P.O. Box 213030 Stockton, CA 95213-9030 (209) 468-4800 www.sjcoe.org

October 20, 2022

Stockton Unified School District Governing Board Dr. Traci Miller, Interim Superintendent Stockton Unified School District 56 South Lincoln Street Stockton, CA 95203

Subject: Lack of Going Concern

Dear Governing Board Members and Dr. Miller,

Education Code Section 42127.6 requires the County Superintendent of Schools to provide a notice of going concern to a governing board of the school district if at any time during the fiscal year, the County Superintendent of Schools determines that a school district may be unable to meet its financial obligations for the current or two subsequent fiscal years. This includes if the school district is at moderate or high risk of intervention based on the common indicators determined by the Fiscal Crisis and Management Assistance Team (FCMAT), which are provided in Attachment A. According to FCMAT, the existence of any one of the indicators increases risk of potential insolvency and the need for assistance from outside agencies.

We have determined that nine of these indicators exist in the Stockton Unified School District (District). Lack of attention to these indicators will eventually lead to financial insolvency and loss of local control. Therefore, I am hereby identifying the District as a "lack of going concern" and will be initiating or requiring the actions noted at the end of this letter, which are intended to support the current Interim Superintendent and Interim CBO in the good work they are doing and to help the District improve and avoid more intensive intervention.

Basis for Determination

Indicator 1: Unreliable Budget Development

Although the original 2022-23 budget does not show deficit spending, we have lost confidence in the accuracy of the actual financial data and the projections for various reasons:

- The budget has been conditionally approved by the San Joaquin County Office of Education (County Office) within the last two years. Specifically, on August 15, 2022, the 2022-23 budget was conditionally approved because the Local Control Funding Formula (LCFF) expenditures in the Local Control and Accountability Plan (LCAP) exceeded LCFF resources in the budget and because the District did not provide a statement of reasons to substantiate the need for reserves in excess of the minimum required (Attachment B).
- There were several technical errors in the 2022-23 budget that materially overstated the ending fund balance. Additionally, the District's multi-year assumptions for the unrestricted general fund did not consider the loss of one-time restricted revenue that is being used to pay for ongoing positions, even though we have reminded the District to do this in multiple letters.
- According to FCMAT's January 25, 2022 report, the District's financial software does not properly report
 and maintain the number of staff positions and vacancies. Human Resources and the Business Office do
 not agree on the number and type of personnel vacancies, and position control files do not contain
 benefit information.

There could be over or underspending on LCAP actions because of what appears to be a lack of
communication between the Educational Services Department and the Business Office. In addition to the
issues described in our conditional approval of the 2022-23 budget, last year the District initially adopted
and submitted to the County Office an LCAP that had no expenditure information.

Indicator 2: Insufficient Budget Monitoring or Updates

- As we indicated in a letter sent to the Governing Board on June 27, 2022 (Attachment C), the District
 approved changes to compensation in April 2022 but did not include the cost of those settlements in the
 disclosure for a subsequent settlement on June 14, 2022. Additionally, the costs of the agreement from
 April 2022 were not accurately presented in the financial information for the 2022-23 budget.
- In addition to the technical issues we noted in our August 15, 2022 budget letter, we also noted errors or omissions in other interim reports, such as those noted in our April 15, 2022 Second Interim letter (Attachment D).
- For the entirety of fiscal year 2021-22, the District failed to submit its "end-of-month" file to the County Office, which is required for districts on their own financial system. In June 2022, the District provided its "end-of-month" files for July 2021 through May 2022; however, due to errors in the files, the data is unusable. The County Office has yet to receive the District's replacement files.
- Payroll reports generated by the system are consistently out of balance and the potential implications of this are unknown.

Indicator 3: Inadequate Cash Management

• The District continuously falls behind on cash reconciliation between its stand-alone finance system and the County Treasurer. This was an issue we noted in our 2019-20 First Interim letter on January 14, 2020, which was subsequently resolved. However, the District has fallen behind again. The last update received from the District regarding cash reconciliations was in January 2022; staff told us they had reconciled through October 2021. Since that time, we have requested updates from District staff regarding its cash reconciliations but have not received a response. Because the District is not on the County Office's financial system, timely reconciliation of cash is critical to our effective oversight. Additionally, failing to reconcile can cause errors to compound and go unnoticed and uncorrected.

Indicator 4: Mismanaged Collective Bargaining Agreements

- As noted above, the Governing Board has acted upon collective bargaining agreements using financial documents that do not properly disclose or illustrate the financial implications, as required by statute.
- We also note that the Governing Board does not always take action to ratify these agreements. For instance, a June 14, 2022 Board action was taken to approve an AB1200 Disclosure Form. The former Chief Business Official (CBO) informed us the associated collective bargaining agreements were coming back to the Governing Board for approval on June 28, 2022; however, we cannot find that the Board ever took that action. This same misstep occurred in April 2022 with other bargaining agreements. Failure to secure approval from the Governing Board makes implementation of the agreements null and void. If payrolls have been processed with adjusted compensation factors, such payments are potentially a misappropriation of public funds.

Indicator 6: Continuing Deficit Spending

Although the District's initial budget did not show unrestricted deficit spending in 2022-23, that may be due to errors in the budget. Nonetheless, the District has had unrestricted deficit spending in three of the four prior years.

Additionally, the 2019-20 deficit was masked on the financial statements due to a one-time transfer from Fund 40. After removing this transfer, there was a small deficit.

2017-18	(\$14.9m)
2018-19	(\$6.7m)
2019-20	(\$0.8m) (after removing one-time transfer from Fund 40)
2020-21	(\$5.8m)

Indicator 8: Inattention to Enrollment and Attendance Reporting

- Average Daily Attendance (ADA) has decreased 10% in the last few years. We are not certain how much of
 the recent declines may be temporary and attributable to effects from the pandemic, and how much are
 permanent and attributable to declining enrollment.
- We have identified multiple errors within the District's ADA reports. We have required the District to correct these errors before sending to the California Department of Education (CDE).

Indicator 10: Ineffective Internal Controls and Fraud Prevention

The District's 2020-21 audit included a finding for deficiencies in internal control over financial reporting.

Indicator 11: Breakdown in Leadership and Communication

The constant changes in the District Superintendent and CBO have had detrimental effects on the Business Office and the stability of the District.

- Since June 2020, four different people have served as Superintendent or Interim Superintendent of the District.
- After the CBO resigned in May 2020, the long-term Executive Director of Business Services was appointed to the position in October 2020; only to retire in June 2021.
- The subsequent CBO served as interim from June 2021 until he was appointed to the position in November 2021; his resignation was accepted in August 2022.
- The Director of Fiscal Services position was filled and vacated via resignation twice in a four-month period between July 2021 and November 2021. The current Director of Fiscal Services was appointed in March 2022, which left another vacancy to fill.
- According to FCMAT's January 25, 2022 report, most staff and management-level positions in the Business
 Office have turned over. New staff require training, as they are unable to generate key financial data and
 reports.
- Two recent Grand Jury reports (2020-21, Case #0620 and 2021-22, Case #0121) have raised serious issues with the District leadership and governance; including micromanagement by its Governing Board, suspect Superintendent and CBO hiring practices, and lack of Brown Act compliance.

Indicator 15: Related Issues of Concern

- The 2020-21 audit report was repeatedly and significantly delayed.
- According to FCMAT's January 25, 2022 report, the District lacks a Facilities Master Plan and its
 implementation plan has not been updated for 14 years. Additionally, the District lacks a Bond Oversight
 Committee, as required by law; making the expenditure of bond proceeds suspect and potentially
 unlawful.

- The District operates a stand-alone financial system which is not widely used by other Local Education Agencies. As a result, it is unlikely that any job candidates will have knowledge of their financial system and County Office training and support for new staff is not possible.
- Charter oversight appears to be falling behind. When requested, the District is sometimes unable to produce basic oversight documents and may not be doing the required annual site visits. Performing all the oversight functions is necessary to avoid liability for actions of the charters authorized by the District. AB139 Extraordinary Audit (in-progress) was initiated by our office on February 9, 2022 to identify potential fraud, misappropriation of funds, or other illegal practices.

County Superintendent Actions

In accordance with the provisions of Education Code Section 42127.6, our office has submitted a copy of this letter to the Superintendent of Public Instruction and has elected to take the following immediate actions:

- A. Assign a fiscal expert, paid for by the County Superintendent of Schools, to advise the District on its financial problems.
- B. Assign FCMAT to conduct a Fiscal Health Risk Analysis.
- C. By December 15, 2022, the District will develop a detailed plan on how it will manage all positions currently funded with one-time COVID related funding sources when those sources expire and will incorporate this plan into its budget and multi-year financial projections.
- D. By December 15, 2022, the District will complete past due monthly cash reconciliations and remain current thereafter.
- E. By December 15, 2022, the District will ensure all bargaining unit agreements for 2021-22 and 2022-23, not previously board approved as required, are board approved.
- F. By December 15, 2022, the District will complete the 2021-22 annual audit and provide it to the County Office, CDE and State Controller, as required by law.
- G. With the 2022-23 First Interim report, the District will include estimated staffing and other expenditure increases needed to comply with the expansion of Transitional Kindergarten. Additionally, the District will submit its Universal Pre-Kindergarten Planning and Implementation Grant Program Plan to the County Office.
- H. With the 2022-23 First Interim report, the District will include estimated salary and other expenditures necessary to implement the Expanded Learning Opportunities Program. The District must also provide documentation to demonstrate how the district will meet the access requirements of the program.
- By March 15, 2023, the District will demonstrate it has addressed the position control deficiencies summarized above, and as noted in the January 25, 2022, FCMAT Report entitled Fiscal and Facilities Review.

Lack of Going Concern Page 5 October 20, 2022

> J. By March 15, 2023, the District will prepare and submit to the County Office a realistic spending plan for all resources that expire in the current and subsequent two fiscal years to ensure funds will be retained and utilized in accordance with applicable procurement requirements.

Summary

The County Superintendent of Schools will comply with Education Code Section 42127.6 and provide progressive fiscal oversight and intervention related to the Stockton Unified School District's fiscal health and stability. Our expectation is the Fiscal Health Risk Analysis conducted by FCMAT will identify additional areas of necessary improvement to ensure the fiscal and operational health and stability of the Stockton Unified School District. I expect the District will fully cooperate with the assigned fiscal expert and FCMAT as they conduct their work.

Sincerely,

Troy A. Brown, Ed.D.

County Superintendent of Schools San Joaquin County Office of Education

Attachments:

Attachment A: Indicators of Risk or Potential Insolvency

Attachment B: 2022-2023 Conditional Approval of Adopted Budget letter

Attachment C: AB 1200 Financial Disclosure letter

Attachment D: 2020-2022 Second Interim Budget Report letter

Cc:

Tony Thurmond, State Superintendent of Public Instruction Linda Darling-Hammond, President, State Board of Education Elizabeth Dearstyne, Director, School Fiscal Services Division, CDE Scott Anderson, Deputy Superintendent of Business Services, SJCOE Michael Fine, Chief Executive Officer, FCMAT

Indicators of Risk or Potential Insolvency

FOR K-12 LOCAL EDUCATION AGENCIES

The Fiscal Crisis and Management Assistance Team (FCMAT) has compiled the following indicators of risk or potential insolvency based on experience with local education agencies since the inception of AB 1200 in 1991. Although some of the indicators have been on the list since first published, others have been removed or added as changes occurred, such as the evolution in funding models and changes in education and finance policy. These indicators will continue to be updated over time to ensure they remain relevant and helpful.

Each item listed indicates a lack of function, commitment, or attention to one or more critical elements of an organization's operations, which may eventually contribute to an LEA's insolvency. The existence of any one of the indicators increases risk of potential insolvency and the need for assistance from outside agencies. Lack of attention to these indicators will eventually lead to financial insolvency and loss of local control.

Identifying issues early is the key to maintaining fiscal health. Diligent multiyear planning will enable a district to better understand its financial objectives and strategies to sustain a high level of fiscal efficiency and overall solvency. A district should consider discussing the indicators regularly, and complete a Fiscal Health Risk Analysis (FHRA) annually to assess its own fiscal health risk and progress over time.

1. Unreliable Budget Development

- Budget has been disapproved or conditionally approved by the county office within the last two years
- Unreasonable and/or unclear budget assumptions
- Reliance on prior-year rollover budget method
- Position control data not used
- Local Control Funding Formula (LCFF) revenue not calculated correctly
- Reliance on carryover funds
- One-time sources utilized for ongoing expenditures
- Expenditures described in the LCAP not aligned with the budget

2. Insufficient Budget Monitoring or Updates

- Failure to regularly update budget assumptions
- Negative or three consecutive qualified interim report certifications
- Downgrade of an interim certification by the county superintendent
- "Lack of going concern" designation from the county superintendent
- Actual revenues and expenditures inconsistent with the most current budget
- Budget revisions not posted in the financial system or communicated to the board regularly
- Lack of control or monitoring of total compensation as a percentage of total expenses
- Failure to regularly reconcile balance sheet accounts in the general ledger
- Incomplete responses to criteria and standards variances or deficiencies identified by the county office of education
- Requisitions or purchase orders processed when the budget is insufficient

3. Inadequate Cash Management

- Failure to reconcile cash accounts monthly
- 18-month cash flow not forecast
- · Lack of short-term plan to address cash flow needs
- Noncompliance with Education Code requirements when interfund borrowing is occurring
- Failure to set aside repayment funds when external borrowing is occurring
- Lack of communication to the board about the district's cash position (with a clear distinction that cash and fund balance are not the same thing)



Indicators of Risk or Potential Insolvency (continued)

4. Mismanaged Collective Bargaining Agreements

- Failure to consider long-term impact of collective bargaining agreements
- Lack of bargaining agreements with all units for several years with no resources identified to cover potential settlements
- Presettlement analysis not conducted thoroughly or timely
- Settlements above the funded cost of living adjustment (COLA)
- Lack of compliance with public disclosure requirements under Government Code Sections 3540.2, 3543.2 and 3547.5 and Education Code Section 42142
- Board approval of collective bargaining agreement is inconsistent with superintendent's and CBO's certification

5. Increasing and/or Unplanned Contributions and Transfers

- Insufficient control and monitoring of contributions and transfers
- Lack of a board approved plan to eliminate, reduce, or control contributions/transfers
- Transfers from the unrestricted general fund not made when needed to cover projected negative fund balances in other funds
- Contributions/transfers to restricted programs and/or other funds not budgeted

6. Continuing Deficit Spending

- · Deficit spending in the current or two subsequent fiscal years
- Not having or implementing a board-approved plan to reduce and/or eliminate deficit spending
- Not decreasing deficit spending over the past two fiscal years

7. Mismanaged Employee Benefits

- Actuarial valuation not completed in accordance with Governmental Accounting Standards Board (GASB) requirements to determine the unfunded liability for other post-employment benefits (OPEB)
- Lack of a board adopted plan to fund health and welfare retiree benefit liabilities
- Nonexistence or noncompliance of a policy or collectively bargained agreement to limit accrued vacation balances
- No verification and determination of eligibility for benefits for all active and retired employees and dependents in the last five years
- Compensated leave balances not tracked, reconciled and reported

8. Inattention to Enrollment and Attendance Reporting

- Enrollment decreasing and/or unstable
- Enrollment and average daily attendance (ADA) data not monitored and analyzed at least monthly through P2
- Consistently inaccurate data reported through CALPADS and other state reporting
- Enrollment projections and assumptions not based on historical data, industry-standard methods, and other reasonable considerations
- CALPADS data not reviewed and verified by applicable sites and departments and corrected as needed before the report submission deadlines
- Unplanned or unmonitored effects of enrollment losses to charter schools
- · Board policy to limit outgoing interdistrict transfers is nonexistent, or policy is not followed

9. Decreasing Fund Balance and Reserve for Economic Uncertainty

- Failure to accurately estimate the ending fund balance
- Failure to maintain the minimum reserve for economic uncertainty
- If unable to maintain the minimum reserve for economic uncertainty, a board-approved plan to restore the minimum reserve for economic uncertainty does not exist
- Projected unrestricted fund balance not stable or not increasing
- Unrestricted fund balance does not include assigned or committed reserves above the recommended reserve level when
 unfunded or contingent liabilities or one-time costs exist

Indicators of Risk or Potential Insolvency (continued)

10. Ineffective Internal Controls and Fraud Prevention

- Lack of controls that limit access to the financial system
- Access and authorization controls to the financial system not reviewed and updated upon employment actions (e.g., resignations, terminations, promotions or demotions) and at least annually
- Duties in accounts payable, accounts receivable, purchasing, contracts, payroll, human resources, associated student body, and warehouse/receiving not segregated, supervised or monitored
- Beginning balances for the new fiscal year not posted and reconciled with the ending balances from the prior fiscal year
- Prior year accruals not reviewed and cleared by first interim
- Suspense accounts not reconciled regularly
- General ledger not reconciled or closed timely
- Inadequate processes and procedures in place to discourage and detect fraud

11. Breakdown in Leadership and Communication

- Uninformed decisions made because the system(s) can't provide key financial and personnel data needed
- Instability in the chief business official or superintendent positions (been with the district less than two years)
- Lack of regular communication between the superintendent and all members of the administrative cabinet
- Timely training on financial management, budget and governance not provided to site and department administrators
 who are responsible for budget management and decision-making
- Board policies and administrative regulations routinely ignored, not adopted, updated, implemented or communicated to staff
- Micromanagement by board members
- Systems fully or partially controlled by highly influential special interest groups

12. Lack of Multiyear Planning

- Unreasonable and/or unclear multiyear projections that are not aligned with industry standards
- Failure to explain trend analysis
- LCFF calculation not prepared with multiyear considerations
- Financial decisions made without most current multiyear projection in mind
- Detailed information not included when "other adjustments" is used with multiyear projections (line B10)

13. Inattention to Non-Voter-Approved Debt and Risk Management

- Sources of non-voter-approved debt repayment unstable, unpredictable and from the unrestricted general fund
- Downgrade of credit rating
- Out-of-date actuarial study without a plan to pay for any unfunded liabilities when self-insured
- High levels of non-voter-approved debt (such as COPs, bridge financing, BANS, RANS and others), with total annual debt service payments greater than 2% of the district's unrestricted general fund revenues

14. Lack of Position Control

- Financial and human resources systems not integrated
- Accounting for positions and costs is incomplete
- Staffing not analyzed or adjusted based on staffing ratios and enrollment
- Budget, payroll and position control not reconciled regularly
- Budget source not identified for each new position before the position is authorized by the governing board
- New positions and extra assignments posted before governing board approval
- Staffing ratios for certificated, classified and administrative positions not adopted or followed
- Lack of regular meetings between human resources, payroll and budget to discuss issues and improve processes.

Indicators of Risk or Potential Insolvency (continued)

15. Related Issues of Concern

- Failure to produce timely and accurate financial information
- Annual Independent Audit Report contains material apportionment or internal control findings
- Inadequate, undocumented monitoring and oversight of authorized charter schools
- Out-of-date long-range facilities master plan
- · Special education costs not monitored, with contribution rate above the statewide average contribution rate
- Special education staffing ratios, class sizes and caseload sizes do not align with statutory requirements and industry standards
- District and the county office of education have different financial systems and lack automated interface

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'ATTACHMENT B' - 5 Pages

August 15, 2022

Ms. Cecilia Mendez President, Board of Trustees Stockton Unified School District 1738 Terra Vista Lane Stockton, CA 95206

Dear Ms. Mendez:

2022-2023 Conditional Approval of Adopted Budget

In accordance with Education Code Section 42127, the San Joaquin County Office of Education (SJCOE) has reviewed the Stockton Unified School District's (District) 2022-2023 Adopted Budget.

We are unable to approve the budget and therefore conditionally approve the budget due to the following concerns:

- At the June 14, 2022, public hearing for the budget, the District did not provide a statement of reasons to substantiate the need for an assigned and unassigned ending fund balance that is in excess of the minimum recommended reserve. The Education Code prevents us from approving the budget due to this omission.
- The expenditures in the local control and accountability plan (LCAP) are not in alignment with the budget. Consequently, we cannot conclude that the adopted budget includes the expenditures necessary to implement the LCAP.
- The Education Code requires that the County Superintendent approve the LCAP before it approves the budget. Due to the LCAP deficiencies described later in this letter, we are unable to approve the LCAP.

Implications for Conditional Budget Approval

As a result of the conditional approval, our office is requiring the District take the following actions on or before October 8, 2022.

- Adjust either the budget or the LCAP so that the expenditures are in alignment. Although it is not a condition of our approval, if the District adjusts its budget, the District should consider addressing the technical concerns we identified during our budget review. Those concerns are described in the attachment to this letter.
- Follow the recommendations below to address the LCAP deficiencies so that the LCAP is approvable.

Hold a public hearing on the budget in accordance with Education Code Sections 42103 and 42127 and at that hearing provide a statement of reasons to substantiate the need for an assigned and unassigned ending fund balance that is in excess of the minimum recommended reserve. The District should then readopt the budget at that meeting. Education Code requires that we publish certain information regarding the public hearing; therefore, district staff should work with SJCOE once the date of the public hearing is known.

Our office will review the District's response, and approve or disapprove the District's revised budget no later than November 15, 2022.

Local Control and Accountability Plan

As you are aware, the County Superintendent is responsible to approve the District's LCAP using four statutory criteria as follows:

- 1. The LCAP adheres to the template adopted by the State Board of Education, which includes the template instructions.
- 2. The budget includes expenditures sufficient to implement the specific actions and strategies included in the LCAP.
- 3. The LCAP adheres to the expenditure requirements for the use of Supplemental and Concentration grant funds.
- 4. The LCAP includes the calculations and required descriptions related to unused Supplemental and Concentration grant funds.

We have completed our preliminary review of the District's 2022-2023 LCAP and have determined the plan does not currently meet one or more of the criteria for approval. Because of this, the District's LCAP will need Board clarification by submitting an amended LCAP that addresses the items noted below by September 30, 2022.

Alternatively, the Board has 15 days to respond, in writing, to this request with clarification. The SJCOE will review the clarification and will provide recommendations within 15 days, if necessary. The Board will then have 15 days to consider those recommendations in a public meeting. Whatever your choice, our office is available to assist District staff through this process.

Identified below are the areas of the District's LCAP needing clarification, which we have discussed more in-depth with District staff. Please provide clarification or amendments to resolve these areas:

Alignment of Budget and LCAP expenditures

1. We have identified differences between expenditures in the budget and those in the LCAP and the District staff has not provided us with an explanation or additional information to allay our concerns. As a result, we cannot conclude that expenditures sufficient to implement the specific actions and strategies included in the LCAP are included in the budget. For example, expenditures from LCFF sources in the LCAP total \$426,210,622. However, unrestricted expenditures, which is generally where LCFF sources are budgeted, total \$371,942,280.

Recommendation: Adjust the LCAP or the budget so that the expenditures align.

Adherence to the template

2. The template instructions require the District to describe the overall implementation of an LCAP goal. The response should be specific for each goal and should describe challenges and success for the specific actions within that goal. The District's LCAP does not adhere to this requirement. Instead, the District used the same narrative for goals 1 through 3.

Recommendation: Modify the narrative for goals 1 through 3 to meet the template instruction requirements.

3. The District is required to have a goal for consistently low-performing student groups (students with disabilities in the District's case). The template instructions specify that this goal must include metrics, outcomes, actions, and expenditures specific to addressing the needs of, and improving outcomes for, this student group and that it should not be combined with other goals. The District's LCAP goal 4, which is intended to address this requirement, does not meet the standard because the District repeats the action titles that are in goal 1 and has no planned expenditures associated with the goal 4 actions.

Recommendation: Modify the action titles for goal 4 so they reflect the actions' descriptions, are different from actions that are already included in other LCAP goals, and are specific to students with disabilities. The LCAP should also include the expenditures necessary to implement the actions as required by the template instructions.

If our office may be of further assistance, please contact Deputy Superintendent Scott Anderson, at (209) 468-4807.

Sincerely,

Troy A. Brown, Ed.D

County Superintendent of Schools

2022-2023 Conditional Approval of Adopted Budget Stockton Unified School District Page 4 of 4

c: School District Board Members
Dr. Traci E. Miller, Interim Superintendent
Marcus Battle, Chief Business Officer
Scott Anderson, Deputy Superintendent, Business Services
Peter Foggiato, Division Director, District Business Services
Kathryn Rusk, Coordinator, District Fiscal Oversight
Rosa Reyes, Coordinator, District Fiscal Services
File

Attachment to Conditional Budget Approval Letter

Technical Budget Issues

During our review of the adopted budget, we identified the following concerns that could have a material effect on fund balance.

- The District assumed \$43.4 million in unrestricted state revenue related to a proposed discretionary block grant. Our guidance to all districts was to not include this proposal or other proposals that are not part of existing law. Rather, we recommended that the impacts of the proposals be disclosed at the meeting when the budget is presented. In our experience, proposals in the Governor's January Budget and May Revision often change when the state budget is enacted. This occurred with the discretionary block grant proposal, which was not included in the enacted budget. Instead, a smaller, restricted grant was included.
- The one-time retroactive payments for recent settlements, which are included in the unrestricted salary expenditures for 2022-2023, appear to be underestimated. The assumptions show the payments were estimated at 4% (2% plus 2%). However, by our estimate the retroactive payment would be 8% (2% for 2020-2021 plus 6% for 2021-2022).
- Most of the one-time funds will expire by the end of September 2024, however, the 2024-2025 unrestricted projections do not assume any increase in unrestricted expenditures for staff currently funded with these resources.
- Restricted state revenue is overstated in all years because revenues were assumed beyond known grant amounts or were budgeted again in subsequent years even though grants were one-time. In our estimate, revenue was overestimated as follows: \$15.5 million in 2022-2023, \$31.7 million in 2023-2024, and \$31.7 million in 2024-2025. We shared the details for our estimate with District staff.
- The audit for 2020-2021, which was released in April 2022, included restatements to fund balance in the charter schools fund (Fund 09), the bond interest and redemption fund (Fund 51), and the debt service fund (Fund 56). None of these restatements were included in the beginning fund balance for 2021-2022.

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'ATTACHMENT C' - 2 Pages

June 27, 2022

Ms. Cecilia Mendez President, Board of Trustees Stockton Unified School District 1738 Terra Vista Lane Stockton, CA 95206

SENT VIA FEDEX OVERNIGHT AND ELECTRONIC MAIL TO CECILIAMENDEZ@STOCKTONUSD.NET

Dear Ms. Mendez:

RE: AB 1200 Financial Disclosure Forms

The San Joaquin County Office of Education (SJCOE) has received the Stockton Unified School District's (District) "Public Disclosure of Proposed Collective Bargaining Agreement" (Disclosure) regarding Tentative Agreements (TA) with the Stockton Teachers' Association (STA) and the Stockton Pupil Personnel Association (SPPA). The TA for STA covers the period that begins July 1, 2020, and ends July 30, 2022, and the TA for SPPA covers the period that begins July 1, 2021, and ends July 30, 2022. Both TAs are scheduled for governing board action on June 28, 2022.

After our review and analysis of financial information and multi-year projections included as part of this Disclosure, we noted numerous material differences between our estimates and those provided by the District. The purpose of this letter is to make the District and Governing Board aware of these differences and the associated financial implications of the subject TAs. Specifically, our estimates show significantly higher levels of resultant unrestricted deficit spending in all years, and correspondingly lower unrestricted fund balances. The following summary table illustrates these differences:

Unrestricted Surplus/Deficit	2021-22	2022-23	2023-24	2024-25
SUSD	\$11,259,545	(\$35,267,434)	(\$3,657,481)	N/A
SJCOE	(\$681,180)	(\$41,950,755)	(\$17,111,431)	(\$26,317,989)
Difference	(\$11,940,725)	(\$6,683,321)	(\$13,453,950)	N/A
Unrestricted Ending Fund Balance	2021-22	2022-23	2023-24	2024 25
				2024-25
SUSD	\$144,328,966	\$109,061,532	\$105,404,051	N/A
SJCOE	\$132,388,241	\$90,437,486	\$73,326,054	\$47,008,065
Difference	(\$11,940,725)	(\$18,624,046)	(\$32,077,997)	N/A

Both the District and the SJCOE utilized the 2021-22 SUSD Second Interim Report and multi-year projection as the baseline (starting point). The SJCOE then included adjustments to revenues and expenditures in an effort to capture major changes since the Second Interim Report was finalized. These adjustments include updated Average Daily Attendance (ADA) projections provided by the District; projected Local Control Funding Formula (LCFF); Cost of Living Adjustments (COLAs); SPPA, STA, and other recent bargaining unit settlement costs; Second Interim Report corrections previously noted and communicated to the district; and updated employer pension rates, among others. Because the costs of the SPPA and STA settlements will first be included in the District's 2022-23 budget, it is necessary to add the

Ms. Cecelia Mendez Page 2 June 27, 2022

2024-25 year as the second year of the multi-year projection in order to more fully understand the fiscal impact. The SJCOE developed its own projections for 2024-25 and considered the fiscal analysis included in the January 25, 2022, FCMAT report. The SJCOE and SUSD business staff met and reviewed the differences between the SJCOE's and the District's projections on June 24, 2022.

Additionally, the 2021-22 state budget increased the LCFF concentration grant from 50% to 65% of base LCFF funding. The additional 15% is to be used to increase the number of credentialed and/or classified staff who provide direct services to students. Beginning in 2022-23, the District must demonstrate compliance with this requirement in its Local Control and Accountability Plan (LCAP). If the District has not planned for this requirement and determines additional staffing costs must be added to the District's budget, the projected unrestricted deficits shown above could worsen (increase) by as much as \$13.0 million annually, beginning in 2022-23.

The SJCOE is aware the pending 2022-23 state budget may ultimately contain additional one-time and ongoing revenues and other forms of fiscal relief, which have not been considered in the projections above. SJCOE is also aware that if some or all of these items are ultimately included in the state budget, they may have a significant, positive impact on the financial projections included herein. As a matter of sound financial planning and to protect against the possibility of fiscal insolvency, we caution the District against unilaterally relying upon possible future actions of the Legislature and Governor, as these things can, and often do, change significantly prior to enactment.

If our office may be of further assistance, please contact Deputy Superintendent Scott Anderson at (209) 468-4807.

Sincerely,

Troy A. Brown, Ed.D.

County Superintendent of Schools

cc: Ray Zulueta, Board Vice President

Alicia Rico, Board Clerk

Zachary Ignacio Avelar, Board Trustee

AngelAnn Flores, Board Trustee

Scot McBrian, Board Trustee

Maria Mendez, Board Trustee

Dr. Francine Baird, Interim Superintendent

Marcus Battle, Chief Business Official

Scott Anderson, Deputy Superintendent, Business Services

Peter Foggiato, Division Director, District Business Services

Kathryn Rusk, Coordinator, District Fiscal Oversight

Rosa Reyes, Coordinator, District Fiscal Services

File

P.O. Box 213030 Stockton, CA 95213-9030 (209) 468-4800 www.sjcoe.org

'ATTACHMENT D' - 5 Pages

April 15, 2022

Ms. Cecilia Mendez President, Board of Trustees Stockton Unified School District 1738 Terra Vista Lane Stockton, CA 95206

Dear Ms. Mendez:

2021-2022 Second Interim Budget Report

We have completed our review of Stockton Unified School District's 2021-2022 Second Interim Budget Report and concur with the school district's filing of a "positive" certification, with the comments below. As you are aware, a "positive" certification states that based on the school district's financial status, as of the reporting period, the District will be able to meet its financial obligations for the current and subsequent two fiscal years.

The Second Interim Budget Report shows deficit spending of approximately \$3.2 million and \$11.6 million in the 2022-2023 and 2023-2024 fiscal years, respectively. We believe that the deficits in those years are larger for the following reasons. First, the District used a Local Control Funding Formula (LCFF) revenue estimate that exceeds the calculation we provided for the Second Interim Budget Report. Consistent with past practice, our calculation is based on the Average Daily Attendance (ADA) assumptions the District provided us in early February for purposes of this calculation. Second, indirect cost recoveries appear overestimated by approximately \$5 million in both 2022-2023 and 2023-2024. The table below shows the unrestricted deficit spending after we adjust for these differences.

	2022-2023	2023-2024
Unrestricted Deficit-District Report	\$(3,165,861)	\$ (11,644,311)
Adjustments	(11,321,942)	(11,535,796)
Unrestricted Deficit after Adjustments	(14,487,803)	(23,180,107)

We also note that the District is using one-time resources to fund certain positions and other ongoing costs. According to the Fiscal Crisis and Management Assistant Team's (FCMAT) January 2022 report, some of these are likely to continue beyond the availability of these one-time funds, which would increase the unrestricted deficit by another \$26.3 million beginning in 2024-2025. We remind the District to plan early for how it will manage ongoing commitments when one-time funds are exhausted or expire.

Given the projected unrestricted deficit spending, we strongly caution the District to avoid multiyear commitments (ongoing costs) that could worsen deficit spending and impact the financial stability of the District.

A review of the Criteria and Standards section of the Interim Report indicates that negotiations have not been settled with the Classified or Certificated units at the time of the report. Prior to finalizing any salary negotiations with any bargaining unit, a Public Disclosure form must be completed and made available for public review prior to any official board action. Additionally, a copy of the Public Disclosure form must be submitted to our office as soon as it becomes available as a public document and the budget revisions necessary to meet the cost of the agreement included in the Public Disclosure must be included in the next Budget/Interim Report.

As a final note, at the time of this letter we have not received the District's independent audit report for the fiscal year ended June 30, 2021. The initial due date for this report was January 31, 2022, which the State Controller (Controller) extended, at the District's request, until April 11, 2022. Timely audit reports, which was unavailable in this case, are an essential element we rely upon when judging overall fiscal health and stability.

We have enclosed a "Financial Projection worksheet" that summarizes the District's financial history and anticipated projections to meet multiyear financial obligations. Should you have any questions, please contact Peter Foggiato, Business Services, at (209) 468-4830.

Sincerely,

Troy A. Brown, Ed.D.

County Superintendent of Schools

Enclosure

c: School District Board Members
John Ramirez, Jr., Superintendent
Marcus Battle, Chief Business Official
Scott Anderson, Deputy Superintendent, Business Services
Peter Foggiato, Division Director, District Business Services
Kathryn Rusk, Coordinator, District Fiscal Oversight
Rosa Reyes, Coordinator, District Fiscal Services
File

2021-22 FINANCIAL PROJECTION WORKSHEET STOCKTON UNIFIED SCHOOL DISTRICT 2ND INTERIM SUMMARY



EXPENDITURES \$ 405,826,844 \$ 448,920,775 \$ 508,372,044 \$ 503,816,775 \$ \$ 507,116,773 \$ 830,714,001 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Stockton Unified		2016-17 Actuals		2017-18 Actuals		2018-19 Actuals		2019-20 Actuals	8899	2020-21 Actuals		2021-22 2nd Interim		2022-23 Projections		2023-24 Projections	
EXPENDITURES \$ 405,826,884 \$ 448,392,075 \$ 508,372,084 \$ 503,816,785 \$ \$ 567,116,273 \$ 830,14,403 \$ 505,238,682 \$ 5		s	443,845,691	S	444,726,473	s	495,559,163	s	498,732,240	\$	563,398,473	\$	856,561,585	S	539.532.318	s	550,031,001	
Operating Surplust/Deficit) S 38,018,807 S (3,656,602) S (12,81),411 S (5,084,515) S (2,717,800) S 25,847,181 S (25,726,566) S (5 00,002) S (50,002) S (EXPENDITURES	S	405,826,884	\$	448,392,075	\$	508,372,304	S	503,816,755	\$	567,116,273	\$	830,714,403	5		\$	589,295,352	
SOURCES S 270,323 S 320,200 S 65,576 S 32,562,199 S 669,524 S S S S S S S S S	Operating Surplus/(Deficit)	S	38,018,807	\$	(3,665,602)	\$	(12,813,141)	\$	(5,084,515)	S	(3,717,800)	\$	25,847,181	S	(25,726,364)	S	(39,264,351	
NET ADJUSTMENT TO FUND BALANCE S 12,671,238 S (16,933,326) S (13,221,361) S 25,433,316 S (3,802,541) S 25,347,181 S (26,226,546) S BEGINNING FUND BALANCE S 119,589,217 S 142,229,341 S 122,796,015 S 112,074,654 S 136,931,962 S 171,678,295 S 179,825,776 S T Addit Adjustments S 8,366 S S S S S S S S S	SOURCES	S	270,323	\$	892,020	\$	655,076	\$	32,562,169	\$	669,524	\$		\$	the third the line	S		
Increase/(Decrease)	USES	\$	(15,617,892)	\$	(14,159,744)	\$	(1,063,296)	\$	(2,043,838)	S	(814,265)	\$	(500,000)	\$	(500,000)	S	(500,000	
BECINNING FUND BALANCE	NET ADJUSTMENT TO FUND BALANCE													280	III Carron Brazi		NOTE OF STREET	
Audit Adjustments/Retatements \$ 8,866 \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ \$		\$	22,671,238	\$	(16,933,326)	\$	(13,221,361)	\$			(3,862,541)	\$	25,347,181	S	(26,226,364)	\$	(39,764,351	
ENDING FUND BALANCE	BEGINNING FUND BALANCE	S			142,229,341	5	125,296,015	\$	112,074,654	S	136,931,962	\$	171,678,295	\$	197,025,476	\$	176,799,112	
COMPONENTS OF ENDING FUND BALANCE Revolving Cash S 63,912 S 5,912 S 5,912 S 5,912 S S 5,912 S S S S S S S S S	Audit Adjustments/Restatements	S	8,866	\$	200	\$		S	7.0	\$		\$		\$		S		
COMPONENTS OF ENDING FUND BALANCE S 63,912 S 63,912 S 63,912 S 63,912 S 5 S	ENDING FUND BALANCE	S	142,229,341	S	125,296,015	\$	112,074,654	5	137,508,470	5	133,069,421	\$	197,025,476	5	170,799,112	5	131,034,761	
Stores	COMPONENTS OF ENDING FUND BALANCE	Т		П				-						1	Contra Annostration	100		
Prepaid Expenditures	Revolving Cash	\$	63,912	\$	63,912	\$	63,912	\$	63,912	\$	63,912	\$	*	S		\$		
General Reserve	Stores	S	756,932	\$	622,215	\$	773,002	\$	1,258,352	\$	1,530,806	\$	1,270,000	\$	acharit of	S	de al mari	
Economic Uncertainty	Prepaid Expenditures	S	42,076	S	153,199	\$	163,238	\$	58,392	\$	1,280,066	\$	•	S	1343 5Z1-15	\$	THE CHARLES	
Legally Restricted Balance	General Reserve	\$		\$:*:	\$		\$	3.60	\$		\$		S		\$	Side and the	
Commitments	Economic Uncertainty	S	8,428,896	\$	9,251,036	\$	10,188,712	S	10,079,057	S	12	\$	16,614,288	\$	11,315,174	\$	11,795,907	
Other Designations S 119,415,441 S 103,757,992 S 95,945,547 S 127,429,222 S 29,800,000 S 43,619,716 S 34,680,000 S 34,619,716 S 34,680,000 S 34,680,000 S 34,619,716 S 34,680,000	Legally Restricted Balance	\$	13,522,085	\$	11,447,663	\$	5,239,164	\$	8,020,989	S	UR.	\$	52,696,509	\$	29,636,006	\$	1,515,966	
Unappropriated/Undesignated Amount	Commitments											\$	66,457,152	\$	45,260,694	\$	47,183,628	
Sample S	Other Designations	\$	119,415,441	\$	103,757,992	S	95,945,547	S	127,429,322	\$	29,800,000	\$	43,619,716	S	34,680,000	\$	34,680,000	
DISTRICT RESERVES General Fund: Economic Uncertainty \$ 8,428,896 \$ 9,251,036 \$ 10,188,712 \$ 10,079,057 \$ \$ - \$ 16,614,288 \$ 11,315,174 \$ 1 Unappropriated/Undesignated Amount \$ 0 \$ (0) \$ (298,921) \$ (9,401,553) \$ 100,394,638 \$ 16,367,811 \$ 49,907,239 \$ 3 7 Total Chertal Fund Reserve Fund: Economic Uncertainty \$ \$ - \$ \$ - \$ \$ - \$ \$ - \$ \$ - \$ \$ - \$ \$ - \$ \$ - \$ \$ - \$ \$ \$ - \$ \$ \$ - \$ \$ \$ - \$ \$ \$ - \$ \$ \$ - \$	Unappropriated/Undesignated Amount	S		\$	(1)	\$	(298,921)	S	(9,401,554)	\$	100,394,638	\$	16,367,811	3	49,907,239	\$	35,859,260	
Ceneral Fund: Economic Uncertainty S 8,428,896 S 9,251,036 S 10,188,712 S 10,079,057 S S S 16,614,288 S 11,315,174 S 1	TOTAL	S	142,229,342	\$	125,296,015	\$	112,074,654	\$	137,508,470	\$	133,069,421	S	197,025,476	S	170,799,112	\$	131,034,761	
Ceneral Fund: Economic Uncertainty S 8,428,896 S 9,251,036 S 10,188,712 S 10,079,057 S S S 16,614,288 S 11,315,174 S 1	DEVENDED AND RESIDENCE TO A			_				_		_								
Economic Uncertainty		1		ı										Nãi Mai	STRUMSTIES OF	4		
Unappropriated/Undesignated Amount			0.400.006	_	0.044.004	_	10 100 510	_	10.000.055		-	_		200			ne side	
Total General Fund Reserves \$ 8,428,896 \$ 9,251,036 \$ 9,889,791 \$ 677,504 \$ 100,394,638 \$ 32,982,099 \$ 61,222,412 \$ 48,590 \$ 5,000 \$ 5											100 304 630						11,795,907	
Special Reserve Fund:																	35,859,260	
Economic Uncertainty		3	0,420,090	3	9,231,030	3	9,009,791	3	0//,304	3	100,394,038	3	32,982,099	3	01,222,412	2	47,655,167	
Unappropriated/Undesignated Amount \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ 5 -		۱.		_				۱.		_		_		0.6				
Total Special Reserve Fund				_											S. E. D. A		•	
TOTAL DISTRICT RESERVES \$ 8,428,896 \$ 9,251,036 \$ 9,889,791 \$ 677,504 \$ 100,394,638 \$ 32,982,099 \$ 61,222,412 \$ 47, State Reserves - (minimum required) 2% \$ 8,428,896 \$ 9,251,036 \$ 10,188,712 \$ 10,117,212 \$ 11,358,611 \$ 16,624,288 \$ 11,315,174 \$ 11, Reserve Deficiency \$ - \$ - \$ (298,921) \$ (9,439,708) \$ - \$ - \$ - \$ \$ - \$ \$ ADDITIONAL INFORMATION Funded ADA (District Regular & Special Ed Only)* 33,088 33,029 33,056 32,978 32,932 32,904 29,998 29,000 P-2 ADA (District Regular & Special Ed Only)* 33,088 33,029 33,056 32,923 32,932 30,112 29,811 29,000 STATUS OF NEGOTIATIONS: CERT. Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y		_		-		_		_		_		_				_	A STATE OF THE STATE OF	
State Reserves - (minimum required) 2% \$ 8,428,896 \$ 9,251,036 \$ 10,188,712 \$ 10,117,212 \$ 11,358,611 \$ 16,624,288 \$ 11,315,174 \$ 11,858,611 Reserve Deficiency \$ - \$ - \$ (298,921) \$ (9,439,708) \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -		_	9 429 906		0.251.026	_	0.000.701	_	C77 E04		100 204 429	_	22 002 000	-	61 222 412	-	AT CER LOD	
Reserve Deficiency		_	-	-					THE RESERVE AND ADDRESS OF THE PARTY OF THE	_		_	THE RESERVE OF THE PERSON NAMED IN				47,655,167	
ADDITIONAL INFORMATION Funded ADA (District Regular & Special Ed Only)* P-2 ADA (District Regular & Special Ed Only)* STATUS OF NEGOTIATIONS: CERT. Y Y Y Y Y Y Y Y Y Y Y N ADDITIONAL INFORMATION 32,932 32,932 32,904 29,998 29,102 32,932 32,932 30,112 29,811 29,811 29,811	State Reserves - (minimum required) 2%	1 2	8,428,896	8	9,251,036	8	10,188,712	3		-	11,358,611	5	16,624,288	3	11,315,174	5	11,795,907	
Funded ADA (District Regular & Special Ed Only)* 33,088 33,029 33,056 32,978 32,932 32,904 29,998 29,000 20	Reserve Deficiency	\$		\$	-	\$	(298,921)	\$	(9,439,708)	\$	- E5	\$		\$		\$		
P-2 ADA (District Regular & Special Ed Only)* 33,088 33,029 33,056 32,923 32,932 30,112 29,811 29,811 STATUS OF NEGOTIATIONS: CERT. Y Y Y Y Y N	ADDITIONAL INFORMATION	_		1										_				
P-2 ADA (District Regular & Special Ed Only)* 33,088 33,029 33,056 32,923 32,932 30,112 29,811 29,811 STATUS OF NEGOTIATIONS: CERT. Y Y Y Y Y N	Funded ADA (District Regular & Special Ed Only)*		33,088		33,029		33,056		32,978		32,932		32,904	1	29,998		29,697	
																	29,513	
Settled = Y Not Settled = N CLASS. Y Y Y Y Y N	STATUS OF NEGOTIATIONS: CERT		Y Y	Г	Y		Y Y		Y Y		Y Y		N N					

^{*} ADA for the current and subsequent years is based on the data submitted for the SJCOE LCFF calculation

2021-22 FINANCIAL PROJECTION WORKSHEET STOCKTON UNIFIED SCHOOL DISTRICT 2ND INTERIM - UNRESTRICTED ONLY



Stockton Unified		2016-17 Actuals		2017-18 Actuals		2018-19 Actuals		2019-20 Actuals	ALC: NO.	2020-21 Actuals		2021-22 2nd Interim		2022-23 Projections		2023-24 Projections
REVENUE	s	357,273,454	s	361,564,986	s	386,599,810	s	392,139,189	s	386.430.675	s	420,967,856	s	414,176,591	s	424,306,336
EXPENDITURES	\$	271,347,529		303,755,939		331,005,709		324,491,934	_	325,966,338		334,297,702		346,842,452	100	363,450,647
Operating Surplus/(Deficit)	S	85,925,925	-	57,809,047		55,594,100		67,647,255		60,464,337		86,670,154		67,334,139		60,855,689
SOURCES	S	(49,832,551)	\$	(58,547,789)	\$	(61,204,812)		(33,848,946)		(65,469,685)		(74,910,608)		(70,000,000)		(72,000,000)
USES	\$	(15,617,892)	\$	(14,159,744)	S	(1,063,296)	\$	(2,043,838)	S	(814,265)	\$	(500,000)	_	(500,000)		(500,000)
NET ADJUSTMENT TO FUND BALANCE							-								1000	SETS VALUE OF THE
Increase/(Decrease)	\$	20,475,482	\$	(14,898,486)	\$	(6,674,009)	S	31,754,471	\$	(5,819,613)	\$	11,259,546	5	(3,165,861)	5	(11,644,311)
BEGINNING FUND BALANCE	S	108,222,558	S	128,706,907	\$	113,808,421	5	107,134,412	S	138,889,034	S	133,069,421	\$	144,328,967		141,163,106
Audit Adjustments/Restatements	\$	8,866	\$		S		\$	152	\$		\$		\$	- Washington	\$	
ENDING FUND BALANCE	\$	128,706,907	S	113,808,421	\$	107,134,412	S	138,889,035	S	133,069,421	\$	144,328,967	\$	141,163,106	S	129,518,795
COMPONENTS OF ENDING FUND BALANCE													19310	NUMBER OF STREET		
Revolving Cash	S	63,912	S	63,912	\$	63,912	\$	63,912	s	63,912					000	
Stores	\$	756,932	\$	622,215	\$	773,002	\$	1,258,352	S	1,530.806	S	1,270,000	683		100	
Prepaid Expenditures	S	41,726	\$	113,266	S	163,238	5	58,392	S	1,280,066			1500			
General Reserve													0.9		190	
Economic Uncertainty	\$	8,428,896	\$	9,251,036	\$	10,188,712	\$	10,079,057	S		\$	16,614,288	S	11,315,174	S	11,795,907
Legally Restricted Balance													his.	Contain the		3) [20]
Commitments					-	- G					\$	66,457,152	S	45,260,694	\$	47,183,628
Other Designations	\$	119,415,441	\$	103,757,992	\$	95,945,547	\$	127,429,322	\$	29,800,000	\$	43,619,716	S	34,680,000	5	34,680,000
Unappropriated/Undesignated Amount	\$	0	\$	(0)	\$	1	\$	0	\$	100,394,638	S	16,367,811	\$	49,907,239	\$	35,859,260
TOTAL	\$	128,706,907	S	113,808,421	\$	107,134,412	S	138,889,035	\$	133,069,421	\$	144,328,967	\$	141,163,106	S	129,518,795
DISTRICT RESERVES			_				-				_		A. S.	Control of		
General Fund:	- 1		1										160			
Economic Uncertainty	s	8,428,896	S	9,251,036	S	10,188,712	S	10.079.057	S		s	16,614,288	S	11,315,174	S	11,795,907
Unappropriated/Undesignated Amount	\$		\$	(0)		I	Š		S	100,394,638		16,367,811		49,907,239		35,859,260
Total General Fund Reserves	\$	8,428,896	\$	9,251,036	\$	10,188,713	\$	10,079,057	\$	100,394,638		32,982,099		61,222,412		47,655,167
Special Reserve Fund:	\neg															
Economic Uncertainty																
Unappropriated/Undesignated Amount										<u> </u>			1930		(Ug)	1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
Total Special Reserve Fund	\$		\$		\$	•	\$		\$	350	\$		\$		\$	
TOTAL DISTRICT RESERVES	\$	8,428,896	S	9,251,036	\$	10,188,713	S	10,079,057	S	100,394,638	\$	32,982,099	S	61,222,412	\$	47,655,167
State Reserves - (minimum required) 2%	\$	8,428,896	\$	9,251,036	\$	10,188,712	\$	10,117,212	S	11,358,611	\$	16,624,288	\$	11,315,174	\$	11,795,907
Reserve Deficiency	\$		\$		\$		\$	(38,155)	\$	7/2	\$	#	\$		\$	-

2021-22 FINANCIAL PROJECTION WORKSHEET STOCKTON UNIFIED SCHOOL DISTRICT 2ND INTERIM - RESTRICTED ONLY



Stockton Unified		2016-17 Actuals		2017-18 Actuals		2018-19 Actuals		2019-20 Actuals		2020-21 Actuals		2021-22 2nd Interim		2022-23 Projections		2023-24 Projections
REVENUE	s	86,572,237	,	83,161,487	\$	108,959,353		106,593,051		176,967,798			99w	State of the state of		
EXPENDITURES	\$	134,479,355		144,636,136	_	177,366,594		179,324,821	_	241,149,935			\$	125,355,727	200	125,724,665
Operating Surplus/(Deficit)	\$	(47,907,118)	_	(61,474,649)			_					496,416,701		218,416,230		225,844,705
SOURCES	\$	50,102,873		59,439,809		(68,407,241) 61,859,889		(72,731,770)		(64,182,137)		(60,822,973)		(93,060,503)		(100,120,040)
USES	\$	30,102,873	\$	37,437,007	S	01,039,869	\$	66,411,115	2	66,139,209	_	74,910,608	2	70,000,000	2	72,000,000
NET ADJUSTMENT TO FUND BALANCE	- 10		13		3		3		2		\$		5450		10/6	Exception.
Increase/(Decrease)	s	2 106 266		(2.024.940)		(/ 547.750)		((300 (66)		1 055 050		1400= 605	123		PER	
BEGINNING FUND BALANCE	<u>\$</u>	2,195,755 11,326,680		(2,034,840) 13,522,435		(6,547,352)		(6,320,655)		1,957,072			\$	(23,060,503)		(28,120,040)
Audit Adjustments/Restatements	5	11,320,080	-	13,522,435	5	11,487,595	_	4,940,243		(1,957,072)	2	38,608,874	2	52,696,509	5	29,636,006
	1000	10 500 100	\$	-44-405-505			3	(152)	_		_		5.2	KASALL GIFT		S. T. Blicks
ENDING FUND BALANCE	S	13,522,435	2	11,487,595	\$	4,940,243	\$	(1,380,564)	5		S	52,696,509	5	29,636,006	S	1,515,966
COMPONENTS OF ENDING FUND BALANCE Revolving Cash															28	
Stores									-					The State of		
Prepaid Expenditures	\$	350	S	39,932									-3.50	A LONG TO STATE OF THE PARTY OF		
General Reserve															500	
Economic Uncertainty													26			The second second
Legally Restricted Balance	S	13,522,085	S	11,447,663	S	5,239,164	\$	8,020,989	\$	0.00	\$	52,696,509	S	29,636,006	S	1,515,966
Commitments														to a local de la company	1000	приород
Other Designations													Sellie.	S C III /A S		
Unappropriated/Undesignated Amount	\$		\$		\$	(298,921)	\$	(9,401,553)	\$:-:	\$		S		\$	THE DAY WAS IN
TOTAL	S	13,522,435	\$	11,487,595	\$	4,940,243	S	(1,380,564)	\$		\$	52,696,509	\$	29,636,006	S	1,515,966
DISTRICT RESERVES							Г		T		_		A PAGE			
General Fund:	- 1						Į.								REST.	
Economic Uncertainty	s	-	s		5	(*)	s	:•:	S	-	\$	74	\$		\$	
Unappropriated/Undesignated Amount	5		S	•	5	(298,921)		(9,401,553)	S	(2)	S	7.	S		S	
Total General Fund Reserves	S		\$		\$	(298,921)	S	(9,401,553)			\$		\$		Š	
Special Reserve Fund:														FIGURES NO.		
Economic Uncertainty															1	
Unappropriated/Undesignated Amount																
Total Special Reserve Fund	\$		\$		\$	120	\$	3.5	\$	523	\$		\$		S	
TOTAL DISTRICT RESERVES	\$	والمالية والمالية	S		\$	(298,921)	S	(9,401,553)	Ŝ	ille i ne co cur	Ŝ	Land to 18 and	\$		\$	
State Reserves - (minimum required) 2%	S	8,428,896	S	9,251,036	S	10,188,712	S	10,117,212	S	11,358,611	S	16,624,288	Ŝ	11,315,174	S	11,795,907