

LOS ALAMITOS UNIFIED SCHOOL DISTRICT

Igniting Unlimited Possibilities

Academics • Athletics • Activities • Arts

2023-24 Second Interim Report & Budget Update

March 12, 2024

Presented by: Elvia Galicia, Assistant Superintendent
of Business Services



2023-24 SECOND INTERIM REPORT

Interim Report Purpose:

- The Second Interim Report includes actual revenues and expenditure data through January 31, 2024, with revised projections for the remainder of the fiscal year.
- Each school district is required to certify its financial condition twice during the fiscal year. This certification addresses the District's ability to meet its financial obligations for the current year and two subsequent years.

BUDGET DEVELOPMENT ASSUMPTIONS

CHANGES FROM 1ST INTERIM TO 2ND INTERIM

| | 2023-24 | 2024-25 | 2025-26 |
|---|------------------|------------------|------------------|
| Cost of Living Adjustment (COLA) | 8.22% | .76% (3.18%) | 2.73% (.56) |
| STRS Rate | 19.10% | 19.10% | 19.10% |
| PERS Rate | 26.68% +1.31% | 27.80% +1.12% | 28.50% +0.70% |
| SUI (State Unemployment Insurance) Rate | .05% | .05% | .05% |
| Health Benefit Per Employee Cost | \$18,561 | \$20,603 | \$22,869 |
| Enrollment Projection | 8,929 (5) | 8,864 (65) | 8,801 (63) |
| Projected P2 ADA | 8,593 | 8,534 | 8,474 |
| Projected Funded ADA (3-Yr Avg) | 8,934 | 8,658 | 8,541 |
| Unduplicated Pupil Percentage (UPP) | 17.55% | 17.85% | 18.37% |
| Projected LCFF Entitlement Per ADA | \$11,691 | \$11,799 | \$12,129 |

2023-24 BUDGET ADJUSTMENTS SINCE FIRST INTERIM

| GENERAL FUND UNRESTRICTED | 2023-24 First Interim | 2023-24 Second Interim | Budget Adjustment |
|---|----------------------------------|-----------------------------------|------------------------------|
| Beginning Fund Balance | \$ 10,506,060 | \$10,506,060 | - |
| Revenues (LCFF, Federal, State & Local) | \$114,700,031 | \$115,090,127 | \$ 390,096 |
| Contributions to Restricted Programs | \$(11,776,410) | \$(12,434,181) | \$(657,771) |
| TOTAL REVENUES | \$102,923,621 | \$102,655,946 | \$ (267,675) |
| TOTAL EXPENDITURES | \$105,725,769 | \$105,775,452 | \$49,683 |
| Net Increase (Decrease) Fund Balance | \$(2,802,148) | \$(3,119,506) | \$(317,358) |
| Unrestricted Ending Fund Balance | \$7,703,912 | \$7,386,554 | \$(317,358) |

2023-24 BUDGET ADJUSTMENTS SINCE FIRST INTERIM

| GENERAL FUND RESTRICTED | 2023-24 First Interim | 2023-24 Second Interim | Budget Adjustment |
|---|--------------------------|---------------------------|----------------------|
| Beginning Fund Balance | \$ 17,177,788 | \$17,177,788 | - |
| Revenues (Federal, State & Local) | \$26,248,471 | \$28,405,520 | \$2,157,049 |
| Contributions to Restricted Programs | \$11,776,410 | \$12,434,181 | \$657,771 |
| TOTAL REVENUES | \$38,024,881 | \$40,839,701 | \$ 2,814,820 |
| TOTAL EXPENDITURES | \$44,291,168 | \$46,748,158 | \$2,456,990 |
| Net Increase (Decrease) Fund Balance | \$(6,266,287) | \$(5,908,457) | \$357,830 |
| Restricted Ending Fund Balance | \$10,911,501 | \$11,269,331 | \$357,830 |

2024-25 GOVERNOR'S JANUARY BUDGET

- ▶ **2022-23 Tax Collections were approximately \$43 billion lower than anticipated**
- ▶ **Resulted in overall State deficit of \$37.9 billion**
- ▶ **Deficit addressed by reserve draw-downs, spending reductions, internal borrowing, and various funding shifts**
- ▶ **2024-25 COLA reduction from 3.94% to 0.76% (reduction of ongoing LCFF revenue of \$3.2 million)**
- ▶ **2025-26 COLA reduction from 3.29% to 2.73% (reduction of ongoing LCFF revenue of \$600K)**
- ▶ **Ongoing increase costs - Step & Column, PERS and Health Benefit**

BUDGET REDUCTION PLANS

| Potential Ongoing Expenditure Reductions and Revenue Increases | 2024-25 |
|--|--------------------|
| Workers Comp Rate Reduction | \$340,000 |
| Reductions in Supplies and Contracted Services | \$265,000 |
| Reduction to Districtwide Tech Fund | \$500,000 |
| Reduction to Deferred Maintenance Contribution | \$250,000 |
| Transfer In Revenues from Fund 17 | \$750,000 |
| Classified Salary Reductions with Fringe Benefit Costs | \$345,000 |
| Certificated Salary Reduction with Fringe Benefit Costs (Approximately 5 – 6 FTEs) | \$750,000 |
| TOTAL | \$3,200,000 |

BUDGET REDUCTION PLANS

| Potential Ongoing Expenditure Reductions and Revenue Increases | 2025-26 |
|--|--------------------|
| Workers Comp Rate Reduction | \$325,000 |
| Reductions in Supplies and Contracted Services | \$200,000 |
| Reduction to Districtwide Tech Fund | \$500,000 |
| Reduction to Deferred Maintenance Contribution | \$250,000 |
| Transfer In Revenues from Fund 17 | \$750,000 |
| Classified Salary Reductions with Fringe Benefit Costs | \$700,000 |
| Certificated Salary Reduction with Fringe Benefit Costs (Approximately 7 – 8 FTEs) | \$1,075,000 |
| TOTAL | \$3,800,000 |

UNRESTRICTED GENERAL FUND MULTI-YEAR PROJECTIONS

| GENERAL FUND UNRESTRICTED | 2023-24 | 2024-25 | 2025-26 |
|--|----------------------|----------------------|-----------------------|
| Beginning Fund Balance | \$10,506,060 | \$7,386,554 | \$5,250,337 |
| Revenues (Federal, State & Local) | \$115,090,127 | \$112,556,224 | \$114,758,599 |
| Contributions to Restricted Programs | \$(12,434,181) | \$(12,000,000) | \$(12,000,000) |
| TOTAL REVENUES | \$102,655,946 | \$101,306,224 | \$ 102,758,589 |
| TOTAL EXPENDITURES | \$105,775,452 | \$103,442,401 | \$103,471,264 |
| Net Increase (Decrease) Fund Balance | \$(3,119,506) | \$(2,136,177) | \$(712,675) |
| Unrestricted General Fund Ending Fund Balance (EFB) | \$7,386,554 | \$5,250,337 | \$4,537,703 |
| EFB as a % of Total General Fund Expenses | 4.73% | 3.48% | 3.02% |
| Fund 17 Reserves | \$5,930,004 | \$5,260,004 | \$4,590,004 |
| Total Unrestricted Ending Fund Balance | \$13,151,058 | \$10,344,881 | \$8,962,207 |
| EFB as a % of Total General Fund Expenses | 8.62% | 7.09% | 6.20% |

NEXT STEPS

- ▶ **LAO estimates a higher deficit and recommends no COLA and reduction to ongoing programs, ELOP, Universal Meals, Universal TK.**
- ▶ **May 21, 2024 - Governor's May Revision Budget Proposal**
- ▶ **June 11, 2024 - 2023-24 Estimated Actuals and 2024-25 Proposed Budget**
- ▶ **June 25, 2024 - Adoption of the 2024-25 Proposed Budget**
- ▶ **Based on budget reduction plans proposed today, the District will meet its financial obligation in the current and subsequent fiscal years. This will require significant planning in order to solve the shortfall projections in the coming years.**
- ▶ **Approve the Fiscal Year 2023-24 Second Interim Financial Report with a Positive Certification**

THANK YOU!!

QUESTIONS

