

2022-23 Moraga School District 1st Interim Narrative

Brief Item Description: Twice a year the Board must review interim financial reports and evaluate the District's ability to meet financial obligations for the balance of the current year (2022-23) and two subsequent years (2023-24 and 2024-25). This is the first report of the year and it covers the period from July 1, 2022 to October 31, 2022.

School district operating budgets have experienced a few changes since the budget was adopted in June 2022. Some of these changes were reviewed at the 45-Day budget revision in August and continue to be reflected in this 1st Interim budget report. The changes presented in the 45-Day Revision were as follows:

- Base Grant Augmentation increased from 3.29% to 6.70%
- On-going Expanded Learning Opportunities Program (ELOP)
- One-time funding for the Learning Recovery Emergency Block Grant and the Arts, Music and Instructional Materials Discretionary Block Grant.

Since the 45-day revision, additional adjustments have been made to both the revenue and expenditure sides of the operating budget.

2022-23 Revenues:

There are three major sources of funding for local school districts:

- 1) State Funding
- 2) Local Funding
- 3) Federal Funding

State Funding

State funding comes in the form of the Local Control Funding Formula (LCFF) and "Other" State funds.

The LCFF is calculated annually and is primarily based on the following factors:

	2021-22	2022-23	2023-24	2024-25
Enrollment	1,715.00	1,741.00	1,699.00	1,731.00
Actual ADA	1,695.29	1,697.52	1,656.46	1,687.89
Funded ADA ** (new in 2022-23)	1,810.27	1,771.61	1,732.18	1,687.89
Statutory COLA	1.70%	6.56%	5.38%	4.02%
Addition to the LCFF BASE	3.37%	6.70%	0.00%	0.00%
TK Add-On (new in 22-23)	-	\$ 2,813.00	\$ 2,964.34	\$ 3,083.51

****Funded ADA is based on the "ADA Cliff" formula which determines the funded ADA as the greater of the current year ADA, prior year ADA or the 3-year average ADA.**

As the chart above illustrates, this change in how “funded ADA” is calculated is bringing in more LCFF funding than we have seen since its inception in 2013. This level of funding is mainly due to the “ADA Cliff” formula, the addition to the LCFF Base of 6.70% and the TK Add-on.

Based on the new LCFF funding model, the district is expected to generate \$17.5 million in 2022-23, \$18.2 million in 2023-24 and \$18.4 million in 2024-25.

In addition to the LCFF, the Moraga School District is projecting to receive “one-time” funds of \$1.1 million from the Art, Music and Instructional Materials Discretionary Grant, \$228k from the Learning Recovery Emergency Grant, and \$75k from the Pre-K Planning Grant. The district is also projecting to receive “on-going” state funds of \$44k from the Classified School Employee Assistance Funds, \$416k in State Lottery Funds, \$180k in Special Education funds, \$59k in Mandated Block Grant funds and \$143k in Expanded Learning Opportunities Program funds.

In total, LCFF and Other State funds make up 76% of the general fund revenue budget. This being said, these funds are very volatile and are dependent on a healthy economy.

Local Funding

Local funding comes from the following sources:

- Moraga Education Foundation = \$1.6m
- Local Parcel Tax = \$3.05m
- SpEd Apportionment = \$992k
- After School Sports = \$35k
- Facility Use Fees = \$187k
- School Site Donations (PE, Fieldtrips, Science, Book fair, Debate and PTA) = \$53k
- Other Local/Interest = \$99k

In total, local funds make up 21% of the general fund revenue budget indicating that the District is fortunate enough to have community support to keep operations running at its current level.

Federal Funding

Federal funding comes from the following sources:

- Special Education = \$365k
- Categorical Programs such as Title I, Title II and Title IV = \$57k
- Deferred Stimulus Funds = \$335k

In total, federal funds make up 3% of the general fund revenue budget.

2022-23 Expenditures:

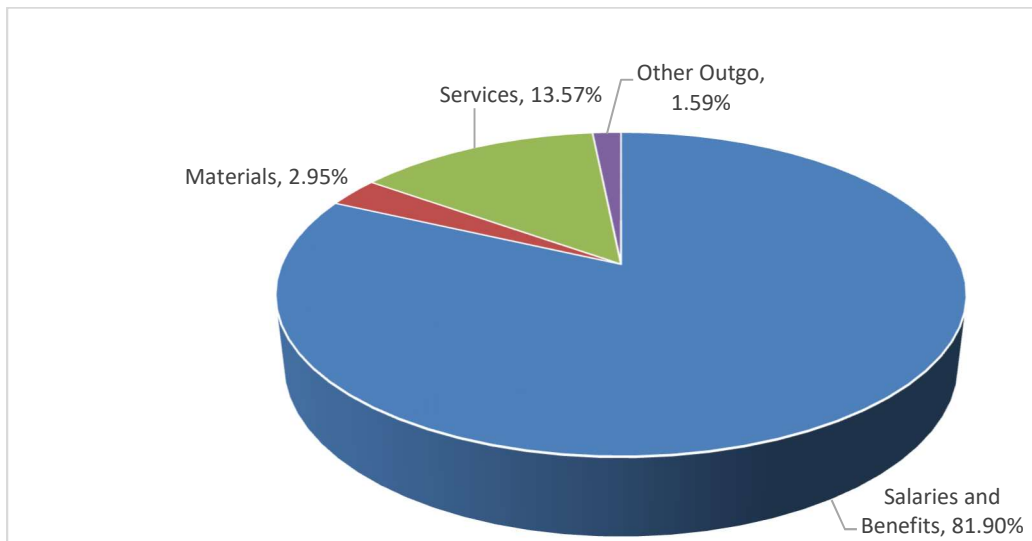
Expenditure budgets are based on the following:

- 2022-23 Enrollment (per CBEDS Day-First Wednesday in October) = 1,741
- Salary and Benefits for:
 - *Certificated Staff = 104.8 full-time equivalent
 - *Classified Support Staff = 66.4 full-time equivalent
 - *Certificated and Classified Management = 17 full-time equivalent
- District priorities as outlined by the Local Control and Accountability Plan (LCAP)
- Increase in the Transitional Kindergarten Program
- Implementation of the Universal Meals Program
- Technology replacement and upgraded technology infrastructure
- Special Education and Section 504 programs
- Savings from the Schneider Electric Project

These budgets have been adjusted for salary and health benefit changes due to attrition and allocation of carryover funds.

In addition, the District has included expenditures as outlined in the ESSER III and Educator Effectiveness spending plans. Both plans are multi-year plans covering literacy and math interventions, SEL/PBIS training, technology, ELL supports and professional development.

For the current year, it is projected that the District will meet its minimum required reserve of 4% (3% State Requirement and 1% Board policy) and have a positive ending fund balance.



Multiyear Projection (MYP):

As part of the 1st Interim report, districts are required to calculate projections for two subsequent years (2023-24 and 2024-25).

The following assumptions are used to project the operating budgets for 2022-23 through 2024-25:

GOVERNOR'S ASSUMPTIONS:	2022-23	2023-24	2024-25
Cost-of-Living Adjustment	6.56%	5.38%	4.02%
Addition to the LCFF BASE:	6.70%	0.00%	0.00%
Consumer Price Index	0.00%	2.58%	2.20%
CalPERS Employer Rate	25.37%	25.20%	24.60%
CalSTRS Employer Rate	19.10%	19.10%	19.10%
Unemployment Rate	0.50%	0.20%	0.20%
Classified Driven Benefits	35.42%	34.95%	34.35%
Certificated Driven Benefits	22.95%	22.65%	22.65%
DISTRICT ASSUMPTIONS:	2022-23	2023-24	2024-25
Enrollment (<i>based on demographic study 11.2022</i>)	1,741.00	1,699.00	1,731.00
Funded ADA	1,771.60	1,732.17	1,687.89
Step & Column Increase	1.00%	1.00%	1.00%
Health Benefit Rates	15.00%	7.00%	7.00%
Reserve for Economic Uncertainty	4.00%	4.00%	4.00%
Routine Restricted Maintenance	3.00%	3.00%	3.00%

The chart below illustrates the Multi-Year Projection based on the assumptions above:

	2022-23	2023-24	2024-25
Total Revenues:	28,239,793	27,090,925	27,369,646
Total Expenditures:	27,077,503	27,089,975	27,446,328
Net Increase (Decrease) to Fund Balance:	1,162,290	950	(76,682)
FUND BALANCE RESERVES:			
Beginning Balance	5,953,725	7,116,015	7,116,965
Net Increase (Decrease) to Fund Balance:	1,162,290	950	(76,682)
ENDING FUND BALANCE:	7,116,015	7,116,965	7,040,283
COMPONENTS OF THE ENDING FUND BALANCE			
NONSPENDABLE: Revolving Cash	25,000	25,000	25,000
RESTRICTED: Categorical Programs	1,964,386	1,498,711	1,534,898
ASSIGNED:			
Textbook Implementation	150,000	150,000	150,000
Universal Transitional Kindergarten	139,876	296,094	458,601
Technology Replacement/Upgrade	130,000	130,000	130,000
UNASSIGNED AVAILABLE RESERVES:			
**3% Required Reserve	812,325	812,699	823,390
**Undesignated Fund Balance:	3,894,428	4,204,461	3,918,395
TOTAL AVAILABLE RESERVES AS A PERCENTAGE:			
**TOTAL AVAILABLE GENERAL FUND RESERVES	4,706,753	5,017,160	4,741,784
ADD FUND 17 RESERVES	960,296	960,296	960,296
TOTAL AVAILABLE RESERVES IN DOLLARS:	5,667,049	5,977,456	5,702,080
TOTAL AVAILABLE RESERVES AS A PERCENTAGE:	20.93%	22.07%	20.78%

For 2022-23, we are projecting an "Ending Fund Balance" of \$7.1 million and an "Available" reserve (includes Fund 17) of \$5.67 million or 20.93%.

Other Funds:

At this time, all other funds are projected to have positive ending fund balance as of 6/30/2023.