

**Saddleback Valley**  
Unified School District



**2021-22 First Interim Budget**  
December 13, 2021

# 2021-22 First Interim Budget Major Assumptions

- 1. Local Control Funding Formula (LCFF) revenue is based on the State Adopted Budget**
  - a. Cost of Living Adjustment (COLA) of 5.07%
  - b. \$346,281 increase from Original Budget as a result of an increase to Unduplicated Pupil Percentage
  - c. Community Funded Status beginning in 2022-23 based on current information
- 2. Funded ADA 25,548.08**
  - a. Funded on 2019-20 ADA due to the hold harmless provision
- 3. Salaries and benefits reflect actual staffing as of 10/31/21 including vacancies**
- 4. STRS employer contribution rate = 16.92% (increased from 16.15% in 2020-21)**
- 5. PERS employer contribution rate = 22.91% (increased from 20.70% in 2020-21)**

# Change in Unrestricted Budget 2021-22 Original Budget vs. First Interim

	2021-22 Original Budget	2021-22 First Interim	Difference
Beginning Balance	69,576,962	74,213,121	4,636,159
Revenue	259,747,407	260,400,726	653,319
Expenditures	269,465,656	262,412,349	(7,053,307)
Surplus/(Deficit)	(9,718,249)	(2,011,623)	7,706,626
Ending Balance	59,858,713	72,201,498	12,342,785
Nonspendable	439,729	439,729	0
Designated for Economic Uncertainties	17,085,105	17,466,745	381,640
Assigned	31,537,551	42,143,771	(10,606,220)
Unappropriated Balance	10,796,328	12,151,253	1,354,925

# Change in Unrestricted Beginning Fund Balance 2021-22 Original Budget vs First Interim

<b>Unrestricted Beginning Fund Balance Original Budget</b>	<b>\$69,576,962</b>
<b>Unrestricted Beginning Fund Balance First Interim</b>	<b><u>\$74,213,121</u></b>
<b>Increase in Unrestricted Beginning Fund Balance</b>	<b>\$ 4,636,159</b>

## Explanations of significant changes:

- A. \$ 551,400 – Increase in Lottery revenue due to increased funding rate
- B. \$ 626,800 – Increase in Other revenue: eRate, Interest, Leases & Rentals
- C. \$ 394,000 – Health Reimbursement Account claims savings
- D. \$ 753,400 – Special Education contribution lower due to vacancy savings and decreased enrollment in County Programs, Routine, Repair and Maintenance contribution savings as a result of shifting expenditures to 2021-22
- E. \$1,886,400 – School Resource Allocations transferred to restricted local fund and site carryover

# Change in Unrestricted Revenue 2021-22 Original Budget vs First Interim

---

<b>Unrestricted Revenue Original Budget</b>	<b>\$259,747,407</b>
<b>Unrestricted Revenue First Interim</b>	<b><u>\$260,400,726</u></b>
<b>Increase in Unrestricted Revenue</b>	<b>\$ 653,319</b>

Explanations of significant changes:

- A. \$346,300 - Increase in LCFF due to increase in the Unduplicated Pupil Percentage
- B. \$241,200 - Increase in Lottery and Mandated Block grant funding rate

# Change in Unrestricted Expenditures 2021-22 Original Budget vs First Interim

<b>Unrestricted Expenditures Original Budget</b>	<b>\$269,465,656</b>
<b>Unrestricted Expenditures First Interim</b>	<b><u>\$262,412,349</u></b>
<b>Decrease in Unrestricted Expenditures</b>	<b>\$ (7,053,307)</b>

## Explanations of significant changes:

- A. \$ 1,930,000 – Increase due to one-time, off-schedule salary compensation and negotiated changes in health & welfare benefits
- B. \$(5,000,000) – Decrease of 29 FTE due to declining enrollment, vacancy savings and lower certificated starting salaries
- C. \$( 962,500) – Decrease due to lower State Unemployment Insurance rate
- D. \$(1,850,000) – Decrease due to textbook expenditure transferred to restricted lottery funds
- E. \$ 1,450,000 – Increase due to electricity usage and rate changes
- F. \$(2,800,000) – Decrease in contribution as a result of increased AB602 funding and Special Education staffing

# 2021-22 First Interim Budget Multi-year Projection - Unrestricted Only

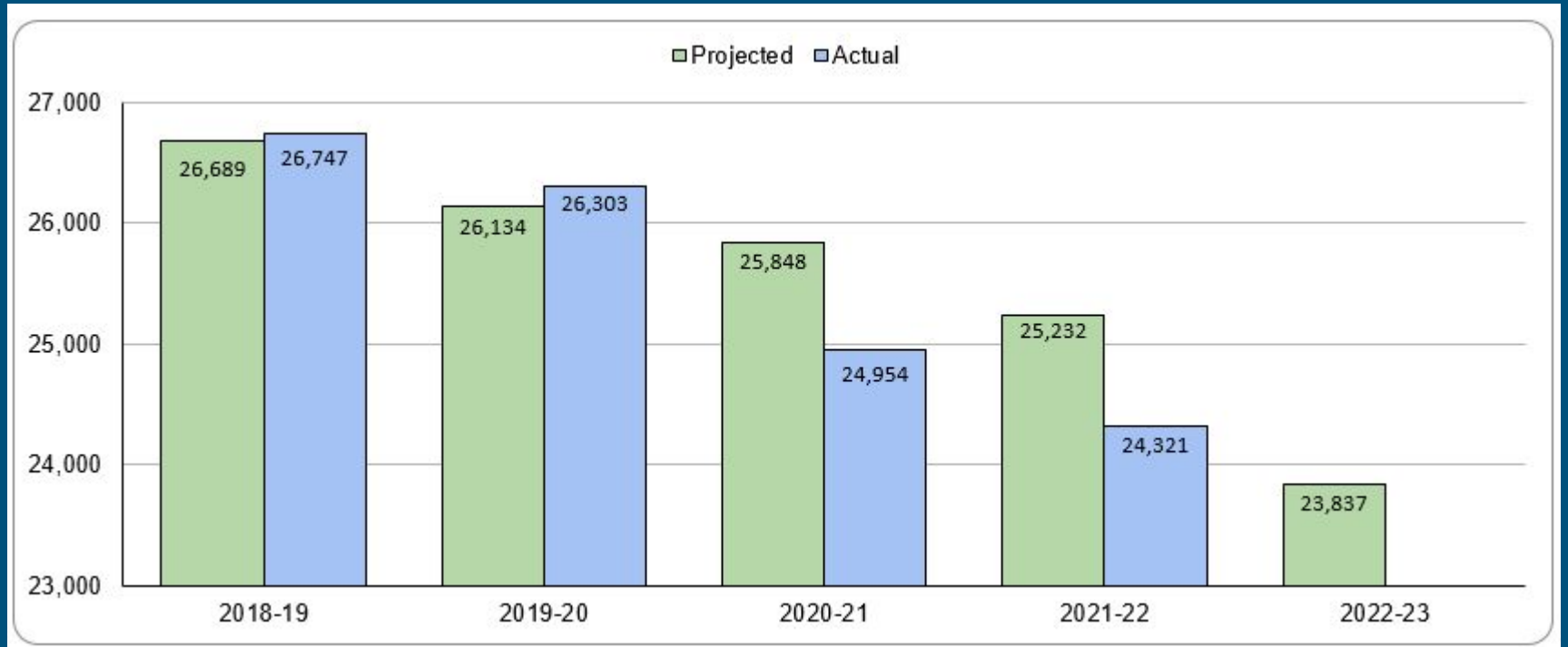
	2021-22 First Interim Budget	2022-23 Projected	2023-24 Projected
Beginning Fund Balance	74,213,121	72,201,498	67,731,516
Revenue	260,400,726	253,053,699	257,781,887
Expenditures	262,412,349	257,523,681	258,562,085
Surplus/(Deficit)	(2,011,623)	(4,469,982)	(780,198)
Ending Fund Balance	72,201,498	67,731,516	66,951,318
Nonspendable Reserves	439,729	439,729	439,729
Designated for Economic Uncertainties	17,466,745	16,695,297	15,466,841
Assigned Fund Balance	42,143,771	32,749,613	26,876,353
Unappropriated Fund Balance	12,151,253	17,846,877	24,168,395

# 2021-22 First Interim Budget Multi-Year Assumptions

- 1. Local Control Funding Formula (LCFF) revenue**
  - a. COLA adjustments: 2022-23 2.48%, 2023-24 3.11%
  - b. Community Funded Status with property tax increases beginning in 2022-23
- 2. Enrollment and ADA projections based on historical trends and demographer study**
  - a. Decrease in funded ADA of 1,897 in 2022-23 and 464 in 2023-24 for LCFF target entitlement calculation
  - b. Due to declining enrollment we are funded on prior year ADA after the hold harmless ends
- 3. Salaries and benefits adjusted for step & column, attrition and changes to retirement contributions (STRS & PERS)**
- 4. Inflation increases applied to utilities, fuel and other contracted services**
- 5. Textbook adoptions are adjusted based on projected curriculum needs**



# 2021-22 First Interim Budget Multi-Year Projected Declining Enrollment



# Impact of STRS and PERS Contribution Rate Increases

	2021-22	2022-23	2023-24
STRS Rate	16.92%	19.10%	19.10%
PERS Rate	22.91%	26.10%	27.10%
STRS Expenditures	23,369,674	26,555,443	25,307,003
PERS Expenditures	8,930,738	9,949,386	10,146,445
Total STRS/PERS Expenditures	32,300,412	36,504,829	35,453,448
Total General Fund Expenditures	349,334,899	333,905,933	309,336,822
% of General Fund Expenditures	9.25%	10.93%	11.46%

*Note: Does not include the STRS on Behalf accounting entry*

## 2021-22 First Interim Budget: Next Steps

- 1. Governor's Proposed Budget for 2022-23 will be released in January**
  - a. Potential for Cost of Living Adjustment
- 2. Continue to monitor enrollment, attendance and property taxes as the District moves closer to Community Funded Status**
- 3. Update staffing projections for 2022-23 based on projected enrollment**
- 4. Second Interim budget presented for approval in March**

# 2021-22 First Interim Budget: Closing Thoughts

- 1. Ongoing evaluation of program needs**
  - a. Sustainability of program enhancements with one-time COVID relief funds
  - b. Determine base level programs for all grade spans
  
- 2. The structural operating expenditures are increasing each year**
  - a. Employer contributions for PERS and STRS absorb a substantial portion of increase to base funding
  - b. The cost of Special Education services continues to escalates
  
- 3. Continue to evaluate reserves needed for future needs**
  
- 4. Prepare for potential triggering of Budget Reserve Cap of 10%**