

Auburn Union School District

Second Interim Report
2023-2024

Board presentation: March 13, 2024

Major Updates to the Governor's Proposed Budget

- Official move to a projected .76% COLA for 2024-24 and 2.73% for 2025-26
 - It is noted that the Legislative Office is recommended a 0.00% COLA, in addition to reductions to ongoing programs.
- Continuance, but reduction in funding for Extended Learning Opportunities Program (ELOP) for districts below priority level.
- Reduction in allocations for School Facility Program and delay on allocation to TK/K Facilities Grant

General Fund Changes since First Interim

Revenues:

Extended Learning Opportunities Program (ELOP) - budget for this funding has reduced due to allocation formulas at a State level.

KIT Funding - These are grant funds specifically for use by the Child Nutrition Department, and these were budgeted as anticipated revenue in First Interim, however they had already been received and so the reduction reflects in Second Interim.

Timber Tax - for unknown reasons, the “Timber Tax” revenue from the State has increased approximately \$500.00, but due to the small budget it reflects as a 157% increase.

Changes Since First Interim, Slide 2

Expenditures

Salaries and Benefits - Reductions in budget are noted in both Unrestricted and Restricted due to vacancies.

Services and Operating Expenses - in Unrestricted and Restricted these budgets have been increased due to rising costs of service and additional contracted services to fill vacancies throughout the District, as well as an increase in Special Education transportation costs.

2024-2025 Unrestricted General Fund Savings from Reductions in Force and Funding Re-Allocation

Positions Reduced	Funding Source	Total Salary and Benefit Savings to General Fund in 2024-25
3.0 FTE Certificated	General Fund	\$324,305
0.5 FTE Classified	General Fund	\$39,015
1.0 FTE Certificated	ESSER Funded, Moving to S/C instead of GF	\$96,733
Total Savings from Unrestricted General Fund		\$460,053

Enrollment Projections

Year	TK - 5	6 - 8	Total	Percent Change
2011/12	1,366	734	2,100	1.8%
2012/13	1,323	715	2,038	-3.0%
2013/14	1,264	686	1,950	-4.3%
2014/15	1,257	679	1,936	-0.7%
2015/16	1,263	664	1,927	-0.5%
2016/17	1,210	687	1,897	-1.6%
2017/18	1,176	688	1,864	-1.7%
2018/19	1,040	693	1,733	-7.0%
2019/20	1,064	670	1,734	0.1%
2020/21	969	599	1,568	-9.6%
2021/22	949	569	1,518	-3.2%
2022/23	913	524	1,437	-5.3%
2023/24	971	475	1,446	0.6%
2024/25	962	454	1,416	-2.1%
2025/26	924	458	1,381	-2.4%

Projection Notes:

- TK at 24 students per class, one class each site
- Enrollment to remain flat, cohort survival method results in decline
- ADA percentages adjusted based on recent trends to flat 92%

What does the COLA really equal for AUSD with Revisions?

Year	Funded ADA*	Total Unrestricted LCFF Funds**
2022-23	1576.39	\$15,872,518
2023-24	1466.36	\$16,083,067
	Additional Funding	\$ 210,549
	Percentage of Increase/Decreased Funding 23-24	1.32%
*Funded ADA is average of 3 prior years, will be different than actual ADA	**Unrestricted LCFF grant funding includes: Base Grant, Grade Span Adjustment, Instructional Block Grant, Transportation and TK Add On.	

Fund Balance for all Funds

FUND	First Interim	Est. Net Change	Second Interim
GENERAL (UNRESTRICTED & RESTRICTED)	\$9,650,830	(\$46,126)	\$9,604,704
CAFETERIA FUND 13	\$745,078	\$113,366	\$858,444
DEFERRED MAINTENANCE 14	\$364,595	\$0	\$364,595
DEVELOPER FEE FUND 25	\$433,152	\$0	\$433,152
CAPITAL OUTLAY FUND 40	\$1,076,549	\$0	\$1,076,549
MELLO ROOS FUND 49	\$742,630	\$0	\$742,630
BOND INTEREST & REDEMPTION	\$0	\$0	\$0
TOTAL	\$13,012,834	\$67,240	\$13,080,074

Charter School Fund 09 remains held for either return to State and Federal programs as funds expire, or for future use if a dependent charter is reinstated.

What are we supposed to have in Reserves?

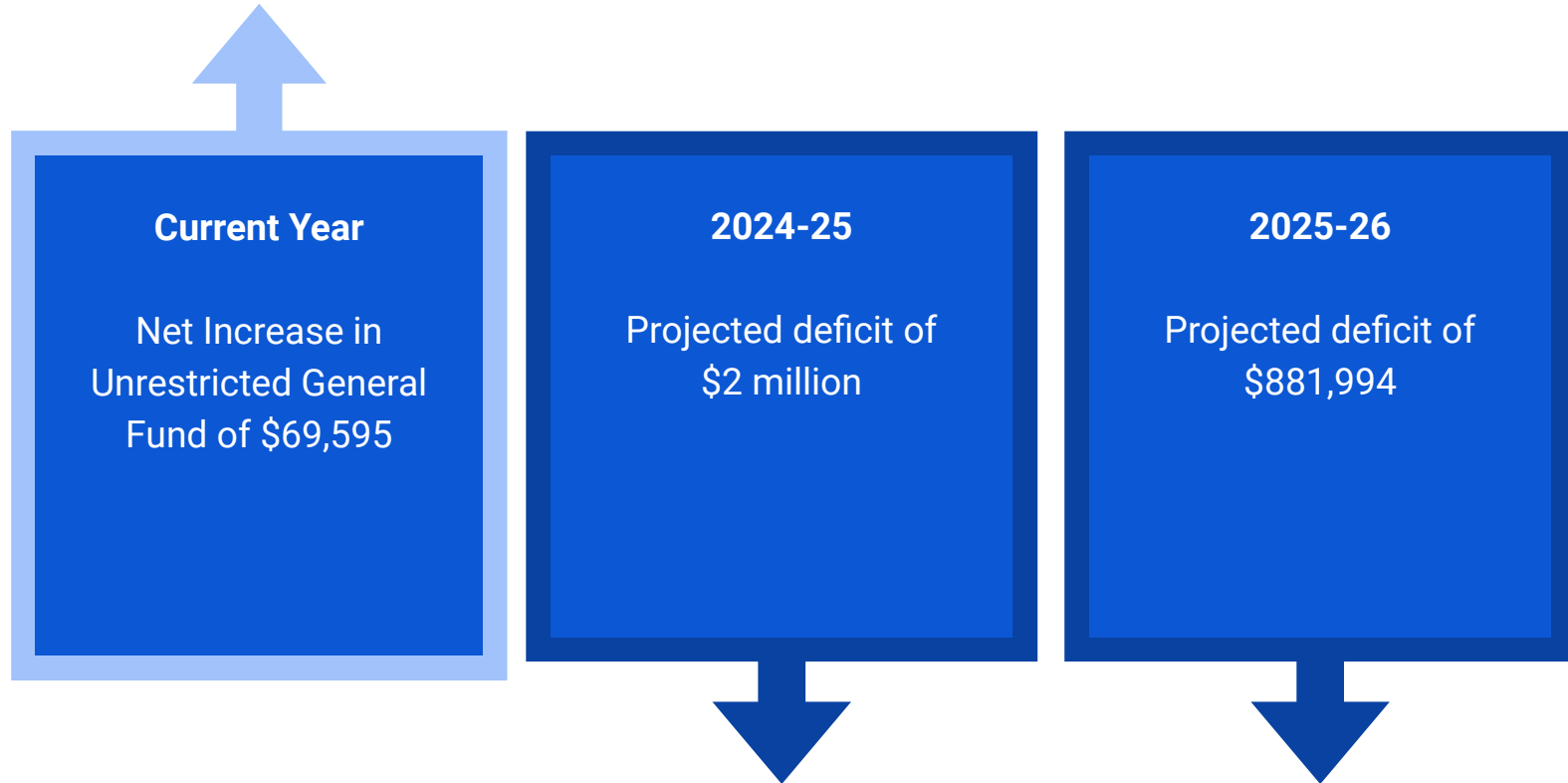
While our District falls into the category of only requiring a State minimum reserve of 3%, this does not cover even one month's worth of payroll should anything unexpected or catastrophic happen. Generally smaller school districts retain an average of 25% in reserves.

Our District has Board adopted reserve allocations within the District Strategic Plan. With designated reserves the **District's goal is 22% total reserves. With this interim report we are currently at approximately 14%, however this will reduce in subsequent years putting the District at further economic risk.**

Reserves and Assignments of Fund Balance

Board Reserve Assignment Description	2023-24	2024-25	2025-26
Curriculum Adoption (Goal 1%)	\$266,443	\$262,572	\$0
Technology Replacement (Goal 1%)	\$266,443	\$0	\$0
Special Education Unexpected Expenses (Goal 1%)	\$213,879	\$0	\$0
Impact Recession (Goal 8%)	\$0	\$0	\$0
Economic Uncertainties (Goal 5%)	\$1,332,216	\$1,235,123	\$799,937
Maintenance Equipment Replacement (Goal 1%)	\$0	\$0	\$0
Supplemental and Concentration Rollover Reserved	\$905,006	\$149,938	\$0
Amount Disclosed per SB 858 Requirements	\$2,983,987	\$1,647,633	\$799,937
Nonspendable Reserves	\$10,000	\$10,000	\$10,000
Committed Reserves			
State Required Reserve for Economic Uncertainty (3%)	\$808,330	\$787,716	\$753,100
<i>Unassigned/Unappropriated Balance</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>

Deficit Spending



Unrestricted vs Restricted Ending Fund Balance

Fiscal Year	23-24	24-25	25-26
Projected Total Ending Fund Balance	\$ 9,604,704	\$ 7,915,366	\$ 7,637,383
<i>Restricted</i>	<i>\$ 5,062,718</i>	<i>\$ 5,470,015</i>	<i>\$ 6,074,027</i>
Unrestricted	\$ 4,541,986	\$ 2,445,350	\$ 1,563,356
Revolving Cash	\$ 10,000	\$ 10,000	\$ 10,000
Required 3%	\$ 808,329	\$ 787,716	\$ 753,418
Supplemental/ Concentration Rollover	\$ 905,006	\$ 149,938	\$ 0.00
Board Assignments (Curriculum adoption, technology replacement, 5% additional reserves, SPED unexpected expenses)	\$ 2,818,654	\$ 1,497,696	\$ 799,938
Remaining Available	\$ 0	\$ 0	\$ 0

Budgeting and State Calendar

March 2024 - Second Interim Presentation/Adoption

April 2024 - Budget Development Begins for 2024-25

June 12, 2024 - Public Hearing 2024-25 Original Budget

June 19, 2024 - 2024-25 Original Budget Adoption

June 30, 2024 - State Budget Adoption

Summary

- Budget is certifying **Positive, with projected deficit spending in 24-25 and 25-26.**
- Ongoing deficit spending, usage of one time restricted grants (ESSER, Learning Recovery, etc), and assigning Board reserve percentages show a reduced fund balance.
 - It is important to note that these funds have always been for planned expenses or in times of unexpected or catastrophic events.
 - Should State grant deferrals or further reduced COLA in the future occur these reserves will ensure fiscal health of the District.