

# Auburn Union School District

First Interim Report  
2023-2024

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Board presentation: December 13, 2023

# Changes since Adopted Budget.....

- **Board Action for removal of vacancies and grade reconfiguration.**
  - With this action the vacancies were removed from the 2023-24 fiscal year, and the anticipated savings for the grade reconfiguration has been budgeted into the 2024-25 fiscal year.
- **Increased Unduplicated Enrollment Count**
  - Unduplicated Enrollment increased to by 171 students, to 970 this fiscal year. Unduplicated Pupil Percentage (UPP) is funded on a 3 year rolling average. If our percentages remain higher, we will see a drastically increase funding average by 2025-26. This will also apply to Title funding and other grants associated with UPP.
- **Certification of Enrollment Date, October 6**
  - We are seeing a .09% increase in enrollment overall, but still seeing large declines within the 6-8th grade areas.

# **Changes since Adopted Budget**

## **Revenues:**

Supplemental and Concentration Funding - with the increase to our Unduplicated Enrollment, it is projected that AUSD will receive additional funding for 2023-24 to serve students. While our LCAP plan was adopted in June, these funds can be rolled over into next LCAP, or if areas are identified as needing additional support this year under the current LCAP goals, these funds can be used to meet those objectives.

Local Revenues - Interest is still high, developer fees have increased slightly, and we are generating additional lease revenue than originally budgeted.

Beginning Fund Balance from 2022-23 - After review by the County Office of Education, some audit findings were able to be reversed, increasing our ending fund balance last fiscal year.

Title Programs - There are some increases in Title program revenue based on our projected Unduplicated Student Counts and past apportionments.

# **Changes Since Adopted, Slide 2**

## **Expenditures**

Other Certificated and Classified Salaries - Additional overtime, extra assignment, and substitute costs were added in for First Interim after review of last year's final expenditures and the continued staffing shortages.

Services and Operating Expenses - in Unrestricted and Restricted these budgets have been increased due to increasing costs of service and additional contracted services to fill vacancies throughout the District.

Health and Welfare Benefits - AUSD has had a few more employees take advantage of our fantastic benefits, increasing slightly the expenses for health and welfare.

Rentals/Leases/Repairs - Due to the needs of the Maintenance department, this budget item has been increased. In that same thought, the equipment budget was decreased as it is likely equipment would be rented instead of purchased this year.

# What does the COLA really equal for AUSD with Revisions?

Year	Funded ADA*	Total Unrestricted LCFF Funds**
2022-23	1583.11	\$15,487,780
2023-24	1465.06	\$15,586,847
	Additional Funding	\$99,067.00
	Percentage of Increase/Decreased Funding	0.63%
*Funded ADA is average of 3 prior years, will be different than actual ADA	**Unrestricted LCFF grant funding include: Base Grant, Grade Span Adjustment, Instructional Block Grant, and TK Add On	

# Reductions to COLA in the next two fiscal years...

The COLA rate is determined by a national price index for state and local governments and finalized in late April before the start of the year.

With lower tax revenue and softening economic conditions, the Legislative Analyst's Office (LAO) has issued revised COLA rates for the subsequent two years.

School districts were advised to prepare a First Interim using the currently projected rates, but to provide scenarios for a possible 1% COLA in 2024-25 and a 2.5% COLA in 2025-26.

This will have an impact on all districts, for Auburn Union, it revisits deficit spending in 2024-25.

# Possible Multi Year Projections for Unrestricted General Fund with reduced COLA

Year	Newly Proposed COLA	LCFF Revenue	Net Increase/ Decrease in Fund Balance	Revised Unassigned Fund Balance
2024-25	1%	\$17,833,294	(\$243,303.07)	\$1,425,227
2025-26	2.5%	\$18,191,110	\$920,209	\$2,278,076

# Minimum Wage Increases Still Going

January 1, 2024 - \$16.00/hour

January 1, 2025 - \$16.50/hour

*\*increases continue\**

January 1, 2029 - \$18.30/hour



Here is where will we need to increase our Classified Salary Schedule, and do so to all steps to avoid compression.



# Assignments of Supplemental and Concentration Funding

- With the increase in the Unduplicated Pupil Percentages, additional Supplemental and Concentration grants have been projected for the 2023-24 fiscal year, and increasing over the subsequent two years anticipating the yearly unduplicated enrollment remains consistent.
- Because it is required that these funds **only** be spent according to the Local Control and Accountability Plan (LCAP), we have to be mindful that while classified as “unrestricted” they are assigned to the LCAP.
  - 23-24 Additional \$556,852 plus \$345,178.53 calculated carryover from 2022-23 LCAP
  - 24-25 Additional \$994,055.00
  - 25-26 Additional \$1,348,356.00

**THESE AMOUNTS WILL CHANGE WITH REDUCTIONS TO THE COST OF LIVING ADJUSTMENT (COLA)**

# What happens when we spend Fund Balance?

Fund balance is what we have referred to as the “savings” account. While in the General Unrestricted Fund it can be used for one time expenses, as it is not replenished unless we have a net increase to fund balance.

Assignments can be spent as planned fund balance spending, and if large enough, could reflect on the District deficit spending. The key is to purposefully spend, knowing it is not an ongoing (or structural) deficit.

# Budgeting and State Calendar

**December 2023** - State's tax receipts are in, and are lower than anticipated. While we are given recommendation to begin preparing for a 1% COLA in 24-25, this number is still fluctuating.

**January 2024** - Governor's Budget is released

**March 2024** - Second Interim Budget Report to Board

**April 2024** - 2024-25 Budgeting Process Begins

**May 2024** - State Budget May Revision

**June 2024** - Budget Adoption

# Summary

- Budget is certifying **Positive**, with noted reductions allowing AUSD to not only meet required reserves, but increase committed reserves once again.
- The District is no longer deficit spending, however the anticipated lower COLA for 24-25 and 25-26, along with the future budgeting of Supplemental and Concentration funding, may keep us close to deficit spending, but far from having a negative fund balance.
- Continued fiscally conservative actions should be taken in order to balance the Supplemental/Concentration needs for LCAP budgeting and regular General Fund expenses.