



2021-22 First Interim Financial Report

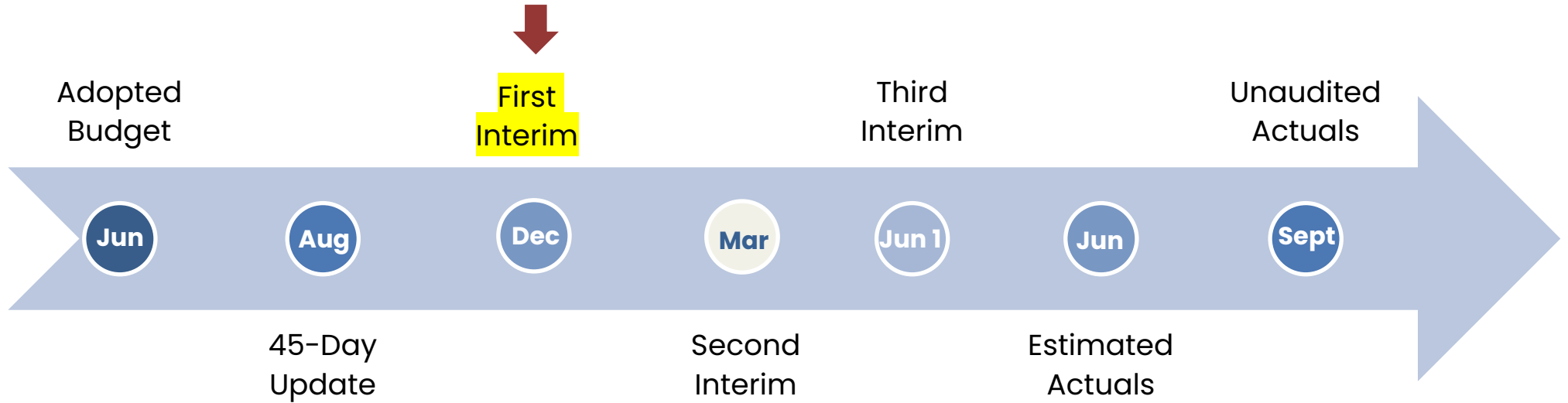
Board of Trustees Meeting
December 14, 2021
Erin Garcia, Assistant Superintendent

#WeAreSMUSD



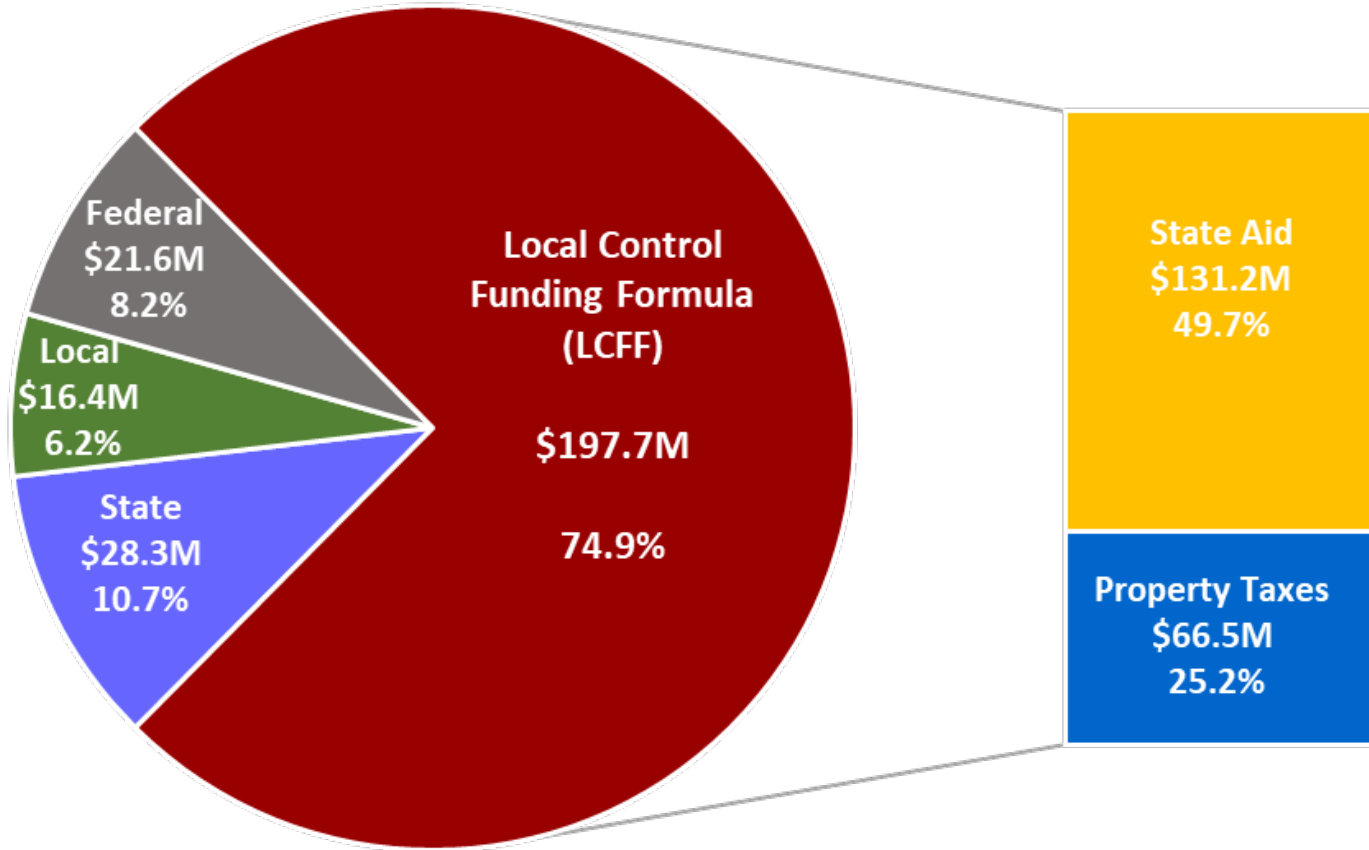


Annual Budget Reporting Cycle





Total General Fund Revenues - \$264.0M





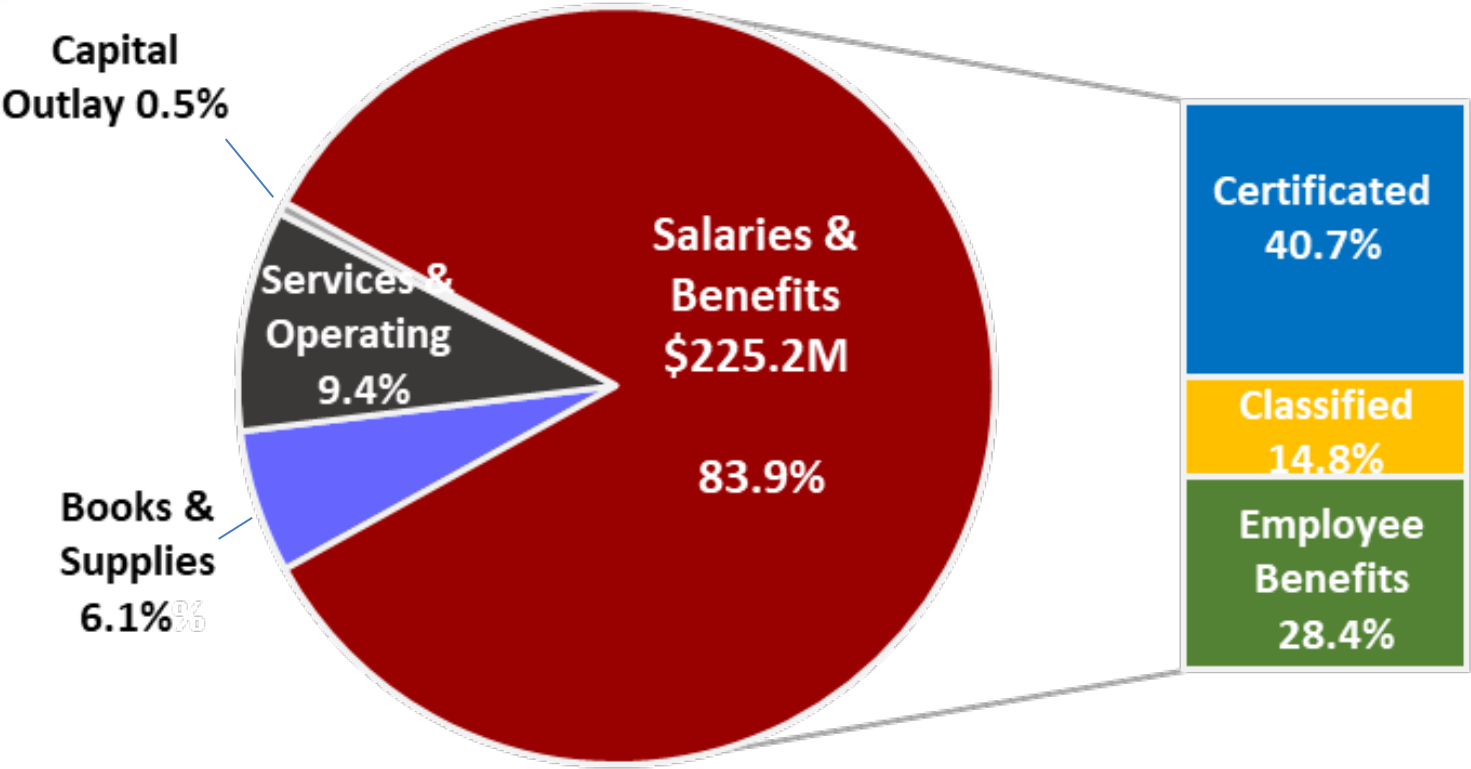
Revenue Changes

(in Millions)

	Adopted Budget	First Interim	Difference
LCFF	\$197.2	\$197.7	\$0.5
Federal	\$19.6	\$21.6	\$2.0
State	\$23.9	\$28.3	\$4.4
Local	\$15.0	\$16.4	\$1.4
Totals	\$255.7	\$264.0	\$8.3



Total General Fund Expenditures – \$268.4M





Expenditure Changes

(in Millions)

	Adopted Budget	First Interim	Difference
Certificated Salaries	\$108.4	\$109.3	\$0.9
Classified Salaries	\$38.5	\$39.8	\$1.3
Benefits	\$75.5	\$76.2	\$0.7
Books & Supplies	\$12.0	\$16.4	\$4.4
Services/Operating	\$27.7	\$25.3	(\$2.4)
Capital Outlay/Other	\$1.3	\$1.4	\$0.1
Totals	\$263.4	\$268.4	\$5.0

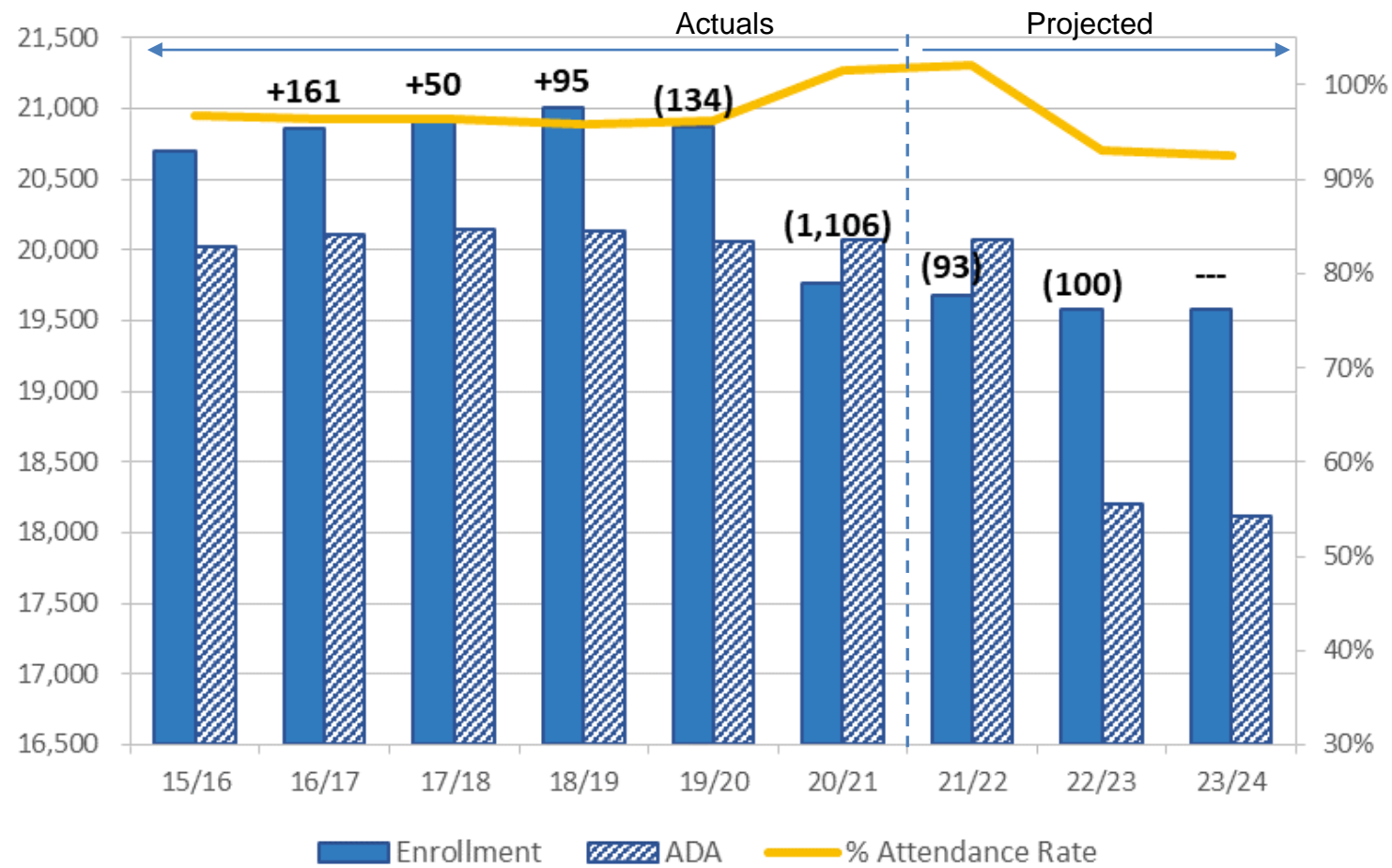


General Fund Ending Balance & Reserves

21/22 GENERAL FUND	Unrestricted	Restricted	Combined
July 1, Beginning Balance	\$28.6	\$11.7	\$40.3
Revenues	\$203.3	\$60.7	\$264.0
Expenditures	(\$164.5)	(\$103.9)	(\$268.4)
Contributions/Transfers	(\$37.6)	\$37.5	(\$0.1)
Surplus/(Deficit)	\$1.1	(\$5.7)	(\$4.6)
June 30, Ending Fund Balance	\$29.7	\$6.0	\$35.7
Reserve Percentage	9.53%		9.53%



Enrollment & Average Daily Attendance (ADA)





Multi-Year Projection Assumptions – 2022/23 & 2023/24

Revenue

- LCFF COLA 2.48% & 3.11%
- LCFF Funded ADA – 18,206 & 18,113
- Removes any one-time funding (COVID-ESSER, ELOG, etc.)

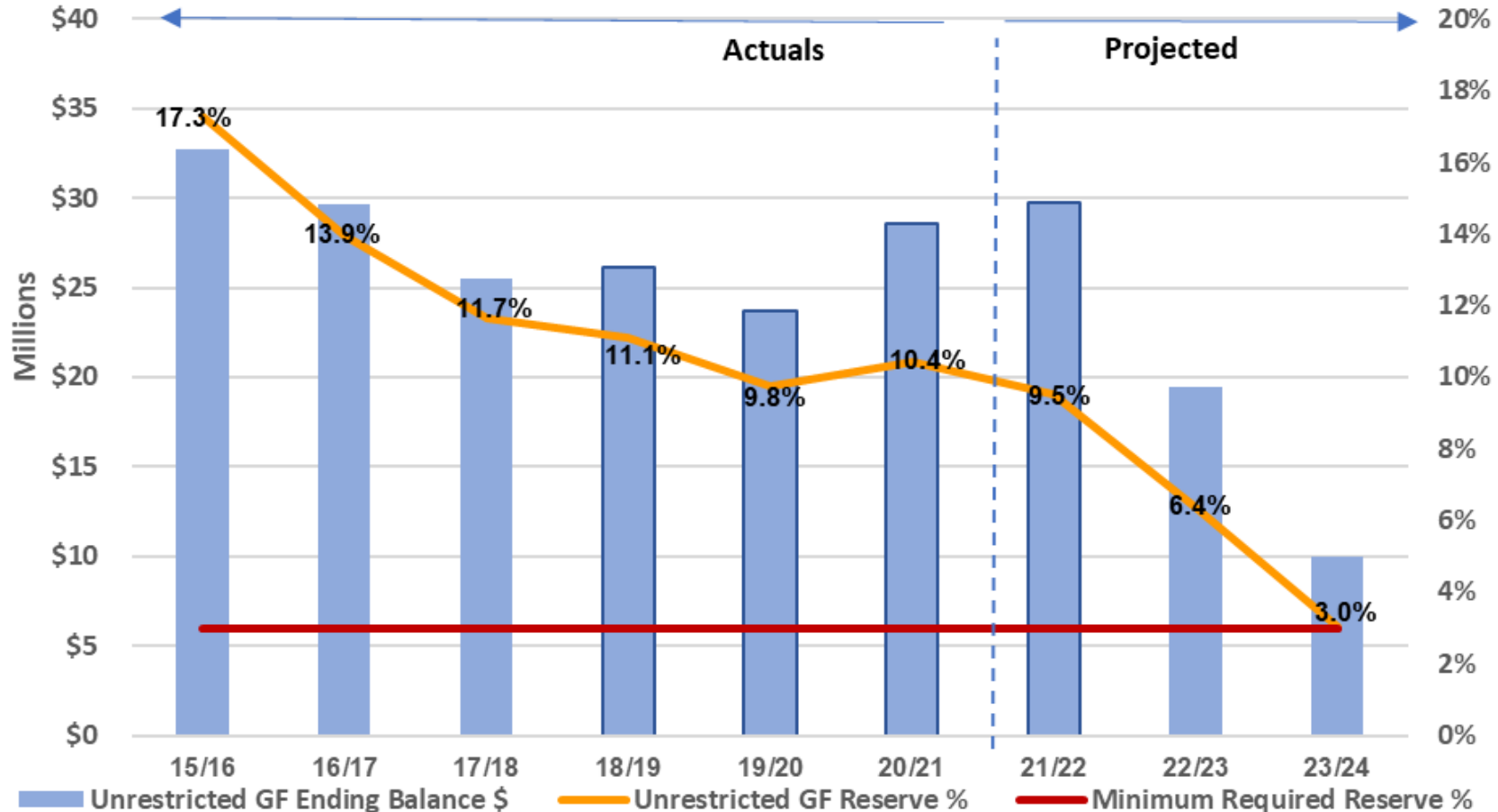
Expenditures

- PERS rate – 27.2% & 27.7%
- STRS rate – 19.1% & 19.1%
- No salary increases, negotiations not settled
- \$720K retiree/attrition savings each year
- Removes one-time expenses (COVID-ESSER, ELOG, etc.)

Multi-Year Projections (in Millions)

TOTAL GENERAL FUND	2021/22	2022/23	2023/24
July 1, Beginning Balance	\$40.3	\$35.8	\$22.8
Estimated Revenues	\$264.0	\$240.7	\$245.8
Estimated Expenditures	(\$268.6)	(\$269.1)	(\$270.8)
Ongoing Reduction		\$15.5	\$15.5
Total Surplus/(Deficit)	(\$4.6)	(\$12.9)	(\$9.5)
Unrestricted Deficit	\$1.1	(\$10.3)	(\$9.5)
June 30, Ending Fund Balance	\$35.7	\$22.9	\$13.3
Reserve Percentages	9.53%	6.36%	3.01%

General Fund Ending Balances & Reserves





Budget Certification



Positive – District *will* complete the current and two subsequent years with a positive fund and cash balance and at least minimum reserves; the district is solvent and can meet its obligations



Qualified – District *may not* complete the current and two subsequent years with a positive fund and cash balance and at least minimum reserves; financial indicators require scrutiny/modest intervention.



Negative– District *will not* complete the current and two subsequent years with a positive fund and cash balance and at least minimum reserves; aggressive corrective action is required.



Qualified Budget Certification

- Absent reductions of \$15.5M, SMUSD budget would:
 - drop below 3% required minimum reserve in 22/23
 - run out of funds, or turn negative, by 23/24
- Qualified definition:
 - District *may not* be able to meet our financial obligations in the current and two subsequent years and maintain a positive fund and cash balance and at least minimum reserves; financial indicators require scrutiny/modest intervention.



Legislative Analysts' Office (LAO) Nov Report

- Independent projection of CA State budget for next year (preview to Governor's January budget)
- Very positive outlook - higher State revenues due to unexpected robust retail sales & rising stock market
 - 22/23 COLA projected to be 5.35% (largely due to spikes in inflation)
 - Funds available for TK expansion and Expanded Learning Opportunities Program (before and after-school program for high-need students)
 - High likelihood of one-time funds available for schools
 - Ability to create new, ongoing programs



State vs. District Budget Timeline

STATE

**Governor's
Jan Budget
Proposal**

**May
Revise**

**Enact
Final
Budget**

**LAO
Projection**



DISTRICT

**Second
Interim**

**Adopted
Budget**

**45-Day
Update**

**First
Interim**





Next Steps

- Monitor Governor's January Budget – for 22/23 projections
 - to include options to soften the funding impact of declining enrollment & ADA
- Develop 22/23 LCAP, Strategic Plan, and Graduate Profile with stakeholder input
- Develop plan to reduce 22/23 expenditures by \$15.5M
 - Board Resolution #38-21/22
 - Right-size staffing based on decline of 1,200+ students
 - Adjust budget reduction amount as appropriate

RECOMMEND APPROVAL OF 2021-22 FIRST INTERIM REPORT & QUALIFIED CERTIFICATION

