



# Lowell Joint School District

Tradition of Excellence Since 1906

*“Home of Scholars and Champions”*

## First Interim Financial Report as of October 31, 2023



Presented to the Board of Trustees  
December 11, 2023





# 2023-24 Annual Budget Cycle



 District Calendar  
 State Calendar



# 2023-24 First Interim Assumptions

## General Fund Revenue

- **Local Control Funding Formula (LCFF)**
  - COLA 8.22% unchanged for 2023-24
  - Supplemental/Concentration Grant \$3.9 million
    - Concentration Grant = \$377,000
  - ADA: 2,950.57 - 3 year average (+1.73 ADA from AB)
    - Actual ADA 2,905.43
  - Official enrollment of 3,029 (October CBEDS) 17 students more than 2022-23 CBEDS of 3,012
  - Seat attendance has improved from 93% to 95%, but remains below the historic rate of 97%. This negatively affects ongoing funding by approximately \$600,000 per year





# 2023-24 Revenue

	Adopted Budget	First Interim	Changes
LCFF	\$35,414,827	\$35,510,683	+\$98,856
Federal Income	\$3,026,539	\$2,852,110	<\$174,429>
Other State Income	\$1,252,484	\$2,816,053	+\$1,563,569
Other Local Income	\$3,670,975	\$3,633,881	<\$37,094>
<b>Sub Total</b>	<b>\$43,364,825</b>	<b>\$44,812,727</b>	<b>+\$1,447,902</b>
Interfund Transfers In	\$0	\$0	\$0
<b>Total Revenue</b>	<b>\$43,364,825</b>	<b>\$44,812,727</b>	<b>+\$766,321</b>





# 2023-24 First Interim

## General Fund Revenue

### Major Changes from Adopted Budget

- **LCFF Revenue** **+\$96K**
  - Concentration Grant
- **Federal Revenue** **<\$174K>**
  - Truing Up of Federal Revenues
- **State Revenue** **+\$1.6M**
  - Arts/Music Instructional Materials Grant
  - Prop 28 – Arts and Music in Schools
  - Overpayment of Learning Recovery Emergency Block Grant





# 2023-24 First Interim Assumptions

## General Fund Expenditures

### ➤ Salary

- Budgeted per Board approved salary schedules
- January 1, 2024 minimum wage increase to \$16.00
- April 1, 2024 wage increase for Fast-Food Workers to \$20.00

### ➤ Health and Welfare Benefits

- Maximum medical benefits package \$23,182 (increase of \$773)

### ➤ STRS/PERS

- STRS pension rate remains 19.10%
- PERS pension rate increase of 1.31% (26.68% from 25.37%)





# 2023-24 First Interim Assumptions

## General Fund Expenditures

### ➤ Supplies

- Consumer Price Index (CPI) is 3.55%
- Elementary school site budgets at \$83 per student and \$131 at Rancho Intermediate per student (3.55% increase over prior year)
- 2022/23 Restricted Carryover, unrestricted school site/school donations carryover, and unused prior year federal and State awards are appropriated primarily in supply and/or services expenditure object codes





# 2023-24 Expenditures

	Adopted Budget	First Interim	Changes
Certificated Salaries	\$18,212,940	\$18,872,612	+\$659,672
Classified Salaries	\$6,265,126	\$6,301,474	+\$36,348
Employee Benefits	\$10,639,264	\$10,758,496	+\$119,232
Books & Supplies	\$2,892,414	\$5,070,767	+\$2,178,353
Services & Other Exp.	\$3,588,357	\$3,467,027	<\$121,348>
Capital Outlay	\$101,699	\$444,380	+\$342,681
<b>Sub Total</b>	<b>\$41,699,800</b>	<b>\$44,914,755</b>	<b>+\$2,113,607</b>
Other Outgo	\$339,622	\$339,622	\$0
<b>Total Expenditures</b>	<b>\$42,039,422</b>	<b>\$45,254,378</b>	<b>+\$2,113,607</b>







# 2023-24 First Interim

## General Fund Expenditures

### Major Changes from Adopted Budget

- **Certificated Salaries** **+\$660K**
  - Increase 2.8 FTE
  - Prop 28 Staffing Expenditures (80% of Revenue)
  
- **Classified Salaries** **+\$36K**
  - Minimum Wage Increase
  - Reclassification of Fiscal Services Clerks
  
- **Statutory and Health Benefits** **+\$119K**
  - Associated Benefits for increases in salaries





# 2023-24 First Interim

## General Fund Expenditures

### Changes from Adopted Budget

➤ **Supplies** **+\$2.2M**

- Furniture, Chromebook/Laptop Replacement
- Prop 28 Supplies

➤ **Services/Operating** **<\$121K>**

- Decrease in Budgeted Utilities
- Reduction in P&L Premium

➤ **Capital Outlay, Other Outgoing, Transfers** **+\$343K**

- Vehicle Replacement Expense
- KIT Equipment





# 2023-24 First Interim Assumptions

## General Fund Reserve

- The Designation For Economic Uncertainties Reserve is 5% per board policy, (state minimum is 3%, or \$1.3M)
- This additional 2% above the state required minimum is approximately \$900,000
- For context, one month of payroll is approximately \$3.3M
- U.S. General Services Administration recommends 17% reserves





# 2023-24 First Interim General Fund Reserve

## Components of Ending Fund Balance

➤	<b>Board of Trustees Commitments</b>		<b>\$10.6M</b>
➤	Technology	\$1.1M	
➤	Textbook Adoptions	\$2.0M	
➤	Additional 2% Reserve	\$905K	
➤	Classroom Furniture	\$1.4M	
➤	8.75 FTE Commitment	\$2.3M	
➤	Equipment & Vehicles	\$550K	
➤	Lunch Tables	\$150K	
➤	Intervention	\$550K	
➤	Site Beautification	\$500K	
➤	Future Operations	\$1.0M	
➤	Irrevocable Trust Deposit	\$200K	



➤ **Significant reductions in reserves have a negative impact on credit rating for future General Obligation bond issuances**



# Multi-year Projections

## Revenue Assumptions

(Subsequent Years)

### ➤ Local Control Funding Formula:

#### ➤ COLA

- 3.94% in 2024-25 (LAO est. 1.0% COLA = \$1M for LJSD)
- 3.29% in 2025-26 (Estimated 2.0% COLA = \$500K for LJSD)

#### ➤ ADA

- Projecting loss of approximately 45 ADA in 24-25 due to 3 year average dropping older years and replacing with current years of declining enrollment and seat attendance instability

- No ADA change in 25-26 (wait to see what occurs in 24-25)





# Multi-year Projections

## Revenue Assumptions

(Subsequent Years)

- **Arts & Music Instructional Materials Grant**
  - Funding cycle complete (\$900K in 23-24)
- **Proposition 28 – Arts & Music in Schools**
  - Ongoing funding began in 23-24 (\$476K ongoing)
- **Mandated Block Grant**
  - Approximate \$1.50/ADA increase in 24-25 and 25-26
- **Lottery**
  - Projected flat for 24-25 and 25-26





# Multi-year Projections

## Expense Assumptions

### 2024-25

#### ➤ Salaries and Employee Benefits

- 1.5% Certificated step and column costs
- 1.8% Classified step and longevity costs
- 0.4% Non-unit step and longevity costs
- 6.0% Increase in employee health and welfare benefits
- Reduce 4.0 FTE due to one-time funding
- LJEAs step/column costs assume 1 teacher retiree savings
- STRS pension projected at 19.1% (no change from 23-24)
- PERS pension increase of 1.02% (27.70 from 26.68%)
- Add One Dual Language teacher for sixth grade class

#### ➤ Supplies and Services

- 2024 Election Costs
- CPI projected at 3.03%





# Multi-year Projections

## Expense Assumptions

### 2025-26

#### ➤ Salaries and Employee Benefits

- 1.5% Certificated step and column costs
- 1.8% Classified step and longevity costs
- 0.4% Non-unit step and longevity costs
- 6.0% Increase in employee health and welfare benefits
- LJEAs step/column costs assume 1 teacher retiree savings
- Reduce 2.0 FTE due to declining enrollment
- STRS pension projected at 19.1% (no change from 23-24)
- PERS pension increase of .60% (28.30 from 27.70%)

#### ➤ Supplies and Services

- CPI projected at 2.64%







# Multi-year General Fund Summary

	2023-24 First Interim	2024-25 Projected	2025-26 Projected
Total Revenue & Transfers In	\$44,812,727	\$43,445,039	\$44,817,538
Total Expenditures & Outgo	\$45,254,378	\$43,814,537	\$43,618,151
<b>Change in Fund Balance</b>	<\$441,651>	<\$369,498>	\$1,199,387
Beginning Balance	\$19,983,906	\$19,542,255	\$19,172,757
<b>Ending Balance</b>	\$19,542,255	\$19,172,757	\$20,372,144

Components of Ending Fund Balance	2023-24 First Interim	2024-25 Projected	2025-26 Projected
Reserve for Econ. Uncertainties	\$1,357,631	\$1,314,436	\$1,308,545
Other Commitments	\$10,605,088	\$10,026,291	\$8,197,363
Revolving Cash & Restricted	\$4,035,620	\$3,030,000	\$3,030,000
Undesignated Amount	\$3,217,361	\$4,802,030	\$7,836,236





# Current Considerations

- One-Time Pandemic Funding expiring
- Funding ongoing programs and salaries with one-time funds is not sustainable
- Attendance is returning to pre-pandemic levels slowly
- ADA declining due to 3-Year Average calculation
- Liability Insurance Increases (SAM) and large payouts





# Future Considerations....

- **Governor's State budget projections for 2024/25 will be released in January, 2024**
- **The Legislative Analyst's Office**
  - Estimates COLA of approximately 1.0% for 2024-25 State budget unless there are gimmicks
  - Federal Reserve will likely stop raising rates in 2024
  - School-Aged children demographic is decreasing by 1% per year
  - Low COLA + Declining Enrollment = Reduced Funding





# Facilities

- Voters approved a \$48 million General Obligation Facilities Bond – Measure LL November 2018 with overwhelming support!
- Second and FINAL debt issuance in November 2020 saved local taxpayers over \$5.1 million
- The renovated Maybrook campus is hosting Rancho Starbuck staff and students while their campus is updated with new roofing, HVAC, fire alarm, and utilities.
- Recently refreshed Facilities Master Plan





# Facilities (continued)

- **State Facilities Program - Matching Funds**
  - All sites have completed eligibility calculations for match amount
  - DSA & CDE approved plans go into pipeline for matching funds
  - Olita matching funds of \$3.3 million were received in December 2021
  - As projects are completed they are added to the application
  - Total of approximately \$20M in state match eligibility
- **Special Reserve Fund receives ongoing lease income and contains sales of property funds**
  - This income supports deferred maintenance and repairs expenses
    - Ongoing annual lease income will be approximately \$675,000 (Starbuck property- leased to Whittier Christian HS)





# Nutrition Services Fund

- **This federal program now requires a maximum of 6 months operating expenses in reserves:**
  - We continue to plan deficit spending for supplies and equipment to reduce reserves to meet this maximum
  - Meal participation is the highest it has ever been





# Child Development Fund

- **Early Learning demand increasing**
  - 64 Preschool
  - 50 Learning Link
- **After school program continues adding students**
  - 540 PowerSource
- **Preschool Locations**
  - Olita, Jordan, Macy, and Maybrook (Approved)





# First Interim Financial Report Certification of Financial Condition

## Positive Certification

‘As president of the governing board of this school district, I certify that this district will be able to meet its financial obligations for the current fiscal year and subsequent two fiscal years.’

## Qualified Certification

‘As president of the governing board of this school district, I certify that this district may not meet its financial obligations for the current fiscal year and subsequent two fiscal years.’

## Negative Certification

‘As president of the governing board of this school district, I certify that based upon current projections this district will be unable to meet its financial obligations for the remainder of the fiscal year or for the subsequent fiscal year.’







# QUESTIONS?





# THANK YOU TO THE STAFF IN BUSINESS SERVICES

**Chelle Price – Director, Fiscal Services**  
**Jeanette Trevino – Accounting Technician**  
**Beatriz Rodriguez - Accounting Technician**  
**Darlene Hernandez - Accounting Technician**  
**Randi Vasquez - Accounting Technician**  
**Julie Chavez – Fiscal Services Clerk**  
**Denise Soto – Administrative Assistant**

