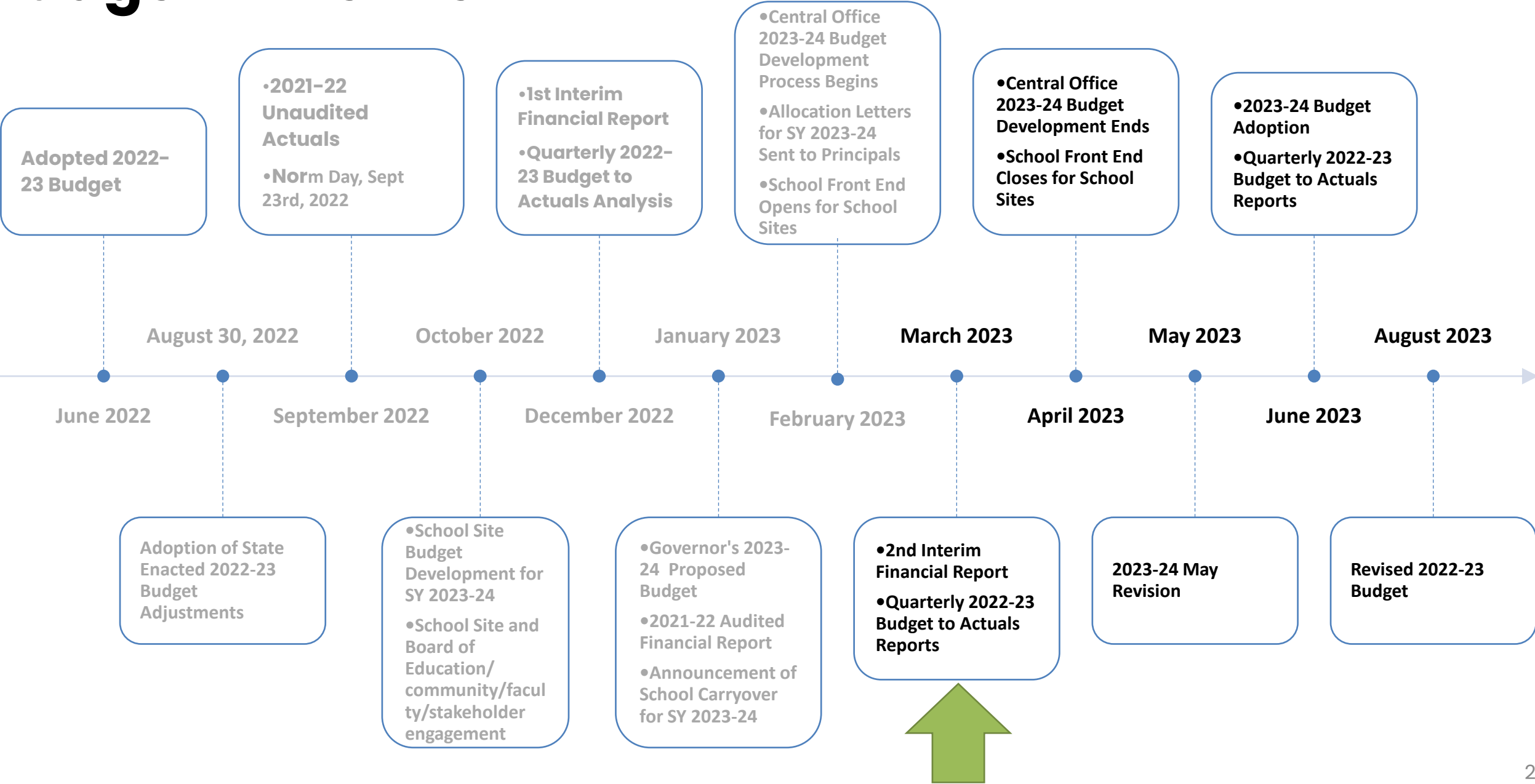


Second Interim Financial Report Fiscal Year 2022–23

Board of Education
March 27, 2023

Budget Timeline



Second Interim Overview

- Overview

- The Second Interim Financial Report is a midyear updated projection for the General Fund for the current fiscal year 2022–23 and the next two fiscal years.
- The report is a legal requirement in compliance with Ed Code Sections 35035(i), 42130, 42131, and a sound fiscal prudence practice.
- The report is filed with the County of Los Angeles Superintendent of Schools.
- The Board is requested to certify the District's financial condition as "Positive," meaning that the District is expected to meet its financial obligations in fiscal year 2022–23 and two subsequent years.

Changes from First to Second Interim

(in millions)	2022-23	2023-24	2024-25	Net Change
1 st Interim Estimated Balances	\$139.7	\$289.0	\$409.0	
2 nd Interim Estimated Balances	\$95.9	\$411.7	\$270.1	
Cumulative Change	(\$43.8)	\$122.7	(\$138.9)	(\$60.0)

- Highlights

- 2022-23 unassigned fund balance is lower by \$43.8M compared to First Interim primarily due to recognition of unrealized losses on investments net of any grant maximization strategies.
- 2023-24 and 2024-25 projections include higher enrollment, COLA, and program cost support compared to First Interim.

Fiscal Outlook

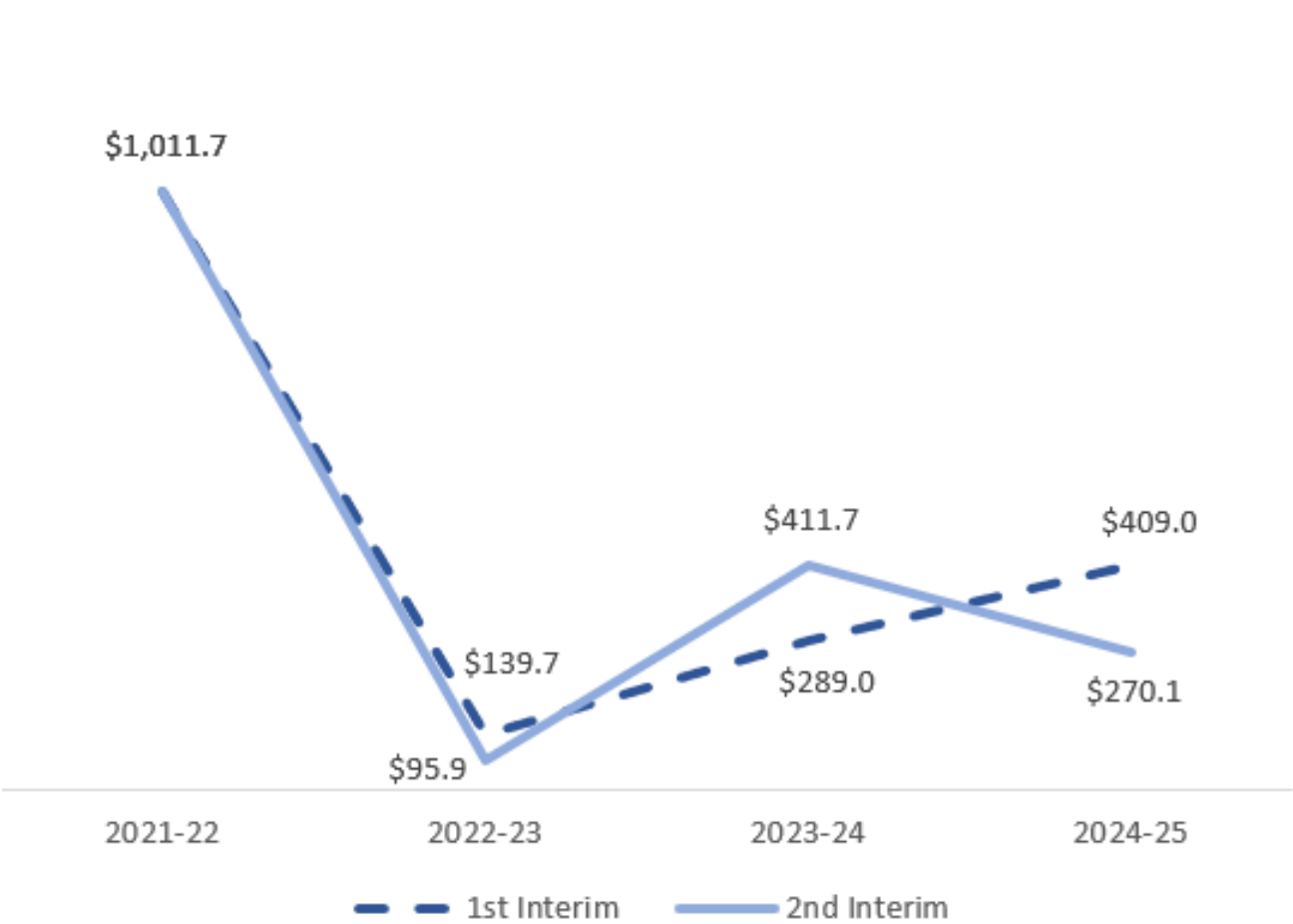
- Governor's Proposed 2023–24 Budget:
 - The budget assumed reduced revenues, and recent State-wide tax collections have been even lower than anticipated. The District anticipates the Governor's 2023–24 May Revision Budget in May 2023.
- District Fiscal Outlook:
 - The long-term trend of declining enrollment is projected to continue, but at a lower rate of decline than previously projected.
 - The multi-year projection reflects a challenging fiscal environment, with rising operational costs including compensation, health and welfare costs, and postemployment benefits, in addition to the sunseting of one-time funding.

Factors Not Reflected in Multi-Year Projection

- Future changes in compensation
 - Future Health & Welfare Agreement
- Additional contributions to LSI not already reflected
- Any potential additional unrealized losses on cash balances
- Capital planning, including potential cyber security investments
- Potential impact of economic downturn
- State's proposed Equity Multiplier

Multi-Year Projection Unrestricted General Fund

Unassigned/Unappropriated Ending Balance
amounts in millions



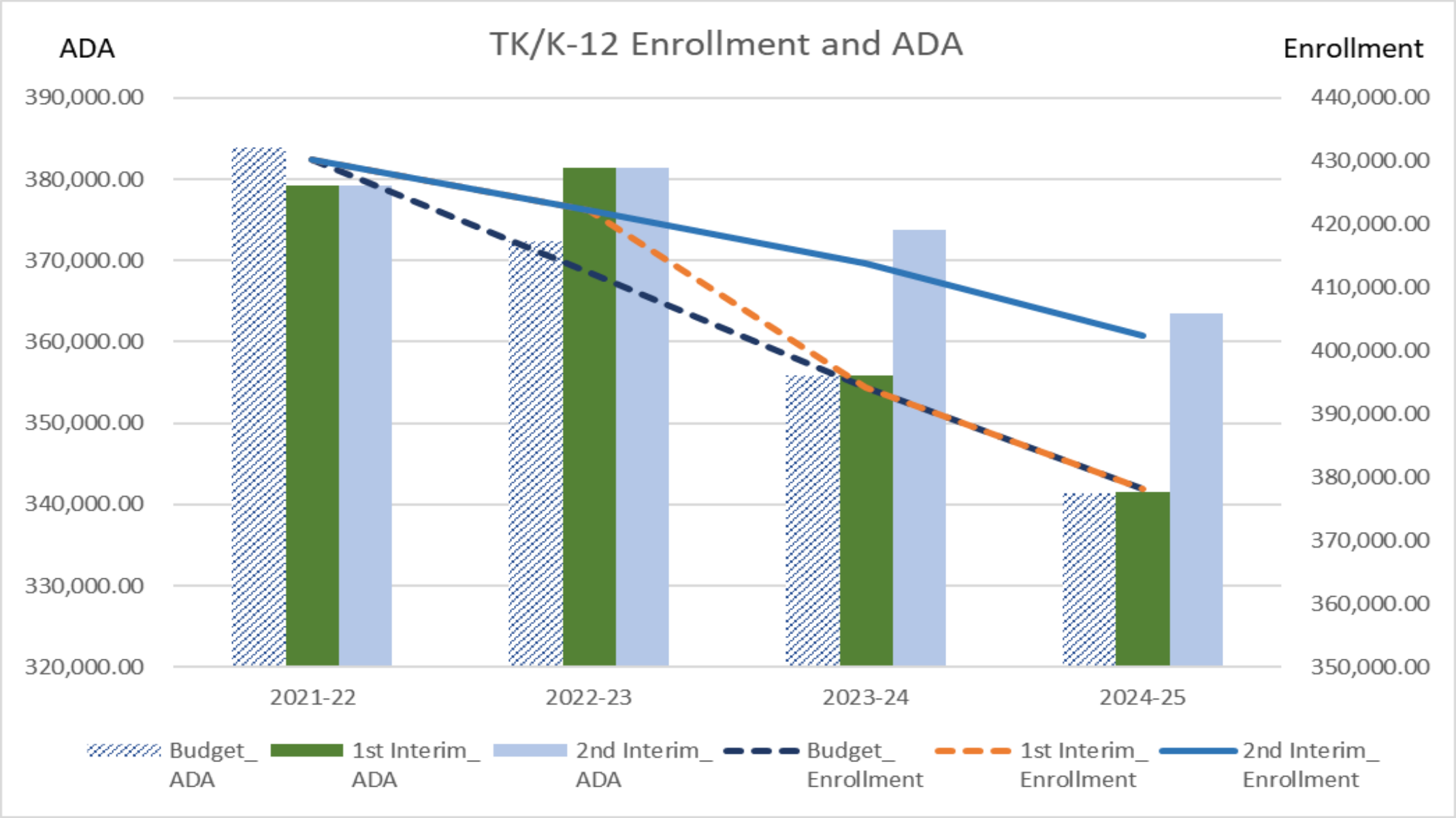
(in millions)	2022-23	2023-24	2024-25
1 st Interim Estimated Balances	\$139.7	\$289.0	\$409.0
2 nd Interim Estimated Balances	\$95.9	\$411.7	\$270.1
Cumulative Change	(\$43.8)	\$122.7	(\$138.9)

Enrollment/ADA Used in Multi-Year Projection

Period	Data	2021-22	2022-23	2023-24	2024-25
June Budget	Enrollment (TK-12)	430,322	412,470	394,186	378,234
	ADA*	383,848	372,383	355,851	341,423
First Interim	Enrollment (TK-12)	430,322	422,276	394,186	378,234
	ADA*	379,285	381,336	355,898	341,470
Second Interim	Enrollment (TK-12)	430,322	422,276	413,823	402,434
	ADA*	379,285	381,336	373,776	363,545

*ADA% remains constant at 90% across all years in the multi-year projection

Enrollment and ADA



Components of General Fund Ending Balance

Fiscal Year 2022-23	1st Interim	2nd Interim	Change
Non-Spendable – Inventory/Prepays/Revolving cash	\$43.0	\$43.0	\$0
Restricted	\$1,750.0	\$1,844.4	\$94.4
Committed	\$2,333.2	\$2,378.8	\$45.6
Assigned	426.8	\$519.4	\$92.6
Unassigned			
Reserve for Economic Uncertainty	\$238.8	\$238.8	\$0
Undesignated	\$139.7	\$95.9	(\$43.8)
Total	4,931.5	5,120.3	188.8

Amounts in Millions

- Commitments include Inflation Protection, OPEB contribution, SENI contributions, and School Staffing Equity

Questions?