

2023-24

Moraga School District

First 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 (2023-24), and two subsequent years (2024-25 and 2025-26). This is the first report of the year and it covers the period from July 1, 2023 to October 31, 2023.

School District operating budgets have experienced a few changes since the budget was adopted in June 2023. There were no significant changes to Moraga School District's operating budget at the time of the 45-Day budget revision in August 2023. All changes since June 2023 are being reflected in this First Interim budget report.

The sections below go over the adjustments that have been made to both the revenue and expenditure sides of the operating budget.

2023-24 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:

	2023-24	2024-25	2025-26
Enrollment	1770	1780	1771
Unduplicated Pupil %	6.46%	7.21%	7.67%
Funded ADA	1,729.67	1,734.70	1,734.71
TK ADA	88.08	74.67	131.16
COLA	8.22%	3.94%	3.29%

***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.*

Based on the “ADA Cliff” formula of the LCFF funding model, the district is expected to generate \$18.7 million in 2023-24, \$19.5 million in 2024-25 and \$20.4 million in 2025-26. The Moraga School District will be funded on current year ADA for the 2023-24 and 2024-25 school years and on prior year ADA for the 2025-26 school year.

The revenue generated in 2024-25 assumes a 3.94% COLA. However, this COLA is expected to be lower and the district will take this known risk into consideration when negotiating with labor partners. The Legislative Analyst’s Office expects the new COLA for 2024-25 to be 1.27%.

The Moraga School District is projecting to receive Prop 28 funds of \$199k in 23-24. The district has not received funding from this new allocation yet, and the money is expected to be received in Spring 2024. These funds are not included in the First Interim report; however, they will be included in projections for purposes of labor negotiations.

The district is also expecting to receive “on-going” state funds including \$62k from the Classified School Employee Assistance Funds, \$392k in State Lottery Funds and \$210k in Special Education 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 = \$3.1M
- Special Education Apportionment = \$737k
- After School Sports = \$35k
- Facility Use Fees = \$237k
- School Site Donations (PE, Fieldtrips, Science, Book fair, Debate and PTA) = \$38k
- Other Local/Interest = \$200k

In total, local funds make up 22% of the general fund revenue budget indicating that the District is fortunate enough to have community support to keep operations running at current level.

Federal Funding

Federal funding comes from the following sources:

- Special Education = \$372k
- Categorical Programs such as Title I and Title II = \$48k
- Every Student Succeeds Act = \$10k

In total, federal funds make up 1.5% of the general fund revenue budget.

2023-24 Expenditures:

Expenditure budgets are based on the following:

- 2023-24 Enrollment (per CBEDS Day-First Wednesday in October) = 1,770
- Salary and Benefits for:
 - *Certificated Staff = 107.1 full-time equivalent
 - *Classified Support Staff = 70.6 full-time equivalent
 - *Certificated and Classified Management = 17.1 full-time equivalent
- District priorities as outlined by the Local Control and Accountability Plan (LCAP)
- Increase in the Transitional Kindergarten Program
- Special Education programs

These budgets have been adjusted for salary and health benefit changes occurring in the natural course of business.

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 First Interim report, districts are required to calculate projections for two subsequent years (2024-25 and 2025-26).

The following assumptions are used to project the operating budgets for 2024-25 and 2025-26:

Governor's Assumptions	2023-24	2024-25	2025-26
COLA - Cost of Living Adjustment	8.22%	3.94%	3.29%
Consumer Price Index - CPI	3.54%	3.02%	2.64%
CalPERS Employer Rate	26.68%	27.70%	28.30%
CalSTRS Employer Rate	19.10%	19.10%	19.10%
Unemployment Rate	0.05%	0.05%	0.05%
Classified Driven Benefits	36.15%	37.17%	37.77%
Certificated Driven Benefits	22.37%	22.37%	22.37%
District's Assumptions	2023-24	2024-25	2025-26
Enrollment	1770	1780	1771
Funded ADA	1,729.67	1,734.70	1,734.71
Step and Column Increase	1%	1%	1%
Health Benefit Rate Increases	7%	7%	7%
Reserve for Economic Uncertainty	4%	4%	4%
Routine Restricted Maintenance	3%	3%	3%

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

MORAGA SCHOOL DISTRICT - Multi-Year Projection - MYP			
	2023-24	2024-25	2025-26
Total Revenues:	27,866,732	28,601,524	29,446,985
Total Expenditures:	28,681,101	29,061,597	29,609,658
Net Increase (Decrease) to Fund Balance:	(814,369)	(460,073)	(162,673)
FUND BALANCE RESERVES:			
Beginning Balance	7,376,734	6,562,365	6,102,293
Net Increase (Decrease) to Fund Balance:	(814,369)	(460,073)	(162,673)
ENDING FUND BALANCE:	6,562,365	6,102,293	5,939,620
COMPONENTS OF THE ENDING FUND BALANCE			
NONSPENDABLE: Revolving Cash	28,700	28,700	28,700
RESTRICTED: Categorical Programs	1,682,327	1,567,737	1,520,825
ASSIGNED:			
Textbook Implementation	180,000	180,000	180,000
Universal Transitional Kindergarten	355,756	496,127	774,504
Litigation	100,000	100,000	100,000
Technology Replacement/Upgrade	130,000	130,000	130,000
UNASSIGNED AVAILABLE RESERVES:			
3% Required Reserve	860,433	871,848	888,290
Undesignated Fund Balance:	3,225,149	2,727,881	2,317,301
TOTAL AVAILABLE RESERVES AS A PERCENTAGE:			
TOTAL AVAILABLE GENERAL FUND RESERVES	4,085,582	3,599,729	3,205,590
ADD FUND 17 RESERVES	993,684	993,684	993,684
TOTAL AVAILABLE RESERVES IN DOLLARS:	5,079,266	4,593,413	4,199,274
TOTAL AVAILABLE RESERVES AS A PERCENTAGE:	17.71%	15.81%	14.18%
Assigned Total	765,756	906,127	1,184,504

For 2023-24, the District is projecting an “Ending Fund Balance” of \$6.6M and an “Available” reserve of \$5.1M or 17.71%. This “Available” reserve includes Fund 17 reserves of \$994k.

Other Funds:

At this time, all other funds are projected to have a positive ending fund balance.