

Budget Update

NOVEMBER 1, 2023

Topics

- ▶ Terminology
- ▶ Reserve for Revenue Shortfall Information
- ▶ 2023-24 Budget and Changes
- ▶ 2024-25 Projected Changes
- ▶ Recommendations

Terminology – Ending Fund Balance (EFB)

- ▶ Ending Fund Balance
 - ▶ Fund balance at the beginning of the year plus/minus the annual surplus/deficit
 - ▶ Based on actual results
 - ▶ Basically the actual EFB is the fund's 'savings'
 - ▶ If revenues are below budget and expenditures are at budget, EFB will be lower
 - ▶ If revenues are higher than budget and/or expenditures are below budget, EFB will be higher
 - ▶ Board policy requires a 3% *adopted budget* EFB which cannot be spent during the fiscal year
 - ▶ Board policy also requires a 10% *actual* ending fund balance

Terminology – Supplemental Budget

- ▶ Supplemental Budget
 - ▶ Typically used when revenue is, or is assured of being, received over budget
 - ▶ Process
 - ▶ Ask Board to adopt a supplemental budget
 - ▶ Budgeted Revenues & Expenditures will both be increased
 - ▶ If increase will be 10% or more of adopted fund budget a public hearing must be held

Terminology – Contingency

- ▶ Contingency
 - ▶ Included as part of the adopted budget annually and is to be used when additional expenditure authority over the adopted budget is needed
 - ▶ Process
 - ▶ Ask Board to approve transfer from Contingency
 - ▶ Operational expenditures will be increased and contingency will be decreased
 - ▶ Any contingency not transferred will result in a higher ending fund balance than would otherwise occur

Terminology – Reserve for Revenue Shortfall (RRS)

- ▶ RRS
 - ▶ Typically included as part of an adopted budget when major sources of revenue are uncertain
 - ▶ E.g., State revenues, enrollment, large one-time revenues
 - ▶ Standard Process
 - ▶ Identify operational expenditure reductions equal to the RRS *before* the budget is adopted
 - ▶ When adopted budget revenues that were considered uncertain are actually received, or are assured to be received, Board may approve part or all of the RRS be transferred to cover operational expenditures
 - ▶ Similar to Contingency
 - ▶ Operating expenditures will be increased and RRS decreased
 - ▶ If standard process followed, any RRS not transferred will result in a higher ending fund balance than otherwise would occur

2023-24 Adopted Budget RRS

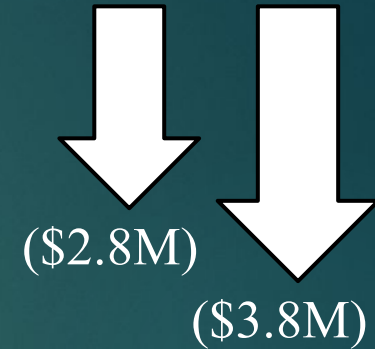
- ▶ \$4 million RRS
 - ▶ Corresponding reductions not identified prior to adoption
- ▶ \$3.8 million revenue enhancements or expenditure reductions to balance operational budget
 - ▶ Budgeted ending fund balance was reduced by \$200,000 to align with expenditure reductions

RRS Information

- ▶ \$4 Million Total
 - ▶ \$2 million for Employee Retention Tax Credit
 - ▶ Not projected to be received in 2023-24
 - ▶ \$1 million for State Revenue
 - ▶ Final legislatively adopted budget and state revenue calculation is \$1.3 million *over* budget
 - ▶ \$1 million for Enrollment
 - ▶ Budgeted increase 5%
 - ▶ \$1 million RRS is approximately 4% enrollment growth
 - ▶ In effect, when operational reductions are identified, Adopted budget includes a 1% enrollment growth
 - ▶ 7.4% in Summer
 - ▶ 10% fall
 - ▶ Winter/Spring enrollment still unknown

2023-24 Budget Changes

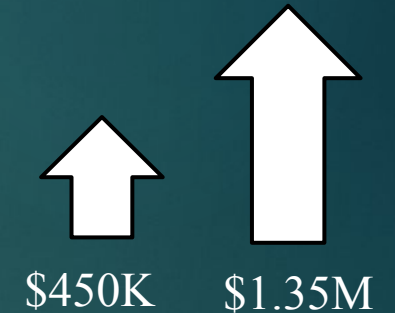
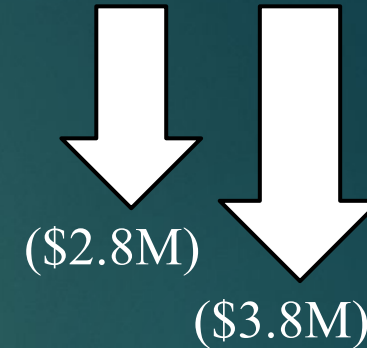
- ▶ Reductions Authorized - \$2,800,000
 - ▶ \$1,000,000 short to balance operational budget
 - ▶ Meetings occurred over the last month to discuss staff reductions



2023-24 Budget Changes

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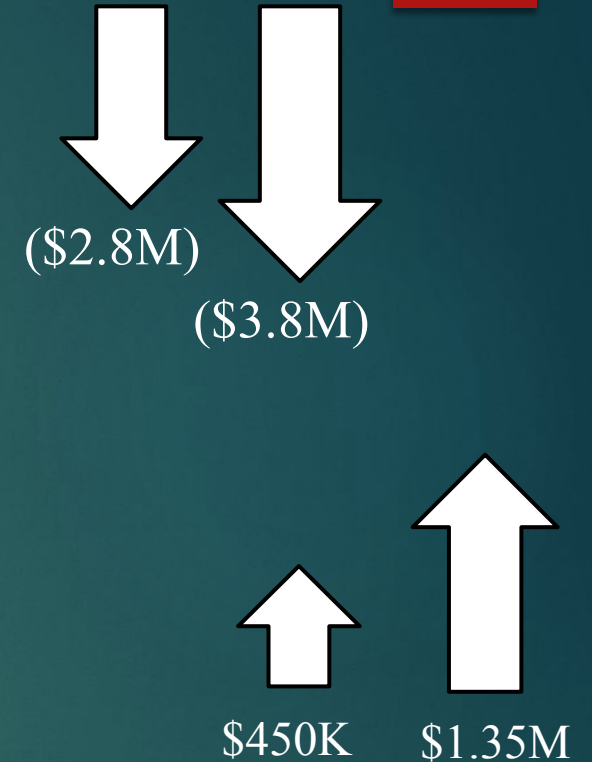
- ▶ Reductions Authorized - \$2,800,000
 - ▶ \$1,000,000 short to balance operational budget
 - ▶ Meetings occurred over the last month to discuss potential staff reductions
- ▶ Revenue **over Adopted Budget**
 - ▶ State Revenue - \$1,355,000
 - ▶ Summer/Fall Enrollment - \$450,000
 - ▶ Represents additional 2.4% Summer enrollment and 5% Fall Enrollment
 - ▶ Total - \$1.8 million
 - ▶ Potential Supplemental Budget



2023-24 Budget Changes

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 - ▶ Represents additional 2.4% Summer enrollment and 5% Fall Enrollment
 - ▶ Total - \$1.8 million
 - ▶ Potential Supplemental Budget
- ▶ RRS transfer potential based on actuals
 - ▶ State Revenue - \$1 million
 - ▶ Summer/Fall Enrollment - \$380,000
 - ▶ Difference between 1% growth and 5% growth



Budget Changes From 2023-24 to 2024-25

Known Changes	Amount (Revenue Reduction or Expenditure Increase)
24-25 Budget Balancing Strategies	\$ 2,100,000
Employee Retention Tax Credit	\$ (730,000)
23-24 One-time Position Reductions	\$ (1,600,000)
PERS Bonds Payment Increases	\$ (460,000)
Depletion of PERS Reserve	\$ (485,000)
Total Known Changes	\$ (1,175,000)

Budget Changes From 2023-24 to 2024-25

Estimated Changes	Amount (Revenue Reduction or Expenditure Increase)
State Revenue	\$ 1,350,000
Wages and related payroll charges based on 4%	\$ (2,200,000)
Materials & Services - 3% increase	\$ (300,000)
Employer paid healthcare - 3.4%	\$ (425,000)
Property Insurance - 20% increase	\$ (200,000)
Utilities - 8% increase	\$ (140,000)
Reserve for Revenue Shortfall Reduction to \$1.5M	\$ 2,500,000
Total Estimated Changes	\$ 585,000

Total Known and Estimated Changes – (\$590,000)

- (\$1,800,000) ongoing due to one time Employee Retention Tax Credit

2023-24 Budget Recommendations

December Meeting

- ▶ Approve a Supplemental Budget Recognizing \$1.3 million additional State Revenue
 - ▶ Balances operational budget
 - ▶ \$4 million RRS remaining
- ▶ Approve Transfer Resolution to Align Budget with Budget Balancing Package