Alum Rock Union Elementary School District

Public Hearing for Fiscal Year 2022-23 Proposed Budget

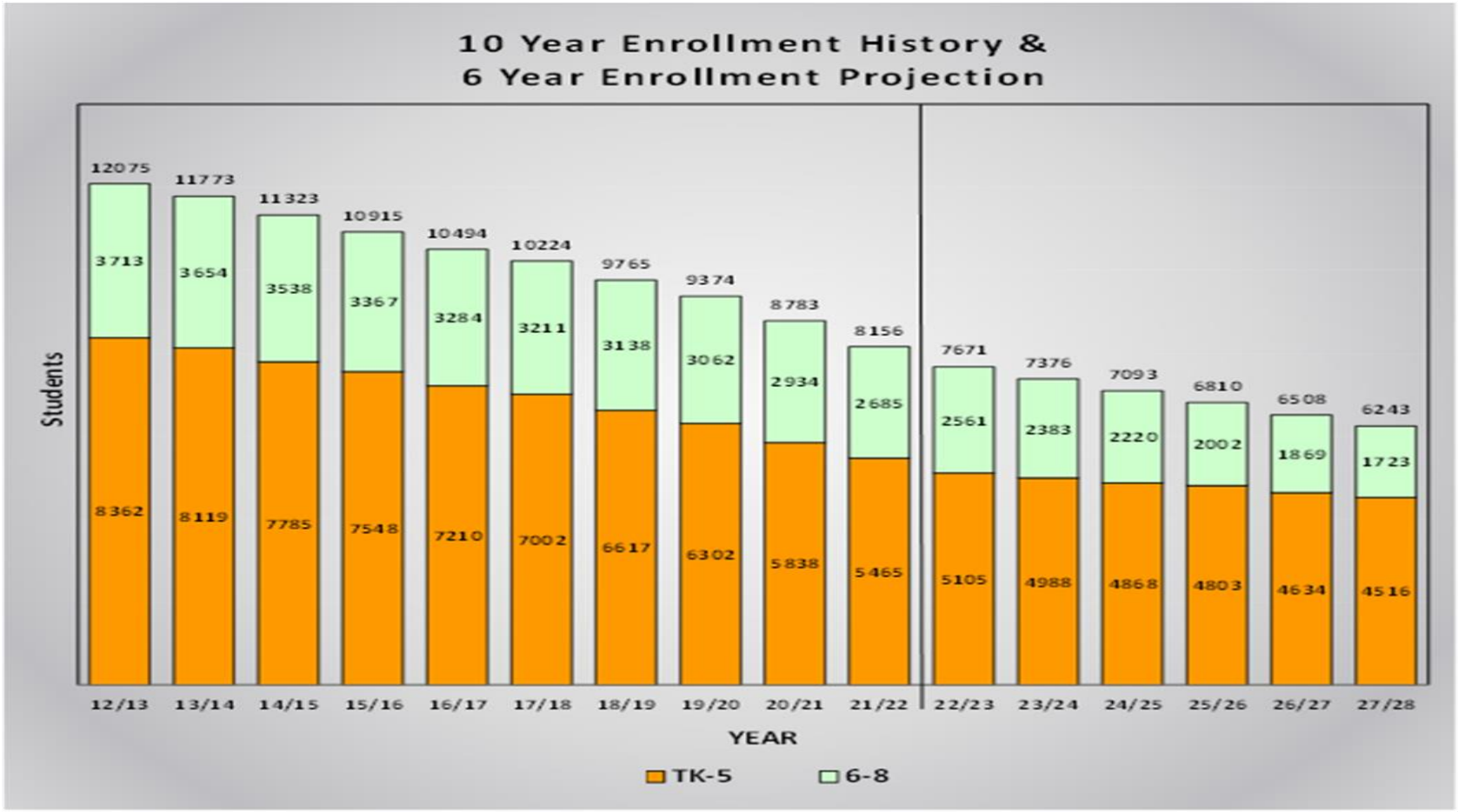
Board Meeting

June 9, 2022

Agenda

- Key Assumptions
- General Fund MYP
- Statement of Reserves

Key Assumptions – Enrollment per SchoolWorks



Key Assumptions – Revenues Based on May Revision

- **Revenues**
  - State Revenue
    - District LCFF based on May Revision
      - FY 2022-23 based on prior three year rolling average ADA, COLA = 6.56%
      - FY 2023-24 based on prior three year rolling average ADA, COLA = 5.38%
      - FY 2024-25 based on prior three year rolling average ADA, COLA = 4.02%
    - Aptitud LCFF based on May Revision
      - FY 2022-23 based on current year ADA, COLA = 6.56%
      - FY 2023-24 based on current year ADA, COLA = 5.38%
      - FY 2024-25 based on current year ADA, COLA = 4.02%
    - One-time Discretionary Funds ($1,500 per ADA = Approximately $12M)
    - Special Education – Base Rate increases from $715 to $820 per ADA, COLA = 6.56%
  - Local Revenue
    - Parcel taxes of approximately $4.5M expires starting in FY 2022-23
  - Federal Revenue
      - One-time ESSER III, approximately $22.45M in FY 2022-23
        - $17.96 M for broad usage (80%)
        - $4.49M M for learning loss (20%)

Key Assumptions – LCFF Based on May Revision

LCFF	2022-23	2023-24	2024-25
Funded COLA	6.56%	5.38%	4.02%
LCFF Entitlement-ARUSD	103,783,946	102,858,932	97,983,773
LCFF Entitlement-Aptitud	4,907,025	5,125,593	5,074,020
Total LCFF Entitlement	108,690,971	107,984,525	103,057,793

Key Assumptions – Expenditures

- **Expenditures**
  - Includes on-going salaries increase of 5% for all staff starting in FY 2022-23
  - CalPERS Rates
    - **FY 2022-23 = 25.37%, FY 2023-24 = 25.20% and FY 2024-25 = 24.60%**
  - CalSTRS Rates
    - **FY 2022-23 = 19.10%, FY 2023-24 = 19.10% and FY 2024-25 = 19.10 %**
  - Increase Step and Column for all three years
  - Increase contribution for Special Education Program in out-years
  - Maintain 3% contribution to Routine Restricted Maintenance Account (RRMA) for all three years
  - Reduction of 19 certificated FTEs in FY 2023-24 to align with declining enrollment and expiration of current Independent Study (IS) Program (9 IS certificated staff)
  - Reduction of 10 certificated FTEs in FY 2024-25 to align with declining enrollment
  - In FY 2022-23, transfer of approx. $4.3M in principals salaries & benefits and approx. $5.3M in custodians salaries and benefits from the Unrestricted G/F to Restricted G/F to utilize ESSER III funds
  - In FY 2023-24, transfer of approx. $4.3M in principals salaries & benefits and approx. $5.3M in custodians salaries and benefits from the Unrestricted G/F to Restricted G/F to utilize ESSER III funds
  - In FY 2024-25, all salaries and benefits costs for principals and custodians will be transferred back to the Unrestricted G/F

Unrestricted General Fund MYP

	Proposed Budget	Projected	Projected
BEGINNING BALANCE	**24,155,567**	**28,216,791**	**23,219,536**
LCFF	108,690,971	107,984,525	103,057,793
Fed	-		-
State	13,620,925	1,496,647	1,450,258
Local	2,321,522	2,352,713	2,346,628
Contribution	(28,697,240)	(29,492,600)	(29,913,327)
TOTAL REVENUES	**95,936,178**	**82,341,285**	**76,941,352**
Certificated Salaries	43,940,072	42,427,738	45,508,035
Classified Salaries	12,505,146	11,260,024	12,648,950
Employee Benefits	23,591,526	21,701,340	23,589,103
Books and Supplies	2,510,762	2,510,762	2,510,762
Services and Other Operating Expenditures	10,732,326	10,732,326	10,732,326
Capital Outlay	300,000	300,000	300,000
Other Outgo	716,022	716,022	50,000
Other Outgo - Indirect Costs	(2,420,900)	(2,309,671)	(2,011,178)
Other Adjustments	-	-	-
TOTAL EXPENDITURES	**91,874,953**	**87,338,541**	**93,327,997**
Surplus/(Deficit)	**4,061,225**	**(4,997,256)**	**(16,386,645)**
ENDING FUND BALANCE	**28,216,791**	**23,219,536**	**6,832,891**

Restricted General Fund MYP

	RESTRICTED GENERAL FUND		
	2022-23 Proposed Budget	2023-24 Projected	2024-25 Projected
BEGINNING BALANCE	**1,597,973**	**9,616,564**	-
LCFF	-	-	-
Fed	25,551,857	5,195,091	5,098,025
State	11,100,277	10,983,400	10,869,927
Local	1,241,978	466,786	466,786
Contribution	28,697,240	29,492,600	29,913,327
TOTAL REVENUES	**66,591,352**	**46,137,877**	**46,348,065**
Certificated Salaries	17,292,670	17,552,060	13,921,906
Classified Salaries	10,216,634	10,364,066	7,101,468
Employee Benefits	19,273,884	19,267,297	17,230,075
Books and Supplies	2,053,370	1,563,248	1,490,834
Services and Other Operating Expenditures	7,579,867	4,962,663	4,857,169
Capital Outlay	-	-	-
Other Outgo	20,000	20,000	20,000
Other Outgo - Indirect Costs	2,136,335	2,025,106	1,726,613
Other Adjustments	-	-	-
TOTAL EXPENDITURES	**58,572,761**	**55,754,441**	**46,348,065**
Surplus/(Deficit)	**8,018,591**	**(9,616,564)**	-
ENDING FUND BALANCE	**9,616,564**	-	-

Statement of Reserves for 2022-23

District:	Alum Rock Union School District
CDS #:	43-69369
Date of Public Hearing:	9-Jun-22

Adopted Budget
2022-23 Budget Attachment
Balances in Excess of Minimum Reserve Requirements

Reasons for Assigned and Unassigned Ending Fund Balances in Excess of Minimum Recommended Reserves

Education Code Section 42127(a)(2)(B) requires a statement of the reasons that substantiates the need for assigned and unassigned ending fund balances in excess of the minimum reserve standard for economic uncertainties for each fiscal year identified in the budget.

Combined Assigned and Unassigned/unappropriated Fund Balances

Form	Fund	2022-23 Budget	Objects 9780/9789/9790
01	General Fund/County School Service Fund	$28,216,791	Form 01
17	Special Reserve Fund for Other Than Capital Out	$0	Form 17
	Total Assigned and Unassigned Ending Fund Balances	$28,216,791	
	District Standard Reserve Level	3%	Form 01CS Line 10B-4
	Less District Minimum Reserve for Economic Uncertainties	$4,513,431	Form 01CS Line 10B-7
	Remaining Balance to Substantiate Need	$23,703,360	

Reasons for Fund Balances in Excess of Minimum Reserve for Economic Uncertainties

Form	Fund	2022-23 Budget	Description of Need
01	General Fund/County School Service Fund	$23,703,360	To mitigate structural deficits when one time fund are exhausted.
	Total of Substantiated Needs	$23,703,360	
	Remaining Unsubstantiated Balance	**$0.00**	**Balance should be Zero**

Education Code Section 42127 (d)(1) requires a county superintendent to either conditionally approve or disapprove a school district budget if the district does not provide for EC 42127 (a)(2)(B) public review and discussion at its public budget hearing.

Statement of Reserves for 2023-24

District:	Alum Rock Union School District				
CDS #:	43-69369				
Date of Public Hearing:	9-Jun-22				

Adopted Budget

Balances in Excess of Minimum Reserve Requirements

Reasons for Assigned and Unassigned Ending Fund Balances in Excess of Minimum Recommended Reserves

Education Code Section 42127(a)(2)(B) requires a statement of the reasons that substantiates the need for assigned and unassigned ending fund balances in excess of the minimum reserve standard for economic uncertainties for each fiscal year identified in the budget.

Combined Assigned and Unassigned/unappropriated Fund Balances

Form	Fund	2023-24 Projection	Objects 9780/9789/9790
01	General Fund/County School Service Fund	$23,219,536	Form 01
17	Special Reserve Fund for Other Than Capital Out	$0	Form 17
	Total Assigned and Unassigned Ending Fund Balances	$23,219,536	
	District Standard Reserve Level	3%	Form 01CS Line 10B-4
	Less District Minimum Reserve for Economic Uncertainties	$4,292,790	Form 01CS Line 10B-7
	Remaining Balance to Substantiate Need	$18,926,746	

Reasons for Fund Balances in Excess of Minimum Reserve for Economic Uncertainties

Form	Fund	2023-24 Projection	Description of Need
01	General Fund/County School Service Fund	$18,926,746	To mitigate structural deficit when one time funds are exhausted.
	Total of Substantiated Needs	$18,926,746	
	Remaining Unsubstantiated Balance	**$0.00**	**Balance should be Zero**

Education Code Section 42127 (d)(1) requires a county superintendent to either conditionally approve or disapprove a school district budget if the district does not provide for EC 42127 (a)(2)(B) public review and discussion at its public budget hearing.

Statement of Reserves for 2023-24

District:	Alum Rock Union School District
CDS #:	43-69369
Date of Public Hearing:	9-Jun-22

Adopted Budget
2024-25 Projection Attachment
Balances in Excess of Minimum Reserve Requirements

Reasons for Assigned and Unassigned Ending Fund Balances in Excess of Minimum Recommended Reserves

Education Code Section 42127(a)(2)(B) requires a statement of the reasons that substantiates the need for assigned and unassigned ending fund balances in excess of the minimum reserve standard for economic uncertainties for each fiscal year identified in the budget.

Combined Assigned and Unassigned/unappropriated Fund Balances

Form	Fund	2024-25 Projection	Objects 9780/9789/9790
01	General Fund/County School Service Fund	$6,832,891	Form 01
17	Special Reserve Fund for Other Than Capital Out	$0	Form 17
	Total Assigned and Unassigned Ending Fund Balances	$6,832,891	
	District Standard Reserve Level	3%	Form 01CS Line 10B-4
	Less District Minimum Reserve for Economic Uncertainties	$4,190,283	Form 01CS Line 10B-7
	Remaining Balance to Substantiate Need	$2,642,608	

Reasons for Fund Balances in Excess of Minimum Reserve for Economic Uncertainties

Form	Fund	2024-25 Projection	Description of Need
01	General Fund/County School Service Fund	$2,642,608	To mitigate structural deficit when one time funds are exhausted.
	Total of Substantiated Needs	$2,642,608	
	Remaining Unsubstantiated Balance	**$0.00**	**Balance should be Zero**

Education Code Section 42127 (d)(1) requires a county superintendent to either conditionally approve or disapprove a school district budget if the district does not provide for EC 42127 (a)(2)(B) public review and discussion at its public budget hearing.

Statewide Average Reserve Levels

- The latest statewide data on school district reserves is available for 2020-21
  - Unrestricted fund balances increased tremendously

Average Unrestricted General Fund, Plus Fund 17, Ending Balances[1]			
	2019-20	2020-21	Difference
Unified School Districts	18.82%	22.36%	3.54%
Elementary School Districts	22.70%	26.01%	3.31%
High School Districts	17.34%	21.82%	4.48%

[1]As a percentage of total general fund expenditures, transfers, and other uses

  - In a year when no new on-going funding was provided, how could this happen?
    - Driven by the "COVID-bump"

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Thank you and Questions

