



Saddleback Valley
Unified School District



2021-22 Second Interim Budget

March 10, 2022



2021-22 Second 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. \$2,177,268 increase from First Interim as a result of an increase to County served ADA
 - c. Community Funded Status beginning in 2022-23

- 2. Funded ADA 25,751.04**
 - a. Funded on 2019-20 ADA due to the hold harmless provision
 - b. County served students and charter schools ADA increase

- 3. Salaries and benefits reflect actual staffing as of 01/31/22 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 First Interim vs. Second Interim

	2021-22 First Interim	2021-22 Second Interim	Difference
Beginning Balance	74,213,121.00	74,213,121.00	-
Revenue	260,400,726.00	262,576,513.00	2,175,787.00
Expense	262,412,349.00	263,123,302.00	710,953.00
Surplus/(Deficit)	(2,011,623.00)	(546,789.00)	1,464,834.00
Ending Balance	72,201,498.00	73,666,332.00	1,464,834.00
Nonspendable	439,729.00	439,729.00	-
Designated for Economic Uncertainties	17,466,745.00	17,542,473.00	75,728.00
Assigned	42,143,771.00	46,728,702.00	4,584,931.00
Unappropriated Balance	12,151,253.00	8,955,428.00	(3,195,825.00)

2021-22 Second Interim Budget Unrestricted Fund Balance Assignments

Technology Replacement Plan	4,879,741.00
Negotiated Salary Increase	13,455,577.00
Facilities/Modernization	6,500,000.00
Universal TK Implementation	3,500,000.00
SV Innovates Technology/Furniture	6,000,000.00
HS Comprehensive Program Implementation	3,000,000.00
Prepaid Textbooks	6,109,522.00
Supplemental to Support LCAP	1,489,825.00
Caltrans Settlement	1,794,037.00
Total	46,728,702.00

Change in Unrestricted Revenue 2021-22 First Interim vs Second Interim

Unrestricted Revenue First Interim	\$260,400,726
Unrestricted Revenue Second Interim	<u>\$262,576,513</u>
Increase in Unrestricted Revenue	\$ 2,175,787

Explanations:

\$2,177,268 - Increase in LCFF due to increase in County served ADA

\$ 15,947 - Increase in Lottery due to prior year adjustments

\$ (17,428) - Decrease in interest and Medi-Cal reimbursements

Change in Unrestricted Expenditures 2021-22 First Interim vs Second Interim

Unrestricted Expenditures First Interim	\$262,412,349
Unrestricted Expenditures Second Interim	<u>\$263,123,302</u>
Increase in Unrestricted Expenditures	\$ 710,953

Explanations of significant changes:

- (\$11,094.00) - restricted one-time, off-schedule salary compensation and negotiated changes to HRA selection
- (\$62,484.00) - vacancies including LCAP salary savings
- \$304,000.00 - extra duty adjustments for Athletics and Parent-Teacher conference
- (\$191,600.00) - funding change of 4.5 FTE to restricted COVID funding
- \$259,472.00 - ASB 2020 Spring stipends reimbursement and Prop 39 settlement
- (\$126,118.00) - adjustment to textbook expenditure plan and transfer to restricted Lottery funds
- \$446,195.00 - intercom system, multimedia project, utility rate and usage, Routine Restricted Maintenance Contribution
- \$2,206,605.00 - projected increase in students served in County programs
- (\$2,114,625.00) - Special Education vacancies and AB602 revenue adjustment for Out of Home Care

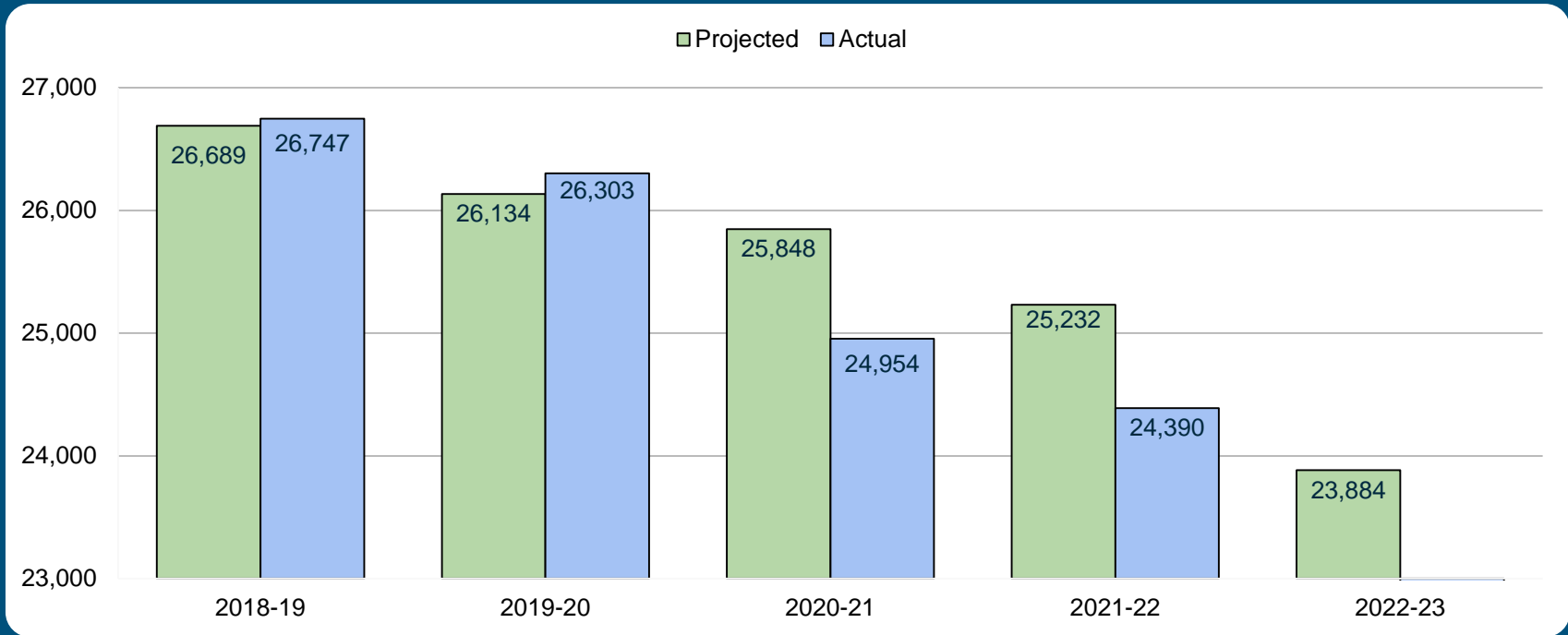
2021-22 Second Interim Budget Multi-Year Projection - Unrestricted Only

	2021-22 Second Interim	2022-23 Projected	2023-24 Projected
Beginning Fund Balance	74,213,121	73,666,332	64,432,148
Revenue	262,576,513	253,632,798	261,375,513
Expenditures	263,123,302	262,866,982	260,151,150
Surplus/(Deficit)	(546,789)	(9,234,184)	1,224,363
Ending Fund Balance	73,666,332	64,432,148	65,656,511
Nonspendable Reserves	439,729	439,729	439,729
Designated for Economic Uncertainties	17,542,473	17,178,644	16,003,184
Assigned Fund Balance	46,728,702	39,088,474	33,589,912
Unappropriated Fund Balance	8,955,428	7,725,301	15,623,686

2021-22 Second Interim Budget Multi-Year Assumptions

- 1. Local Control Funding Formula (LCFF) revenue**
 - COLA adjustments, 2022-23 5.33%, 2023-24 3.61% based on Governor's Proposed Budget
 - Community Funded Status with property tax increases beginning in 2022-23
- 2. Enrollment and ADA projections based on historical trends and demographer study**
 - Decrease in funded ADA of 1,898 in 2022-23 and 464 in 2023-24 for LCFF target entitlement calculation
 - 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. Consumer Price Index (CPI) increases applied to supplies**
- 6. Textbook adoptions are adjusted based on projected curriculum needs**

2021-22 Second 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	22,171,122	26,637,126	25,644,960
PERS Expenditures	8,768,894	10,188,548	10,347,629
Total STRS/PERS Expenditures	30,940,016	36,825,674	35,992,590
Total General Fund Expenditures	350,849,467	343,572,884	320,063,672
% of General Fund Expenditures	8.82%	10.72%	11.25%
<i>Note: Does not include the STRS on Behalf accounting entry</i>			

2021-22 Second Interim Budget: Next Steps

- 1. Governor's Proposed Budget Revision for 2022-23 will be released in May**
 - a. Potential for an increased 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. Present 2022-23 Original Budget in June 2022**

2021-22 Second Interim Budget: Closing Thoughts

- 1. On-going evaluation of program needs**
 - a. Sustainability of program enhancements with one-time COVID relief funds
 - b. Impacts on school sites with lower program participation
 - c. Determine base level programs for all grade spans

- 2. The structural operating expenses are increasing each year**
 - a. Employer contributions for PERS and STRS absorb a substantial portion of increase to LCFF funding
 - b. The cost of Special Education services continue to escalate

- 3. Make recommendations for reserves needed for future needs**
 - a. Facility needs

- 4. Prepare for potential triggering of Budget Reserve Cap of 10%**