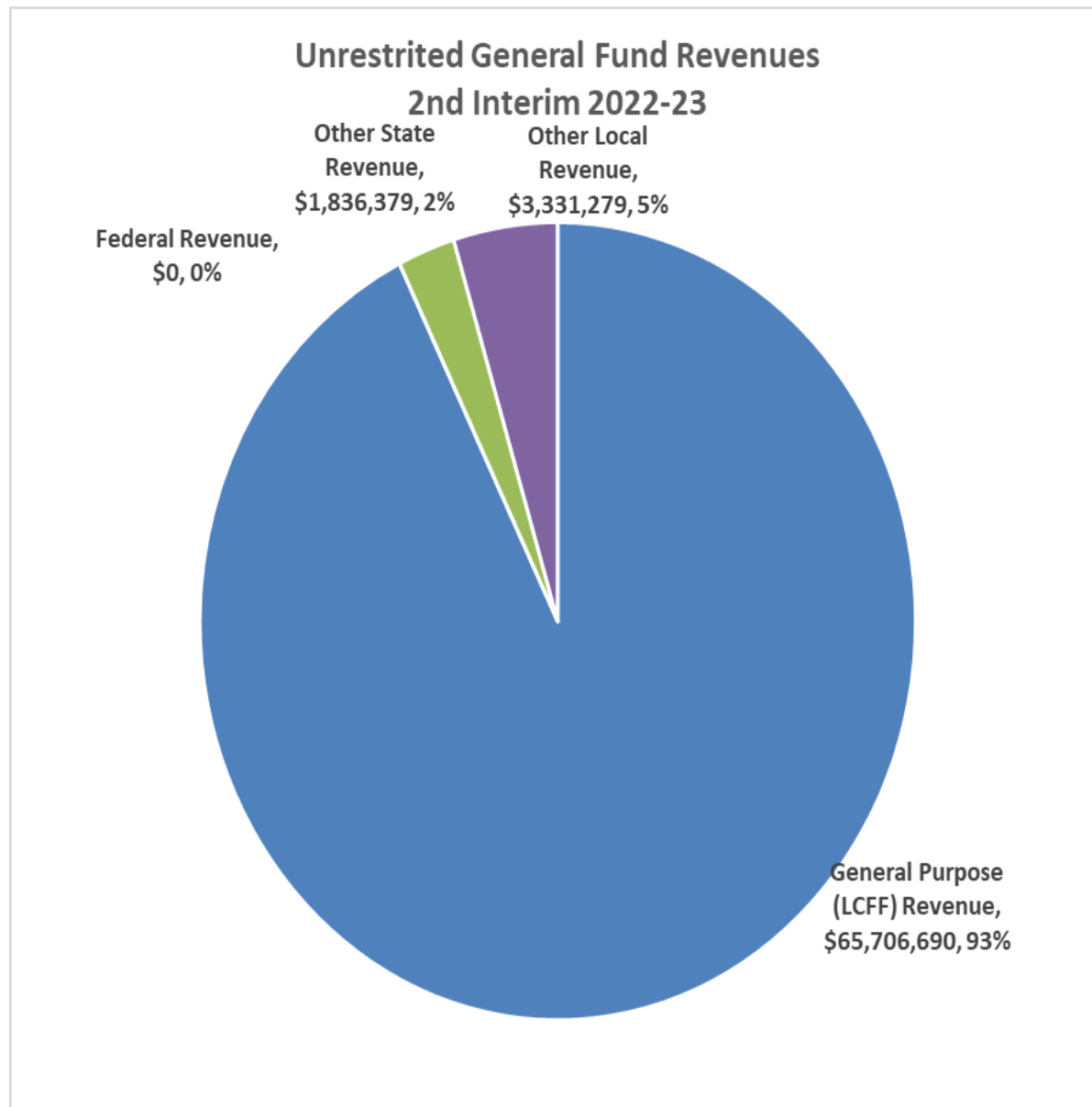
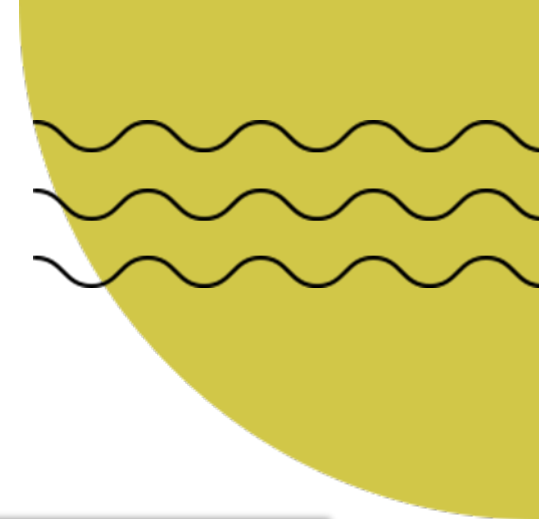
General Fund 2022-23 Revenue Budget



| DESCRIPTION | Unrestricted | Combined | |
|--------------------------------|---------------------|---------------------|---|
| General Purpose (LCFF) Revenue | \$65,706,690 | \$66,740,829 | General Purpose – <i>Property taxes, basic state aide, and education protection account funds</i> |
| Federal Revenue | \$0 | \$5,810,280 | Federal – District must follow specific grant guidelines (Title I, Title II, ESSER, etc.) |
| Other State Revenue | \$1,836,379 | \$13,867,634 | Other State – State funds not part of State aide (Lottery, Special Education, Mandate etc.) |
| Other Local Revenue | \$3,331,279 | \$7,613,123 | Local – Funds received from local sources (Parcel Tax, Casino Funds, Foundation support, PTSA support, Interest, etc.) |
| TOTAL | \$70,874,348 | \$94,031,866 | |



General Fund Revenue Budget



General Purpose –
Property taxes, basic state aid, and education protection account funds

Federal –
District must follow specific grant guidelines (Title I, Title II, etc.)

Other State –
State funds not part of State aid (Lottery, Special Education, Mandate etc.)

Local –
Funds received from local sources (Parcel Tax, Casino Funds, Foundation support, PTSA support, Interest, etc.)



General Fund Expenditures

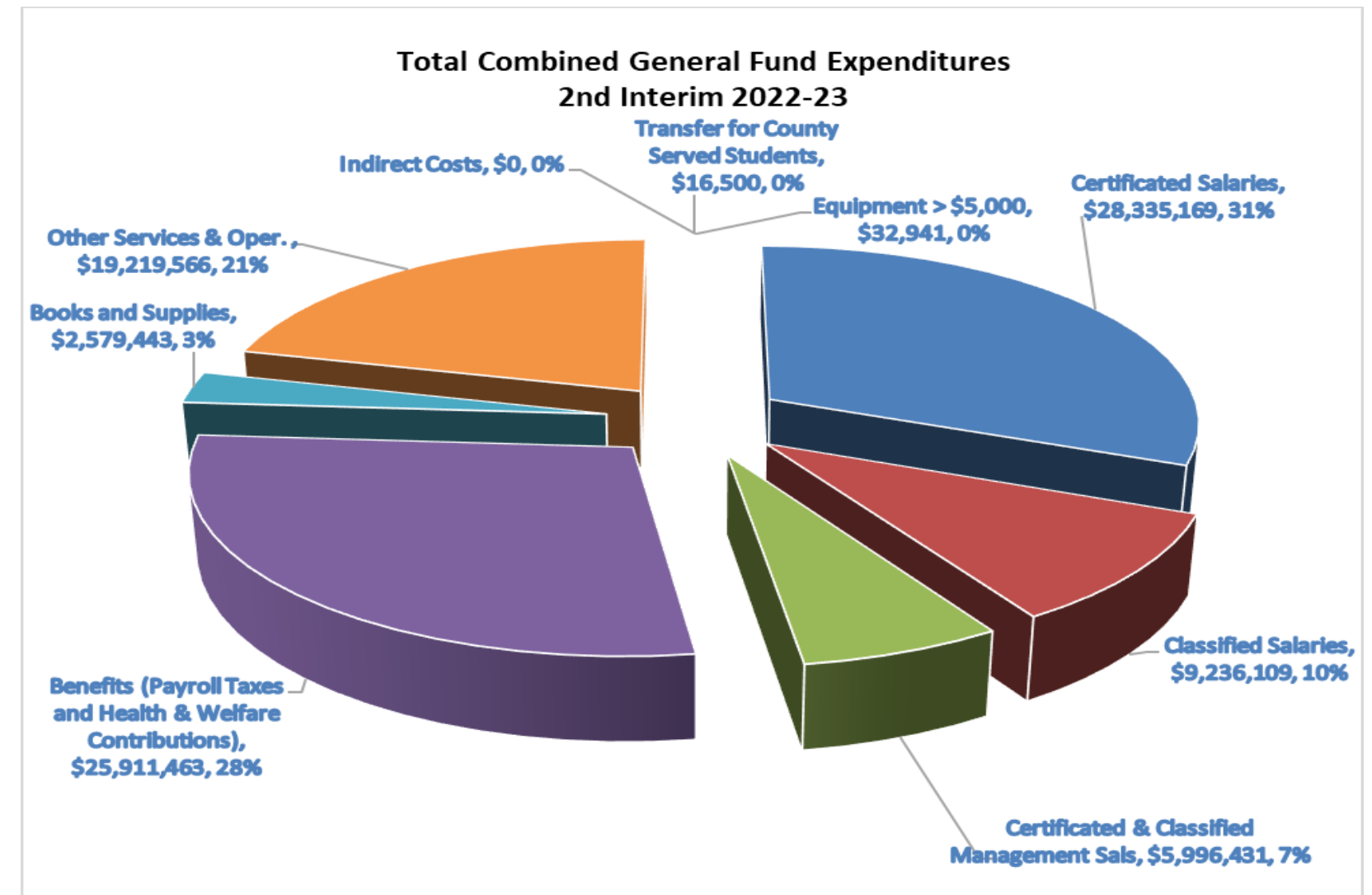
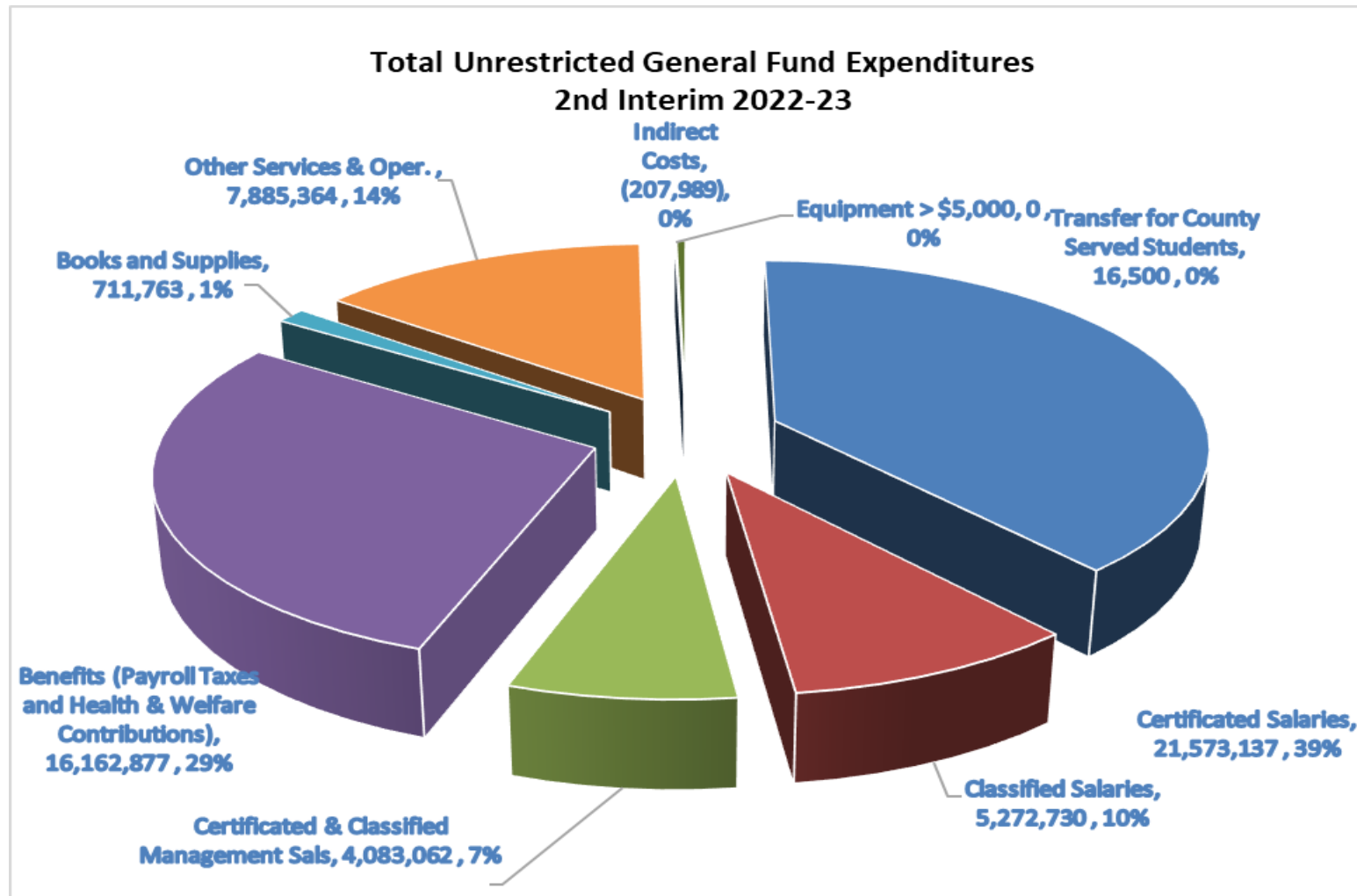
- Reflects General Fund only (no Cafeteria, Bonds, Capital Facilities)
- Employee costs comprise approximately 85% of the Districts unrestricted budget

| DESCRIPTION | UNRESTRICTED | COMBINED |
|---|-------------------|---------------------|
| Certificated Salaries | 21,573,137 | \$28,335,169 |
| Classified Salaries | 5,272,730 | \$9,236,109 |
| Certificated & Classified Management Sals | 4,083,062 | \$5,996,431 |
| Benefits (Payroll Taxes and Health & Welfare Contributions) | 16,162,877 | \$25,911,463 |
| Books and Supplies | 711,763 | \$2,579,443 |
| Other Services & Oper. | 7,885,364 | \$19,219,566 |
| Transfer for County Served Students | 16,500 | \$16,500 |
| Equipment > \$5,000 | 0 | \$32,941 |
| Indirect Costs | (207,989) | \$0 |
| TOTAL | 55,497,444 | \$91,327,622 |

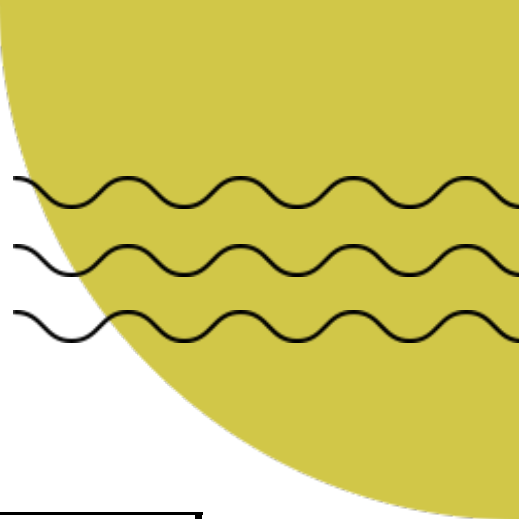


General Fund Expenditures

- Reflects General Fund only (no Cafeteria, Bonds, Capital Facilities)
- Employee costs comprise approximately 85% of the Districts unrestricted budget

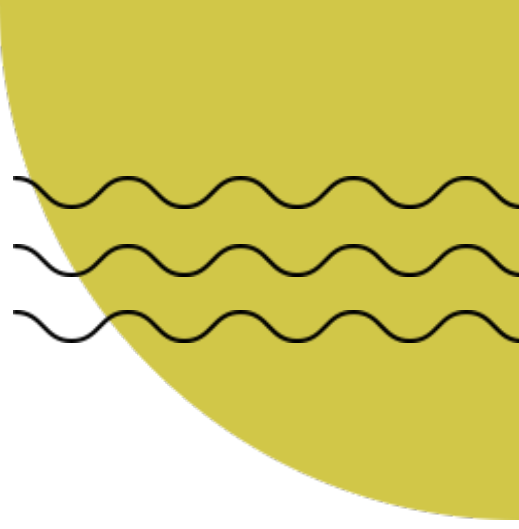


Change in Fund Balance since 1st Interim



| Unrestricted Changes Since 1st Interim Budget Revision | | Change in Fund Balance 2022-23 |
|--|-----------|---|
| Excess of Expenditures over Revenues at Estimated Actuals | | \$ 1,860,413 |
| Revenue Changes | | |
| LCFF Funding - adjustment to ADA & UPP% | 229,470 | |
| Federal Revenue - MAA revenue reclassified to Other Local Revenue | (53,066) | |
| Other State Revenue - Updated Lottery | 54,445 | |
| Other Local Revenue - MAA rev + Teacher Induction Prog revenue | 175,115 | |
| | 405,964 | \$ 405,964 |
| Expenditure Changes | | |
| Certificated Salaries - adj cert teacher and cert management sub expense | 241,316 | |
| Classified Salaries - adj CSEA, SEIU sub expense | 52,429 | |
| Benefits - based on above + H&W adjustments | (86,841) | |
| Books and Supplies - adjusted budget to reflect projected expense | 44,070 | |
| Other Services, Operations - adjusted utilities budgets, Teacher Induction Program | 400,010 | |
| Transfer of Indirect | (8,735) | |
| Transfer In from FD 17 no longer needed (calculated at Adopted Budget) | 539,382 | |
| Increased Contribution to M&O | 83,376 | |
| | 1,265,007 | \$ 1,265,007 |
| Revised Excess of Revenues over Expenditures at Second Interim | | \$ 1,001,370 |

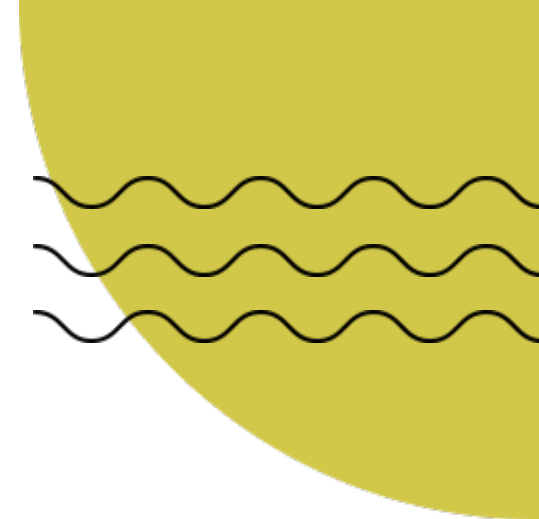
Unrestricted Funds to Restricted Programs



| CRPUSD Contributions to Restricted | Amount |
|---|---------------|
| Special Ed IDEA | 12,821,972 |
| Routine Maintenance | 1,553,562 |
| Total Contributions | 14,375,534 |



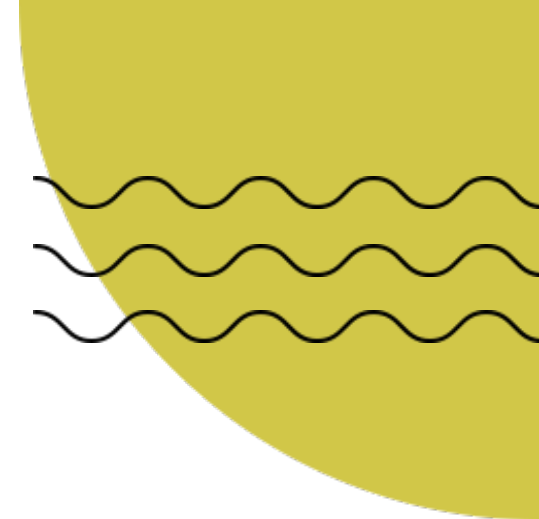
Second Interim General Fund Summary



| CRPUSD 2nd Interim 2022-23 | | | |
|----------------------------------|------------------|------------------|-------------------|
| Description | Unrestricted | Restricted | Total |
| Total Revenues | 70,874,348 | 23,157,518 | 94,031,866 |
| Total Expenditures | 55,497,444 | 35,830,178 | 91,327,622 |
| Excess/(Deficiency) | 15,376,904 | (12,672,660) | 2,704,244 |
| Transfer to RRMA & SpEd | (14,375,534) | 14,375,534 | 0 |
| Transfer in from FD 17 | 0 | | 0 |
| Transfer from FD 40 to RRMA | | 700,000 | 700,000 |
| Net Increase/(Decrease) | 1,001,370 | 2,402,874 | 3,404,244 |
| Beginning Fund Balance | 6,625,533 | 3,714,071 | 10,339,604 |
| Math Curriculum Adoption | (1,000,000) | | |
| 1% Additonal Reserve | (827,370) | | |
| FD 01 Ending Fund Balance | 5,799,533 | 6,116,945 | 13,743,848 |
| FD 17 Special Reserve | 3,671,105 | | |
| Reserve Percentage | 10% | | |



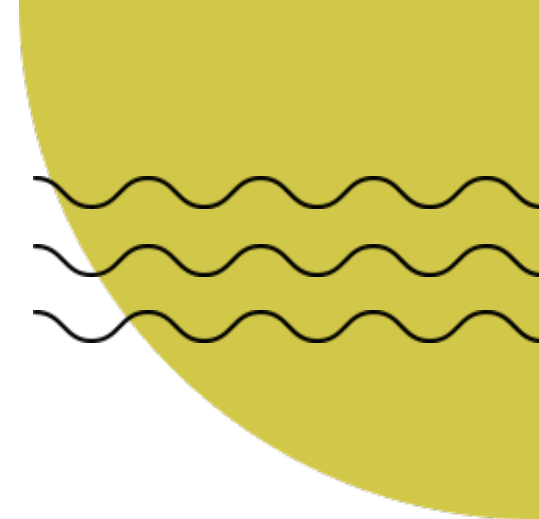
Summary Budget Adoption Multi-Year Projection(MYP)



| 2022-23 2nd Interim Multi-Year Projection (Unrestricted General Fund) | | | |
|--|-----------------------------------|--------------------------|--------------------------|
| Description | 2022-23 2nd Interim Budget | Projected 2023-24 | Projected 2024-25 |
| Total Revenues | 70,874,348 | 75,136,101 | 77,716,716 |
| Total Expenditures | 55,497,444 | 59,011,758 | 60,632,135 |
| Excess/(Deficiency) | 15,376,904 | 16,124,343 | 17,084,581 |
| Transfer to RRMA & SpEd | (14,375,534) | (14,672,171) | (15,024,856) |
| Surplus/(Deficit) (Total Rev - Total Exp) | 1,001,370 | 1,452,172 | 2,059,725 |
| Add: Beginning Fund Balance | 6,625,533 | 5,799,533 | 5,220,298 |
| Math Curriculum Adoption Reserve | (1,000,000) | 0 | |
| 1% Additonal Reserve per Board | (827,370) | (31,407) | (42,593) |
| Technology Infrastructure Refresh | 0 | (2,000,000) | 0 |
| Assigned for future compensation adj | 0 | 0 | (1,903,250) |
| FD 01 Unrestricted Ending Fund Balance | 5,799,533 | 5,220,298 | 5,334,180 |
| Special Reserve - Fund 17 | 3,671,105 | 3,742,512 | 3,830,105 |
| AB 1200 Reserve Percentage | 10% | 10% | 10% |



2022-23 Budget Revision Summary



2022-23 Budget Cycle

| Revenue | | Unrestricted | Restricted | Total |
|---------------------|-----------------|---------------------|-------------------|---------------|
| Jun-22 | Budget Adoption | \$ 66,496,862 | \$ 13,885,650 | \$ 80,382,512 |
| Aug-22 | 45-Day Revision | \$ 69,253,916 | \$ 23,188,558 | \$ 92,442,474 |
| Oct-22 | 1st Interim | \$ 70,468,384 | \$ 18,022,613 | \$ 88,490,997 |
| Jan-23 | 2nd Interim | \$ 70,874,348 | \$ 23,157,518 | \$ 94,031,866 |
| Expenditures | | Unrestricted | Restricted | Total |
| Jun-21 | Budget Adoption | \$ 53,867,379 | \$ 29,318,480 | \$ 83,185,859 |
| Aug-22 | 45-Day Revision | \$ 54,253,222 | \$ 29,431,388 | \$ 83,684,610 |
| Oct-22 | 1st Interim | \$ 54,855,195 | \$ 34,582,161 | \$ 89,437,356 |
| Jan-23 | 2nd Interim | \$ 55,497,444 | \$ 35,830,178 | \$ 91,327,622 |



Second Interim Certification

- Per AB 1200
- *The Second Interim projection indicates that, as defined in AB 1200, “the Cotati Rohnert Park Unified School District will be able to meet its current financial obligations in this fiscal year and subsequent two years.”*
- ✓ ***The Cotati Rohnert Park Unified School District is self-certifying as “Positive”***



Cash Flow

- There will be months where the general fund reflects negative cash balances (districts pay their bills faster than property taxes come in)
 - This is why districts, especially those that are deficit spending, must maintain larger fund balances than the meager state 3% minimum. Larger reserves lead to larger cash balances.
- The June 30, 2023 cash balance is projected to be positive for the district, however, the “dry period” of October through December, before property taxes are received, indicates cash shortfalls
 - The District has prepared to cover short-term borrowing from County Office of Ed funds for the current year (a Tax Anticipation Note)

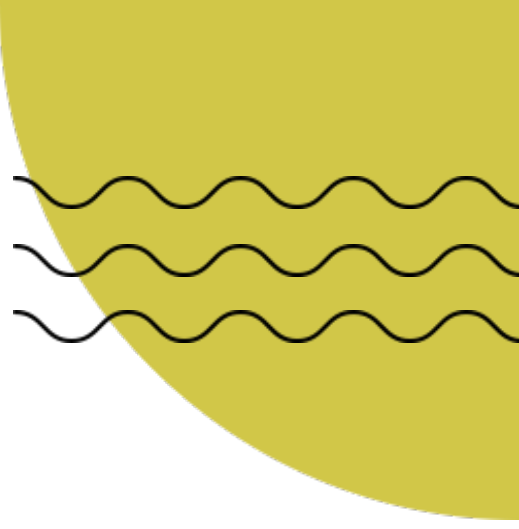


Areas of Financial Concern

- Enrollment/ADA trends
- Future impact of STRS/PERS and COLA
- Future technology needs
- Increases in general cost of doing business
- Containing Special Education costs
- Inevitable economic downturn
- Future Collective Bargaining



Questions?



CRPUSD



reengage
reconnect



reconnect



reimagine