

Saratoga Union School District

**Second Interim Report
Presentation**

March 14, 2024

Reporting Requirements

Education Code Section 42130 requires Districts to submit two financial interim reports to the County Office of Education each fiscal year:

- ❖ 1st Interim: Financial transactions from July 1 to October 31
- ❖ 2nd Interim: Financial transactions from July 1 to January 31

The Interim Financial Report is designed to:

- ❖ Identify the changes to the budget, since adoption in June
- ❖ The overall change to revenues, expenditures and ending balance and reserves
- ❖ Provide an in-depth multi-year analysis, using current year projection factors, to state the district's ability to meet its financial obligations for the current and two subsequent fiscal years
- ❖ **Certify**, based on current information, the district will be able to meet its fiscal obligations for the current and two subsequent fiscal years

Certification Types

- ❖ **Positive** – The district **will** meet its financial obligations in the current and two subsequent fiscal years
- ❖ **Qualified** – The district **may not** meet its financial obligations for the current or two subsequent fiscal years
- ❖ **Negative** – The district **will not** meet its financial obligation for the remainder of the current year or subsequent year

The California Budget Timeline

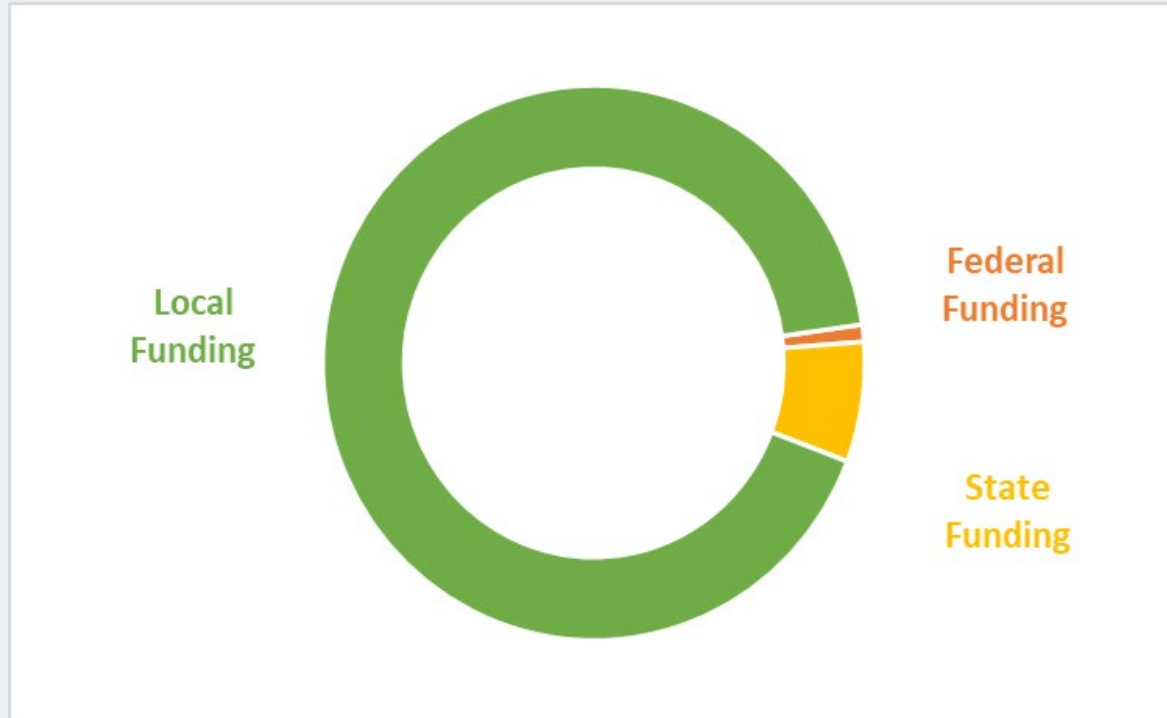
- ▶ **July 1:** The fiscal year begins with the budget going into effect.
- ▶ **Mid-July – January:** State agencies are assembling budgets.
- ▶ **No later than January 10:** The Governor proposes their budget.
- ▶ **No later than May 15:** The Governor announces a revised budget that reflects changes in state revenue. The legislature is releasing trailer bills that allocate funding.
- ▶ **Mid-May – June 15:** The Assembly and the Senate finalize their budget versions and iron out differences with the Governor.
- ▶ **June 15:** The constitutional deadline to pass a budget. If the budget is not passed, legislators do not get paid.
- ▶ **Before or on June 30:** The Governor signs the budget bill.



The Budget Reporting Cycle



How is SUSD funded?



- ▶ The proportion of state, local, and federal funding shifts over time and often responds to historical factors such as recession, pandemic, or other emergencies.
- ▶ **State Funding: 7%**
- ▶ **Local Funding: 92%**
- ▶ **Federal Funding: 1%**

SUSD as a Basic Aid district – local funding is higher in lieu of state funding, but subject to risk based on fluctuations in property assessments



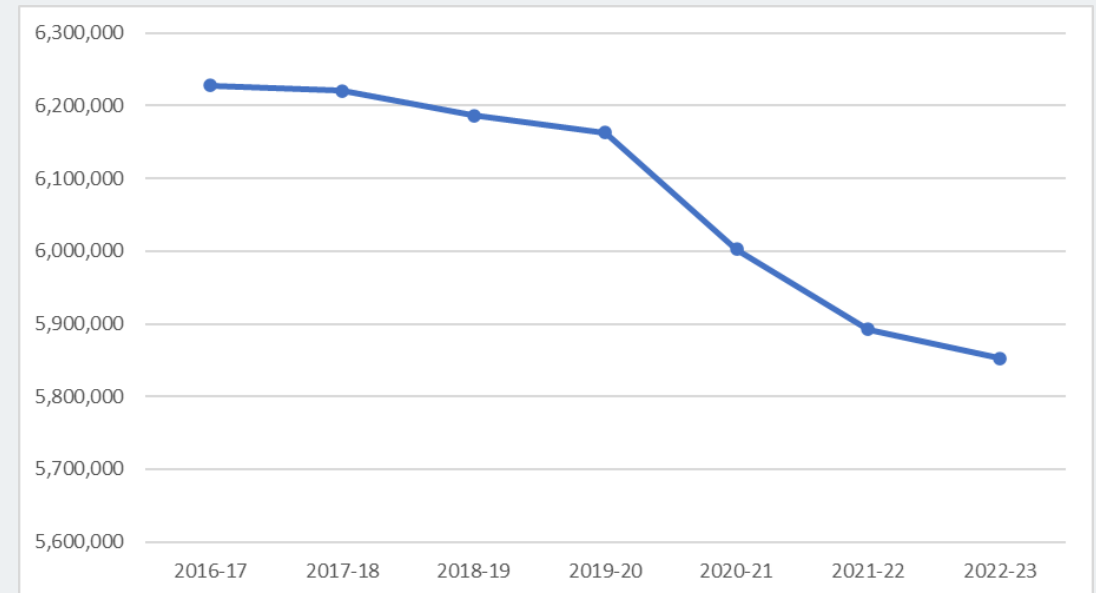
Major Factors Influencing District Budgeting

- ▶ Declining Enrollment
- ▶ Property Tax Trends
- ▶ Changes to state and local enrollment patterns with average daily attendance (ADA) implications for school funding
- ▶ Increasing costs due to inflation, pensions, and unfunded or underfunded mandates



California Statewide Enrollment

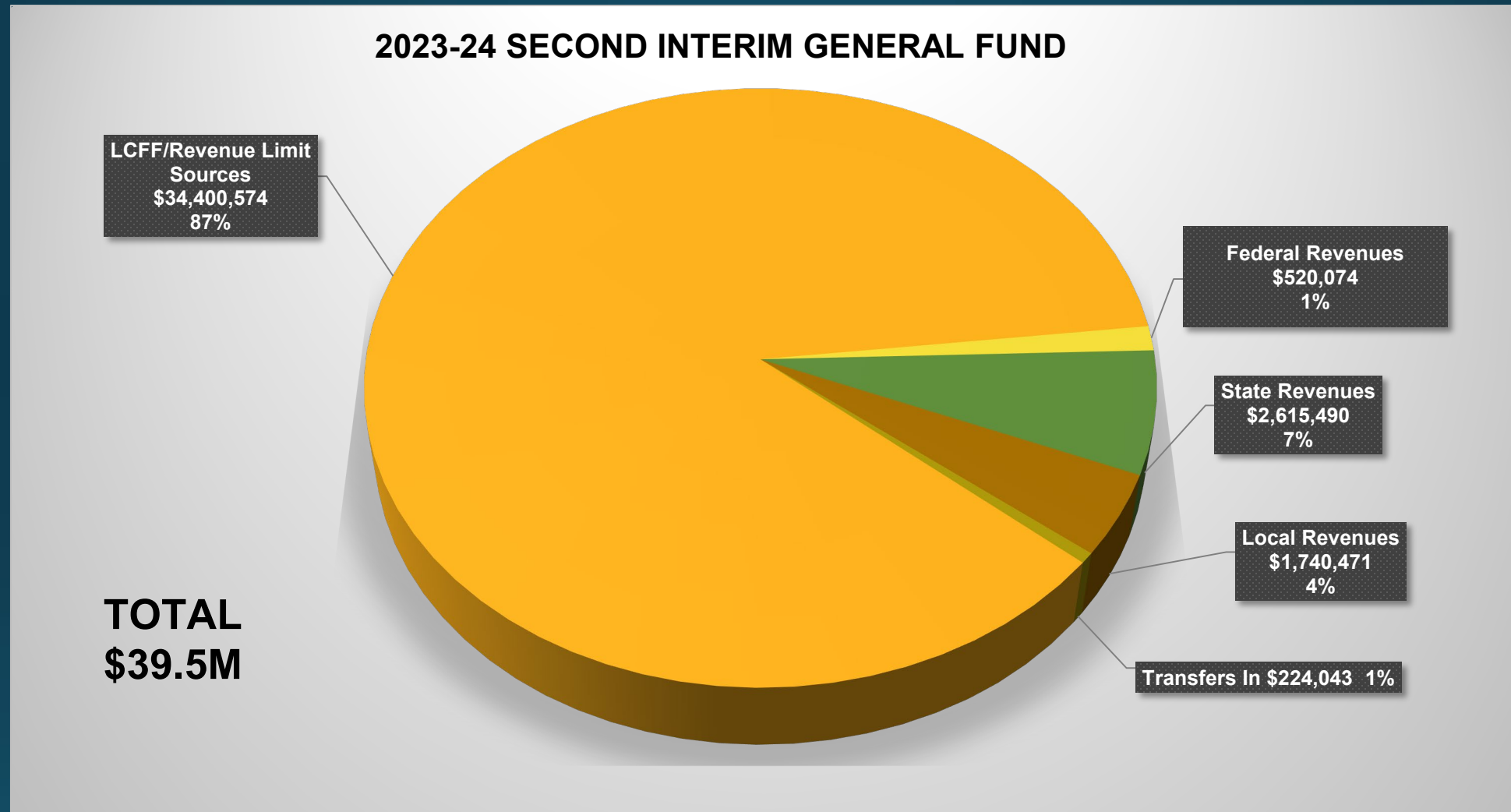
- ▶ Enrollment is down 6.4% from 2016-17
- ▶ Down 5.3% from 2019-2020
- ▶ Declining enrollment can have significant implications for district budgets that can result in cuts to:
 - ▶ Programming
 - ▶ Operations
 - ▶ Staff
 - ▶ School closures and consolidations



Total General Fund Overview

	2023-24 Second Interim
Revenues	\$39,276,610
Expenditures	\$41,099,467
Transfers In/(Out)	\$96,073
Total Increase/(Decrease)	(\$1,726,785)
Beginning Fund Balance	\$11,921,430
Ending Fund Balance	\$10,194,645

Revenues – Total General Fund



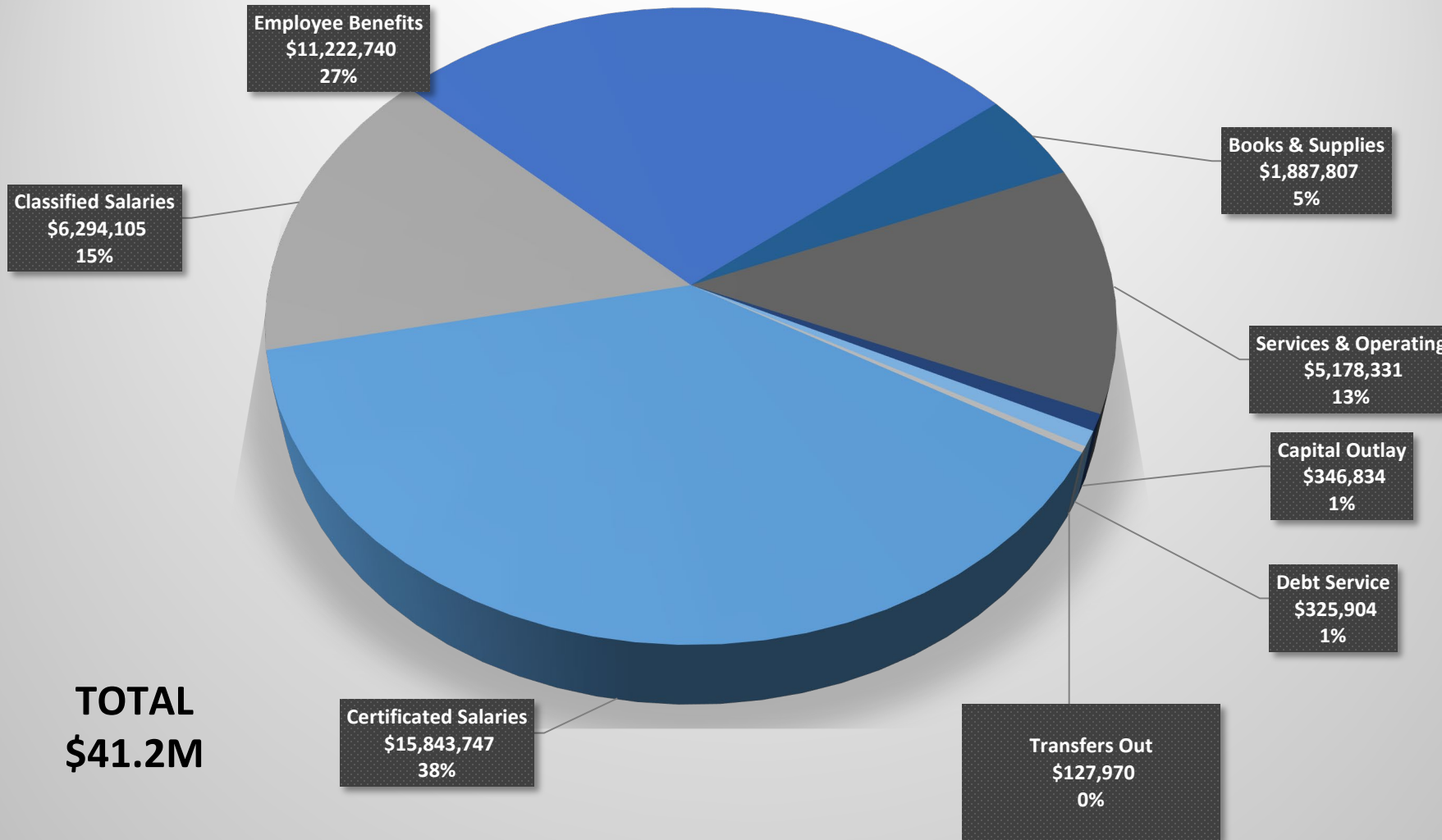
Revenues are reduced in General Fund by direct revenue limit transfer of \$3.5 million to deferred maintenance for approved projects. Funds are accounted for in Fund 14 – Deferred Maintenance Fund

Unrestricted Revenue Budget Changes

Revenue Category	2023-24 First Interim	2023-24 Second Interim	Change
LCFF Sources	\$33,389,008	\$33,381,008	(\$8,000)
Federal Revenues	\$0	\$0	-
State Revenues	\$365,107	\$370,406	\$5,299
Local Revenues	\$645,112	\$746,967	\$101,855
Transfers In	\$224,043	\$224,043	-
TOT AL REVENUES	\$34,623,270	\$34,722,424	\$99,154

Expenditures – Total General Fund

2023-24 SECOND INTERIM GENERAL FUND EXPENDITURES



Unrestricted Expenditure Budget Changes

Expenditure Category	2023-24 First Interim	2023-24 Second Interim	Change
Certificated Salaries	\$13,094,109	\$13,054,658	(\$39,451)
Classified Salaries	\$3,707,566	\$3,612,030	(\$95,536)
Employee Benefits	\$7,281,385	\$7,188,615	(\$92,770)
Books & Supplies	\$1,273,346	\$1,258,224	(\$15,122)
Services & Operating	\$2,930,426	\$3,054,486	\$124,060
Capital Outlay	\$0	\$0	-
Debt Service	\$325,904	\$325,904	-
Indirect Costs to Restricted Programs	(\$16,537)	(\$16,537)	-
Transfers Out	\$127,970	\$127,970	-
Contributions to Restricted Programs	\$6,934,947	\$7,261,920	\$326,973
Totals	\$35,659,116	\$35,867,270	\$208,154

Change in Overall General Fund Budget Fund Balance

Description	Change
First Interim Unrestricted Ending Fund Balance	\$10,297,415
Summary of Adjustments:	
Add: Increases for interest, state reimbursement grants for ELPAC and CAASP, Lakeside MOU, Cal card rebates, damaged property recovery, ELOP grant, donations for Science Camp and Field Trips, reduction in staffing costs, decrease in utilities, and reduction of technology devices needed.	\$402,526
Deduct: Decrease in property taxes, Special Education reimbursement for serving students who reside outside of SUSD, increase in Special Education services to students, increase in contracted services to cover approved employee leaves, new maintenance supplies, new HVAC for FES library, new carpeting for AES & SES, music supplies, field trip and Science camp costs	\$505,296
Second Interim Adjusted Ending Fund Balance	\$10,194,645

Components of Ending Fund Balance

Description	Unrestricted	Restricted	Total
Revolving Cash	\$635	-	\$635
Restricted	-	\$1,247,033	\$1,247,033
Assigned (Maintenance/Other Projects, Technology Replacement and Supplemental Early Retirement Plan Debt)	\$1,575,904	-	\$1,575,904
Economic Uncertainty (Required 3%)	\$1,236,823	-	\$1,236,823
General Fund Unassigned/Unappropriated	\$6,134,250	-	\$6,134,250
Total General Fund Ending Fund Balance	\$8,947,612	\$1,247,033	\$10,194,645
Fund 17 – Basic Aid Reserve Fund Balance	\$5,855,259		
Total Available Reserves (Economic Uncertainty, GF Unassigned/Undesignated & Fund 17)	\$13,227,332		
Available Reserves % (Available Reserves/GF Total Expenditures)	32.08%		

Second Interim Multi-Year Projection (MYP) Assumptions

Description	2023-24	2024-25	2025-26
Enrollment	1,606	1,566	1,513
Average Daily Attendance	1,556.85	1,519.02	1,467.61
Unduplicated Student Count % - 3 year rolling average	9.53%	9.73%	10.11%
Property Tax Growth %	4.66%	4.00%	4.00%
Step & Column	1.5%	1.5%	1.5%
Full-Time Equivalent Positions (Total FTEs)	201.5628	201.5628	201.5628
STRS Employer Rates	19.10%	19.10%	19.10%
PERS Employer Rates	26.68%	27.80%	28.50%
Unemployment Rate	0.05%	0.05%	0.05%
Health Insurance Employer Premium Increases	5.8%	10%	10%
General Fund Contributions to Restricted Programs	\$7,261,920	\$7,307,142	\$7,465,915

Multi-Year Projections (MYP) – Gen Fund Combined

Description	2023-24 Second Interim	2024-25 Projection	2025-26 Projection
General Fund Beginning Balance – July 1	\$11,291,430	\$10,194,645	\$6,417,234
Revenues	\$39,276,610	\$40,260,288	\$41,684,476
Transfers In	\$224,043	-	-
Total Revenues & Transfers In	\$39,500,653	\$40,260,288	\$41,684,476
Expenditures	\$41,099,467	\$43,458,843	\$43,685,483
Transfers Out	\$127,970	\$ 578,857	\$546,539
Total Expenditures & Transfers	\$41,227,437	\$44,037,700	\$44,232,022
Surplus/(Deficit Spending)	(\$1,726,784)	(\$3,777,412)	(\$2,547,546)
General Fund (Fund 01) Ending Balance – June 30th	\$10,194,645	\$ 6,417,234	\$3,869,689
General Fund (Fund 01) & Basic Aid Reserve Fund (Fund 17) Ending Balance – June 30th	\$13,227,332	\$10,430,308	\$8,082,214
Ending Balance – Available Reserves % (Fund 01 & Fund 17) (Must be at least 3% all years for Positive Qualification)	32.08%	23.68%	18.27%



Other District Funds Summary

Fund	Beginning Balance	Revenues	Expenditures	Ending Balance
Student Body Fund	\$9,610	\$1,427	\$2,144	\$8,892
Cafeteria Fund	\$390,866	\$1,073,696	\$1,295,082	\$169,480
Deferred Maintenance	\$1,809,685	\$3,550,000	\$1,311,630	\$4,048,055
Basic Aid Reserve	\$5,602,289	\$252,970	-	\$5,855,259
Special Reserve for Post Employment Benefits	\$490,100	\$5,000	-	\$495,100
Building	\$2,112,752	\$43,000	\$381,657	\$1,774,095
Capital Facilities	\$3,694,294	\$87,000	\$73,605	\$3,707,689
Bond Interest Redemption	\$8,463,178	\$9,147,814	\$12,755,502	\$4,855,490
Enterprise (Treehouse)	\$746,081	\$1,294,000	\$1,178,896	\$861,185

Management Recommendation

Based on management's analysis, management recommends the Governing Board certify the 2023-24 Second Interim Report for the current and two subsequent fiscal years as presented with a Positive Certification.

Looking Forward

- ❖ Begin process of developing 2024-25 Adopted Budget and LCAP
- ❖ Governor's 2024-25 May Revision Proposal
- ❖ 2024-25 Adopted Budget & LCAP Adoption

• QUESTIONS?