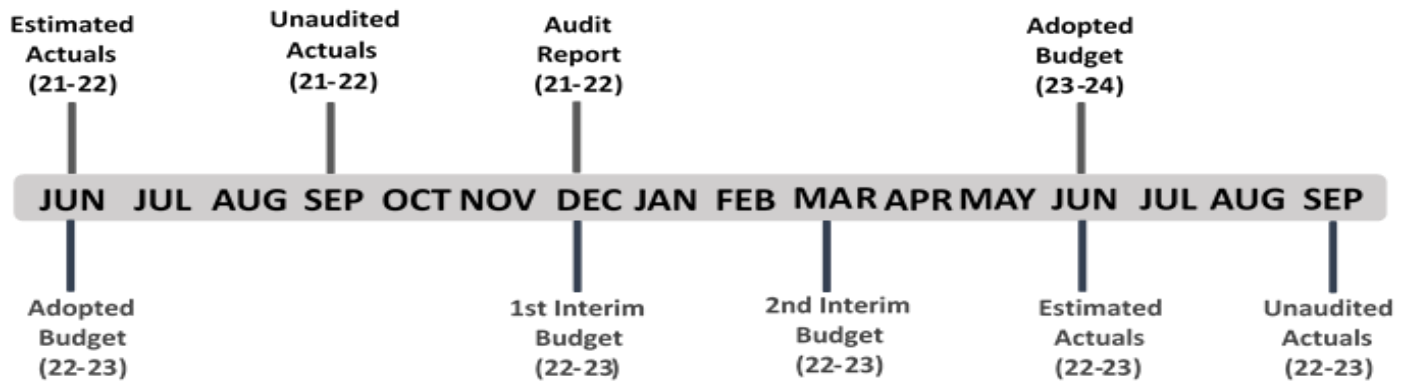


## Approval and Certification of 2022-23 Second Interim Fiscal Report

In accordance with Education Code Sections 42130 and 42131, school districts are required to prepare and submit two interim financial reports to the Governing Board. The purpose of these reports is to notify appropriate State and County Office of Education officials as to whether the district will be able to meet its financial obligations for the remainder of the current year and for two subsequent years. The Board of Trustees is required to certify each interim report to indicate that it has been informed of the financial stability of the District. The Statutes of 1988 also require the Superintendent to certify that an Interim Report review has been conducted using the State adopted Criteria and Standards.

Along with the two interim financial reports, school districts create several other financial reports that cross fiscal years. Noted in the graph below are the financial report names and months of which they are reported in. The activity of crossing fiscal years keeps the District in a constant cycle of fiscal evaluation.



As mandated by AB 1200, the District’s Second Interim Report is based upon activities from July 1 through January 31. The Board of Trustees is required to certify each interim report within 45 days after the end of the reporting period. After approval of the financial statements by the Board of Trustees, the financial statements are forwarded to the San Mateo County Office of Education, which reviews the documents for reasonableness, mathematical accuracy and compliance of technical provisions. After their review, they are forwarded to the State Superintendent of Public Instruction.

Sequoia’s Second Interim Report for 2022-23, shows the District will meet its financial obligations for all required reporting years. Financial Interim reports have three possible certifications:

1. Positive Certification indicates that the District will be able to meet its financial obligations for the remainder of the fiscal year and two subsequent fiscal years.
2. Qualified Certification indicates that the District may be able to meet its financial obligations for the current year and two subsequent fiscal years.
3. Negative Certification indicates that the District will not be able to meet its financial obligations for the current year and two subsequent years.

It is recommended that the Board of Trustees approve a positive certification for the 2022-23 Second Interim Report for the period July 1, 2022, through January 31, 2023. This financial report captures actuals through January 31, 2023 and budget projections through June 30, 2023.

2nd Interim At-a-Glance

<b>\$238,211,625</b> FY 22/23 Projected Revenues
<b>\$229,830,187</b> FY 22/23 Projected Expenses
<b>\$49,714,658</b> Fund Balance as of 22/23 Projected
<b>\$182,741,425</b> FY 22/23 Projected Revenues from LCFF Sources
<b>\$10,784,411</b> FY 22/23 Projected Revenues from Federal Sources
<b>\$44,685,789</b> FY 22/23 Projected Revenues from State & Local Sources
<b>\$182,663,486</b> FY 22/23 Projected Expenses for Salaries & Benefits
<b>\$43,919,503</b> FY 22/23 Projected All Other Expenses
<b>\$3,247,198</b> FY 22/23 Projected Transfers Out to Other Funds

Comparison of 1<sup>st</sup> Interim to 2<sup>nd</sup> Interim

SEQUOIA UNION HIGH SCHOOL DISTRICT

2022-23 Second Interim Budget

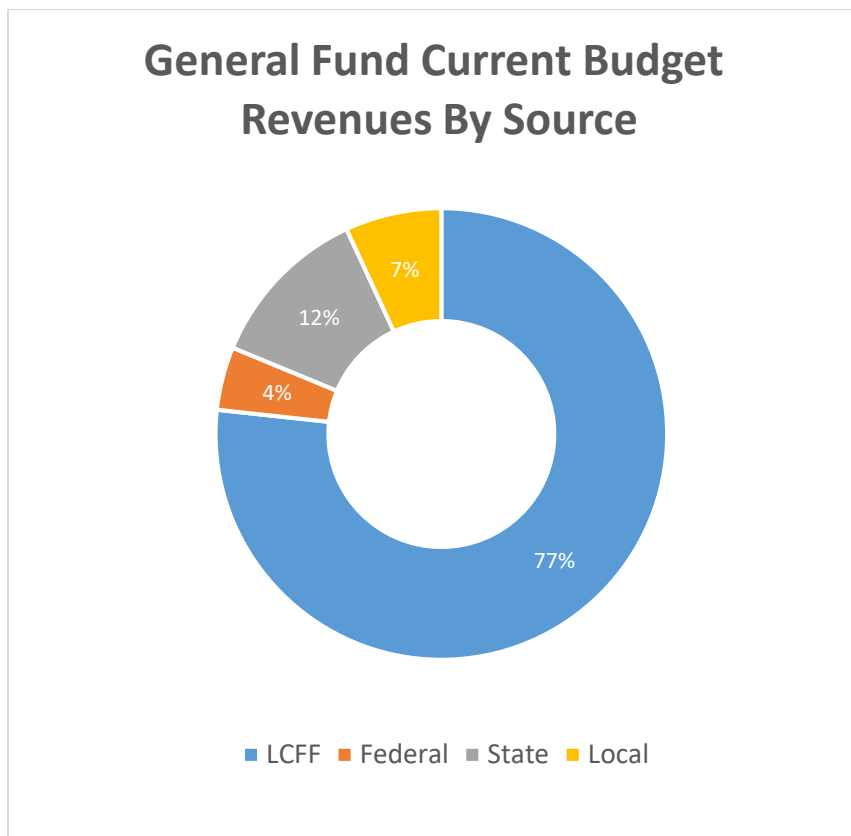
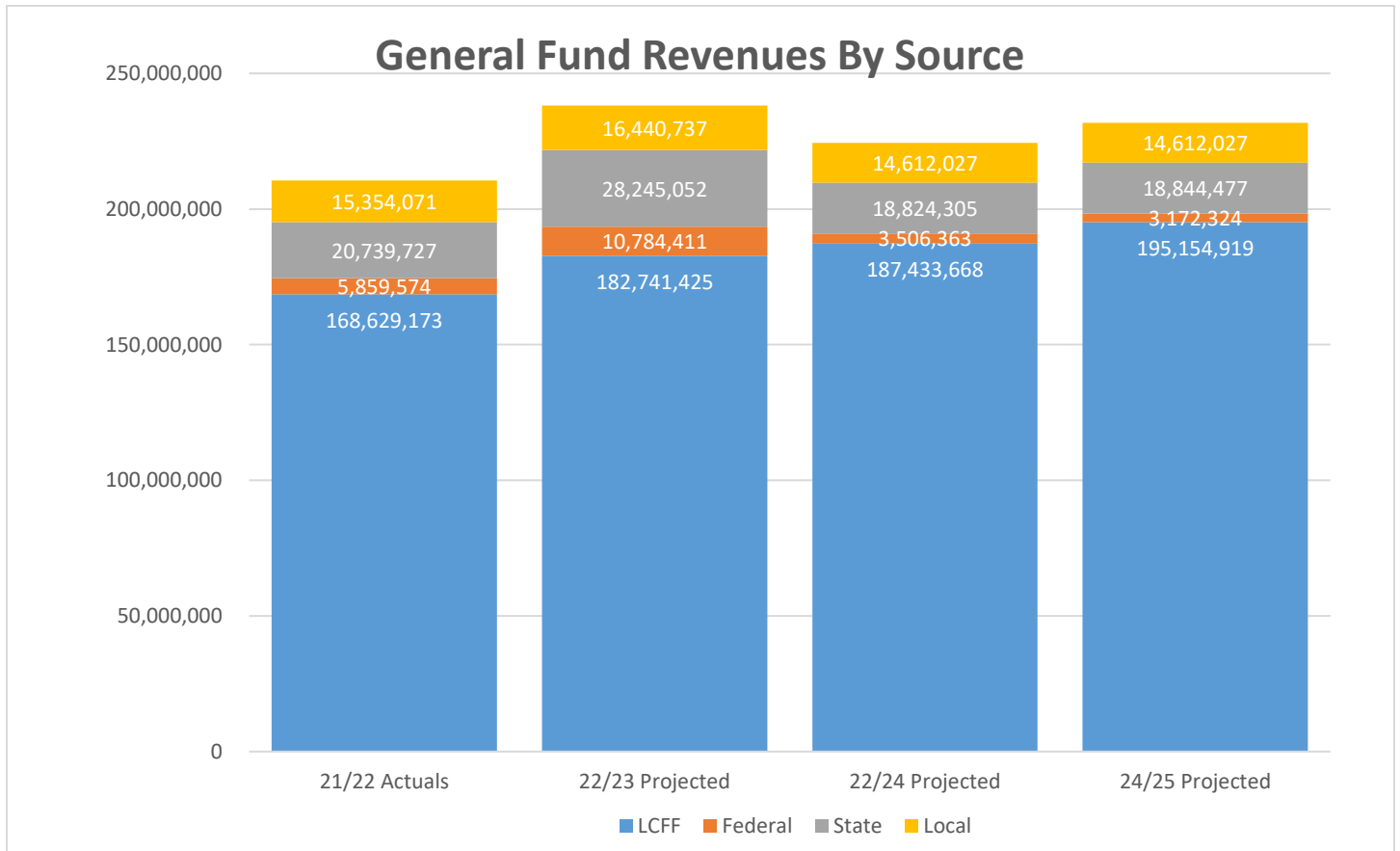
Comparison of the 2022-23 First Interim to the 2022-23 Second Interim Budget

Description	2022-23 First Interim			2022-23 Second Interim Budget			Variance		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
<b>REVENUES</b>									
General Purpose Revenue	174,790,653	6,156,886	180,947,539	176,584,539	6,156,886	182,741,425	1,793,886 (A)	- (A)	1,793,886
Federal Revenue	-	11,089,185	11,089,185	-	10,784,411	10,784,411	-	(304,774) (B)	(304,774)
State Revenue	1,932,987	23,645,539	25,578,526	4,572,408	23,672,644	28,245,052	2,639,421 (C)	27,105 (C)	2,666,526
Local Revenue	1,647,287	13,958,341	15,605,628	2,114,936	14,325,801	16,440,737	467,649 (D)	367,460 (D)	835,109
<b>Total Revenues</b>	<b>178,370,927</b>	<b>54,849,951</b>	<b>233,220,878</b>	<b>183,271,883</b>	<b>54,939,742</b>	<b>238,211,625</b>	<b>4,900,956</b>	<b>89,791</b>	<b>4,990,747</b>
<b>EXPENDITURES</b>									
Certificated Salaries	66,300,283	22,269,140	88,569,423	64,008,837	21,716,864	85,725,701	(2,291,446) (E)	(552,276) (E)	(2,843,722)
Classified Salaries	21,426,414	12,387,564	33,813,978	20,671,903	12,136,660	32,808,563	(754,511) (E)	(250,904) (E)	(1,005,415)
Benefits	40,431,735	25,645,584	66,077,319	39,463,232	24,665,990	64,129,222	(968,503) (F)	(979,594) (F)	(1,948,097)
Books and Supplies	4,307,555	11,165,251	15,472,806	4,404,667	5,818,205	10,222,872	97,112 (G)	(5,347,046) (G)	(5,249,934)
Other Services & Oper.	14,972,511	22,040,457	37,012,968	14,883,573	17,059,224	31,942,797	(88,938) (H)	(4,981,233) (H)	(5,070,171)
Capital Outlay	78,155	25,000	103,155	88,575	25,000	113,575	10,420	- (I)	10,420
Other Outgo 7xxx	795,578	681,908	1,477,486	795,578	881,908	1,677,486	-	200,000 (J)	200,000
Transfer of Indirect 73xx	(578,634)	541,412	(37,222)	(467,404)	430,177	(37,227)	111,230 (K)	(111,235) (K)	(5)
<b>Total Expenditures</b>	<b>147,733,597</b>	<b>94,756,316</b>	<b>242,489,913</b>	<b>143,848,961</b>	<b>82,734,028</b>	<b>226,582,989</b>	<b>(3,884,636)</b>	<b>(12,022,288)</b>	<b>(15,906,924)</b>
<b>Excess / (Deficiency)</b>	<b>30,637,330</b>	<b>(39,906,365)</b>	<b>(9,269,035)</b>	<b>39,422,922</b>	<b>(27,794,286)</b>	<b>11,628,636</b>	<b>8,785,592</b>	<b>12,112,079</b>	<b>20,897,671</b>
<b>OTHER SOURCES/USES</b>									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	(2,492,198)	(800,000)	(3,292,198)	(2,447,198)	(800,000)	(3,247,198)	45,000 (L)	- (L)	45,000
Net Other Sources (Uses)	-	-	-	-	-	-	-	-	-
Contributions to Restricted	(33,791,838)	33,791,838	-	(33,525,090)	33,525,090	-	266,748 (M)	(266,748) (M)	-
<b>Total Financing Sources/Uses</b>	<b>(36,284,036)</b>	<b>32,991,838</b>	<b>(3,292,198)</b>	<b>(35,972,288)</b>	<b>32,725,090</b>	<b>(3,247,198)</b>	<b>311,748</b>	<b>(266,748)</b>	<b>45,000</b>
<b>Net Increase (Decrease)</b>	<b>(5,646,706)</b>	<b>(6,914,527)</b>	<b>(12,561,233)</b>	<b>3,450,634</b>	<b>4,930,804</b>	<b>8,381,438</b>	<b>9,097,340</b>	<b>11,845,331</b>	<b>20,942,671</b>
<b>FUND BALANCE, RESERVES</b>									
Beginning Balance	33,500,108	9,180,974	42,681,082	33,500,108	9,180,974	42,681,082	-	-	-
Audit Adjustment	(1,347,862)		(1,347,862)	(1,347,862)		(1,347,862)	-	-	-
<b>Ending Balance</b>	<b>26,505,540</b>	<b>2,266,447</b>	<b>28,771,987</b>	<b>35,602,880</b>	<b>14,111,778</b>	<b>49,714,658</b>	<b>9,097,340</b>	<b>11,845,331</b>	<b>20,942,671</b>

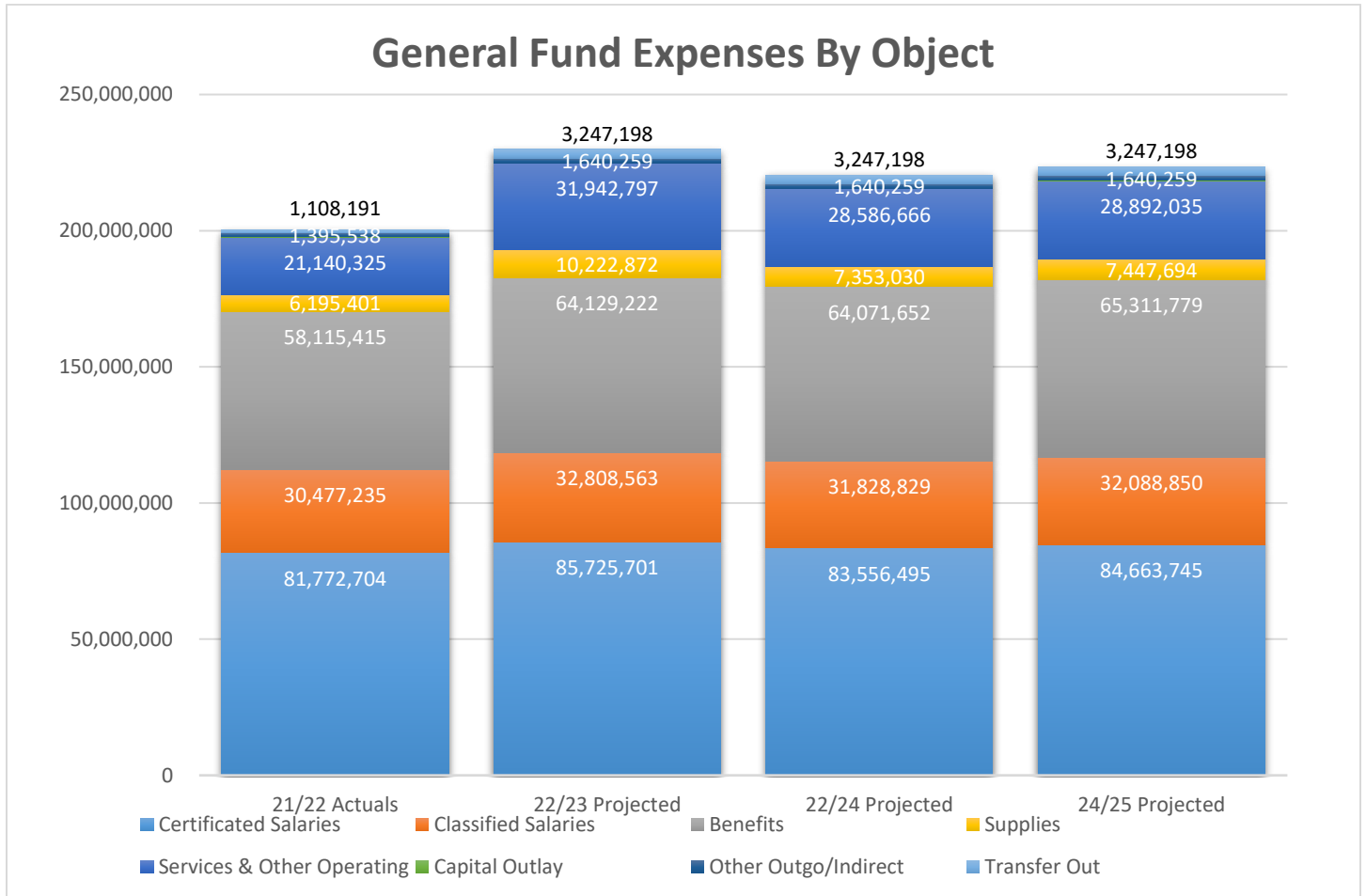
Notes:

- (A) The increase to the LCFF sources is a reduction in In Lieu Property Transfer reflecting P1 ADA (decrease in enrollment) of \$1.5M Additional basic aid supplemental funding of \$192K and \$101K increase in PPY taxes
- (B) Deferred \$334K ESSER III funds to FY 2023-24, Increase in Title I and SPED entitlements, decrease in Title III entitlement
- (C) Increase due to State reimbursement for 60% of home-to-school transportation (\$2.7M), decrease mandated costs \$29K, increase lottery from carryover and PY testing apportionments
- (D) \$200K increase in interest revenue and \$635K from local foundation, rentals and leases, and donations.
- (E) The change in salaries is aligning budget with position control and unfilled vacancies
- (F) The changes in benefits is due to the salary changes noted above.
- (G) \$5.3M Decrease in Arts, Music, Inst Mtl Block Grant pending approval of spending plan
- (H) \$3.1M decrease in Learning Recovery Emerg Block Grant pending approval of spending plan and \$2.2M decrease in Educator Effectiveness, deferred to be spent in FY 23-24 to FY 25-26.
- (I) Capital Outlay increase to reflect actuals
- (J) The increase is behavioral services provided by County of Ed.
- (K) Adjustment in restricted funds
- (L) Reduction in Adult Ed transfer
- (M) The decrease in contributions from the unrestricted General Fund is primarily due to decrease in Special Ed expenditures

**General Fund MYP Budget, Revenue**



**General Fund Budget, Expenditures**



## Second Interim Multiyear Projections

Description	2022-23 SECOND INTERIM			2023-24 PROJECTED			2024-25 PROJECTED		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
LCFF/Basic Aid	176,584,539	6,156,886	182,741,425	181,276,782	6,156,886	187,433,668	188,998,033	6,156,886	195,154,919
Federal Revenues	-	10,784,411	10,784,411	-	3,506,363	3,506,363	-	3,172,324	3,172,324
State Revenues	4,572,408	23,672,644	28,245,052	4,606,363	14,217,942	18,824,305	4,626,535	14,217,942	18,844,477
Other Local	2,114,936	14,325,801	16,440,737	2,114,936	12,497,091	14,612,027	2,114,936	12,497,091	14,612,027
Transfers In	-	-	-	-	-	-	-	-	-
Contributions	(33,525,090)	33,525,090	-	(33,867,570)	33,867,570	-	(34,625,523)	34,625,523	-
<b>TOTAL REVENUES</b>	<b>149,746,793</b>	<b>88,464,832</b>	<b>238,211,625</b>	<b>154,130,511</b>	<b>70,245,852</b>	<b>224,376,363</b>	<b>161,113,981</b>	<b>70,669,766</b>	<b>231,783,747</b>
Certificated Salaries	64,008,837	21,716,864	85,725,701	64,968,970	18,587,525	83,556,495	65,943,505	18,720,240	84,663,745
Classified Salaries	20,671,903	12,136,660	32,808,563	20,852,955	10,975,874	31,828,829	21,061,485	11,027,365	32,088,850
Employee Benefits	39,463,232	24,665,990	64,129,222	40,565,405	23,506,247	64,071,652	41,593,125	23,718,654	65,311,779
Supplies	4,404,667	5,818,205	10,222,872	4,146,177	3,206,853	7,353,030	4,261,026	3,186,668	7,447,694
Services	14,883,573	17,059,224	31,942,797	15,421,264	13,165,402	28,586,666	15,848,433	13,043,602	28,892,035
Capital Outlay	88,575	25,000	113,575	88,575	25,000	113,575	88,575	25,000	113,575
Other Outgo	795,578	881,908	1,677,486	795,578	881,908	1,677,486	795,578	881,908	1,677,486
Indirect Costs	(467,404)	430,177	(37,227)	(286,014)	248,787	(37,227)	(276,053)	238,826	(37,227)
Transfers Out	2,447,198	800,000	3,247,198	2,447,198	800,000	3,247,198	2,447,198	800,000	3,247,198
<b>TOTAL EXPENDITURES</b>	<b>146,296,159</b>	<b>83,534,028</b>	<b>229,830,187</b>	<b>149,000,108</b>	<b>71,397,596</b>	<b>220,397,704</b>	<b>151,762,872</b>	<b>71,642,263</b>	<b>223,405,135</b>
<b>Surplus / (Deficit)</b>	<b>3,450,634</b>	<b>4,930,804</b>	<b>8,381,438</b>	<b>5,130,403</b>	<b>(1,151,744)</b>	<b>3,978,659</b>	<b>9,351,109</b>	<b>(972,497)</b>	<b>8,378,612</b>
Beginning Fund Balance	32,152,246	9,180,974	41,333,219	35,602,879	14,111,778	49,714,657	40,733,283	12,960,034	53,693,316
Ending Fund Balance (EFB)	35,602,879	14,111,778	49,714,657	40,733,283	12,960,034	53,693,316	50,084,392	11,987,537	62,071,928

## Other Funds

**Fund 08, The Student Activity Special Revenue Fund** is used to report financial activities for the Associated Student Body accounts as required by GASB statement 84. Fund was established as of FY 2020/2021 and only includes ending bank balances.

**Fund 09, The Charter Schools Special Revenue Fund** is used to report the East Palo Alto Academy dependent charter school as part of the SUHSD authorizing district, but reported outside of the District's General Fund. Revenues and expenditures are projected at \$7.3M.

**Fund 11, The Adult Education Fund** is used for the purpose of recording all Adult Education income and expenditures and it is earmarked to support the adult education program throughout the district. Revenues are projected at \$2.31M and budgeted expenditures \$2.59M. Any expenditures in excess of revenue will be paid from the beginning fund balance.

**Fund 13, The Cafeteria Fund** is used for the purpose of recording only income and expenditures related to the operation of the District's Food Services program. Revenues are projected at \$4.47M and expenditures \$4.28M. This fund has a projected contribution from the general fund of \$1.5M and prior year carryover of \$389K.

**Fund 14, The Deferred Maintenance Fund** is used to record the District's contribution for Deferred Maintenance purposes. Expenditures in this fund are for major repair or replacement of plumbing, heating, roofing, and other items that have been approved by the State Allocation Board (SAB). The approval of projects is based on a five-year deferred maintenance plan that must be filed with SAB. Revenues are projected at \$844K and expenditures \$2.8M. This fund has a healthy reserve and revenue is primarily from a contribution from the general fund.

**Fund 21, The Building Fund** is used to account for the proceeds of the sale of general obligation bonds from Measure A, approved by the voters in 2014. Bond proceeds are used for construction, remodeling, and modernization and infrastructure repairs throughout the district. The district closed out Measure A as of June 30, 2022. Activity during this period represents an immaterial amount of residual interest. Balance is currently zero.

**Fund 25, The Capital Facilities Fund** is used to separate monies received from the fees levied upon developers or other agencies as a condition of building or expanding what is called "habitable space." Expenditures from this fund are limited to the expansion or improvement of sites due to enrollment growth. Revenue is projected at \$2.6M and expenditures at \$1.32M. This fund has a healthy reserve.

**Fund 35, County School Facilities Fund** is established pursuant to Education Code Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D) or the 2016 State School Facilities Fund (Proposition 51). The fund is used primarily to account for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (Education Code Section 17070.10 et seq.). Revenue is projected at \$592K from earned interest and expenditures at \$12.1M. This fund has a healthy reserve.

**Fund 40, The Special Reserve Fund for Capital Outlay** is used for capital improvement purposes. Major expenditures over the past several years include: portions of the cost for construction and equipment of the new buildings throughout the District and the replacement of copiers for the sites. Revenue is projected at \$308K from earned interest and rental income and expenditures at \$1.89M. This fund has a healthy reserve.

**Fund 71, The Retiree Benefit Fund** is used to account separately for amounts held in trust from salary reduction agreements, other irrevocable contributions for employees' retirement benefit payments, or both. This fund should be used only to account for a district's irrevocable contributions to a postemployment benefit plan for which a formal trust or an arrangement that is equivalent to a formal trust exists. Contributions may be made to the Retiree Benefit Fund (Fund 71) from other funds by periodic expense charges to those funds in amounts based on existing and future obligation requirements. Payments may be made from the fund for insurance, annuities, administrative costs, or any other authorized purpose (Education Code Section 42850). This fund has no projected activity.

In addition to the District funds listed above, the District participates in the California Employers' Retiree Benefit Trust (CERBT) program and has established an irrevocable trust for post-employment benefits. The District's participation is part of the District's plan to address funding the cost of health benefits for current and future retirees. As of December 31, 2022, the value of the District's CERBT was \$8,295,959.



## Enrollment

We continue to monitor and analyze our enrollment of our feeder districts. We are noticing uneven trends from our feeder districts that could affect our enrollment in future years.

Total Actual and Projected Enrollment					
Census Day	9th	10th	11th	12th	Total
2016	2133	2167	2168	2197	8665
2017	2185	2211	2147	2225	8768
2018	2265	2207	2224	2188	8884
2019	2290	2269	2176	2286	9021
2020	2216	2312	2290	2234	9052
2021	2204	2177	2267	2407	9055
2022	2001	2152	2158	2432	8743
2023	1963	2069	2221	2346	8599
2024*	1963	2069	2221	2346	8599
*Projected					

## What's next?

Tis the season for Governance Goals and Local Control Accountability Plans. These are the main drivers for budget development. Over the next few months, the Business Department will be meeting with sites and departments to align next year's expenses with our Governance Goals/LCAP and take a deeper dive connecting budgets to our initiatives.