

2023-24 Budget Overview

Public Hearing – August 8th 2023

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OUR VISION

All Students thrive as they engage in meaningful learning that unlocks their passion and potential to positively impact the world.

OUR MISSION

Our students will be prepared for and eager to accept the academic, occupational, personal, and practical challenges of life in a dynamic global environment.



Outline

- Summary of 2022-23
- 2023-24 General Fund
 - Summary of Budget Factors
 - Revenues/Enrollment
 - Expenditures
 - Fund Balance
- 2023-24 Other Funds
 - Capital Projects
 - Debt Service
 - Associated Student Body
 - Transportation

Summary of 2022-23

Sustained Average Enrollment Above Budgeted

- Average enrollment up through June 2023.
- Additional \$3.5M in Apportionment for 2022-23.

Increased State Funding for Transportation

- Additional \$4M from originally allocated amount.
- Additional \$1M for transportation safety net.

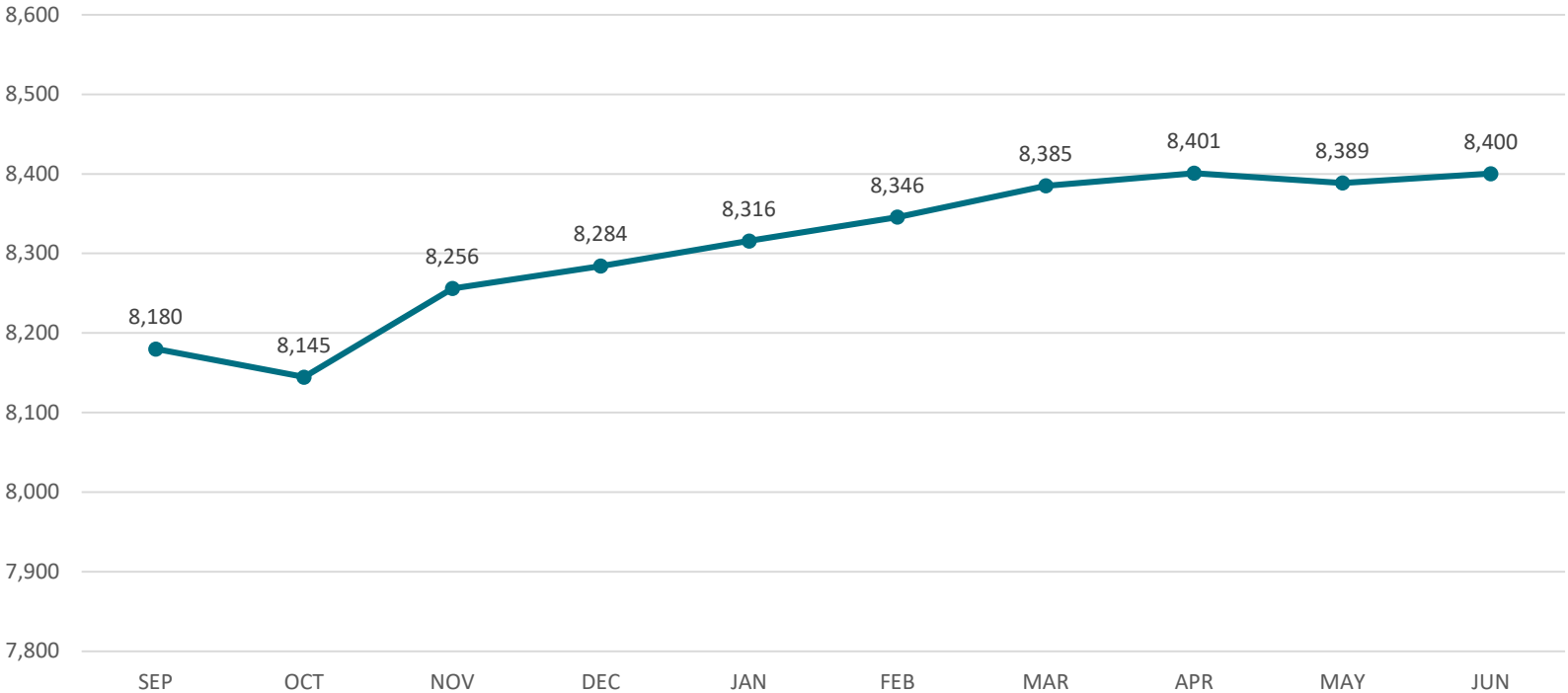
Results in Increase in Projected 2022-23 Ending Fund Balance



Elementary - Enrollment

Enrollment increased continually during 2022-23

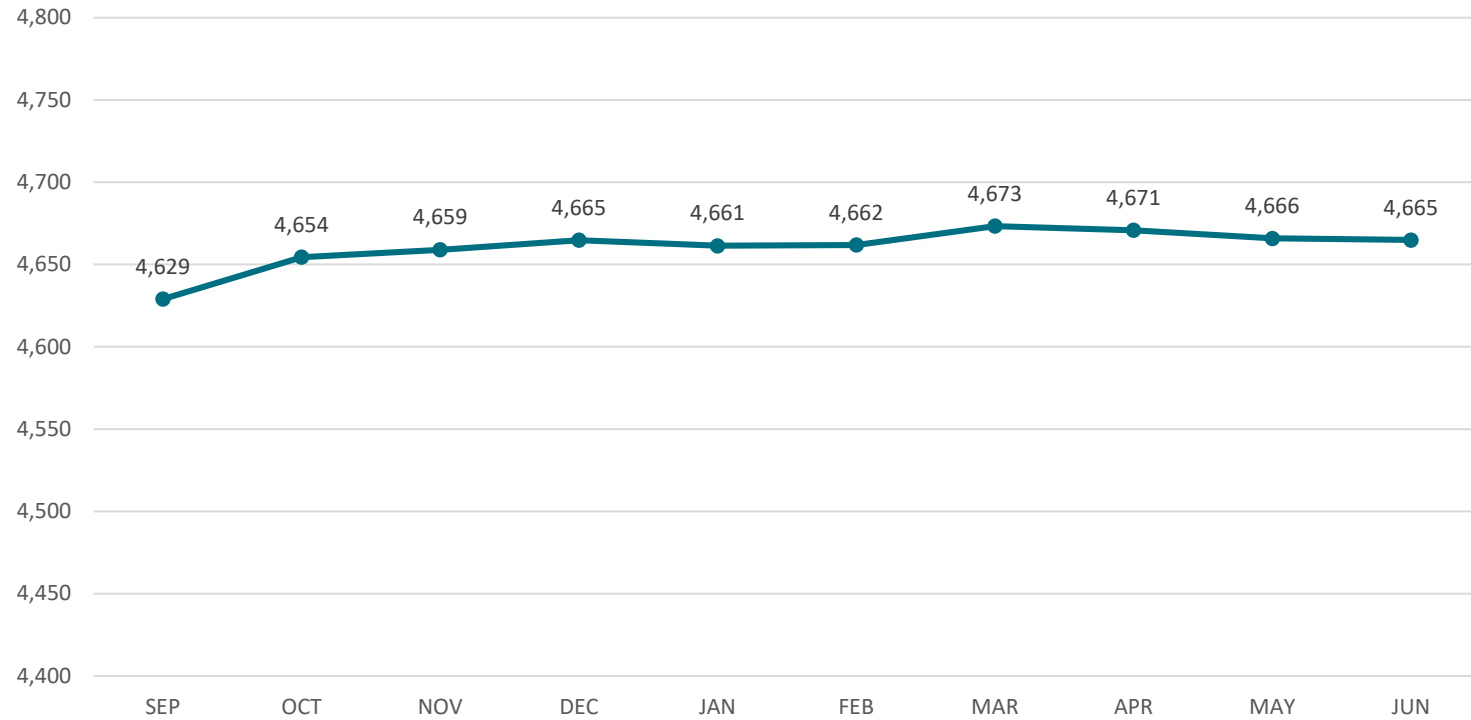
2022-23 Elementary Enrollment
By Month



Middle School - Enrollment

Enrollment remained flat during 2022-23

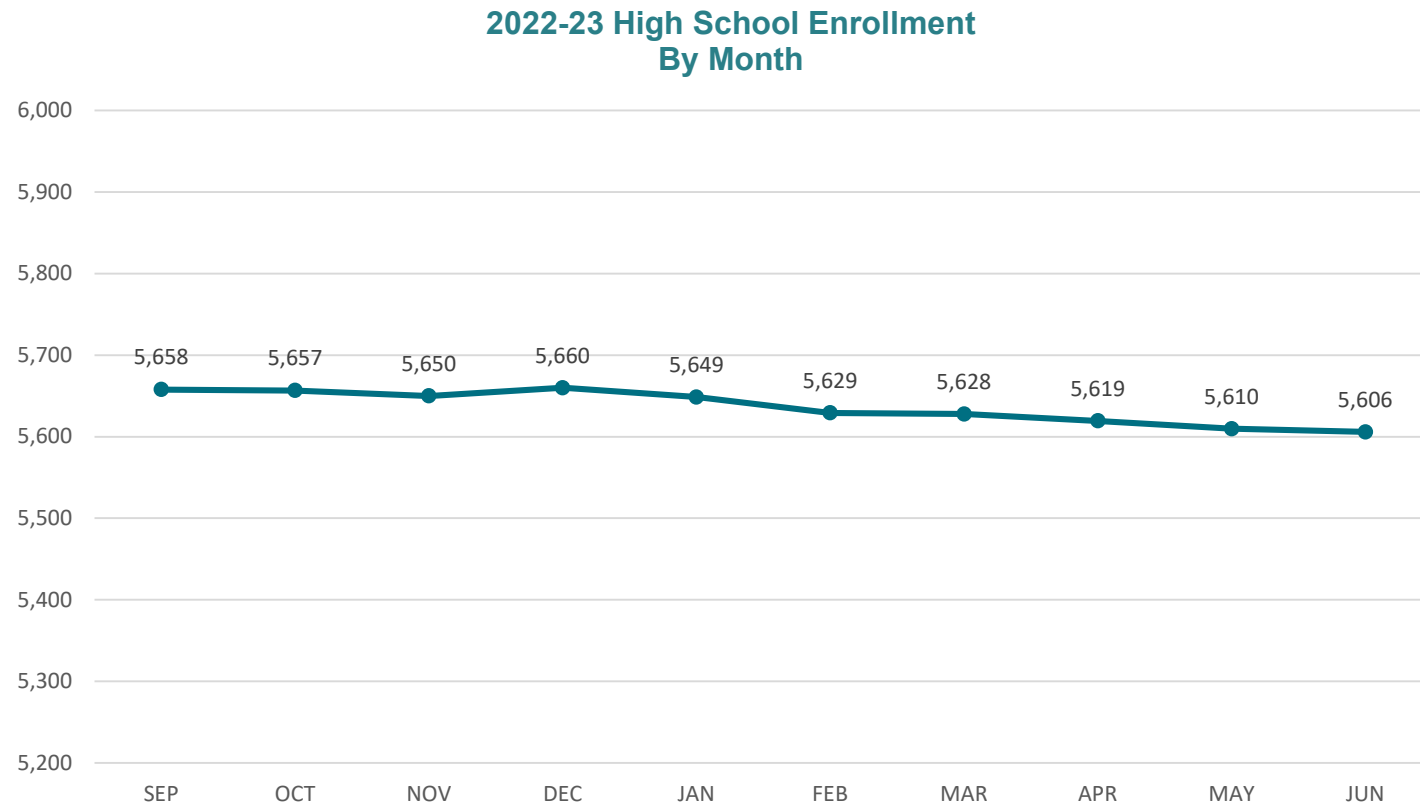
2022-23 Middle School Enrollment
By Month



ISSAQUAH
SCHOOL DISTRICT 411

High School - Enrollment

Enrollment remained flat during 2022-23



ISSAQUAH
SCHOOL DISTRICT 411

Summary of Budget Factors

2023-24

State revenue increase of approximately \$10.8 million:

- Salary and benefit allocations comprised of a 3.7% IPD (Implicit Price Deflator) inflationary adjustment: \$6.1M
- Adjustment to the prototypical funding allocation model ratios for counselors, nurses, social workers, and psychologists: \$2.2M
- Special education revenue increase: \$1.6M
- Materials, Supplies, and Operating Costs (MSOC) increase: \$900k

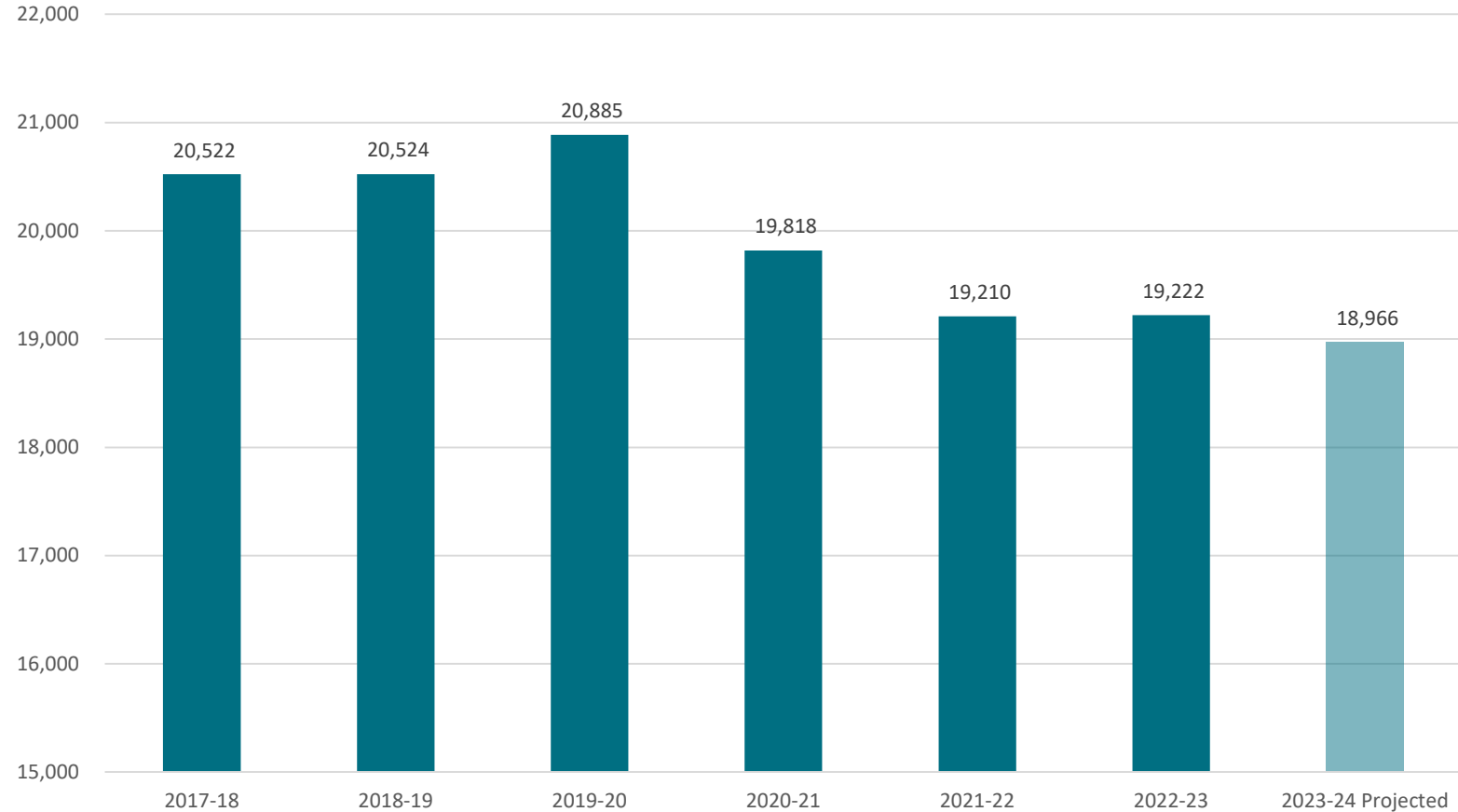
Summary of Budget Factors

2023-24

Other Factors

- Increase in local levy revenue: \$3M
- Reductions of \$9M, primarily from central administration and operations
- Local cost of IPD salary increase: \$3M
- Projected enrollment decline of 210 students: \$2.4M
(Based on October count – year over year)
- Increase in non-employee related costs, net of reductions: \$1.7M
(insurance, fuel, commodities, general inflation)
- Estimated negotiated increases above IPD: \$4.6M

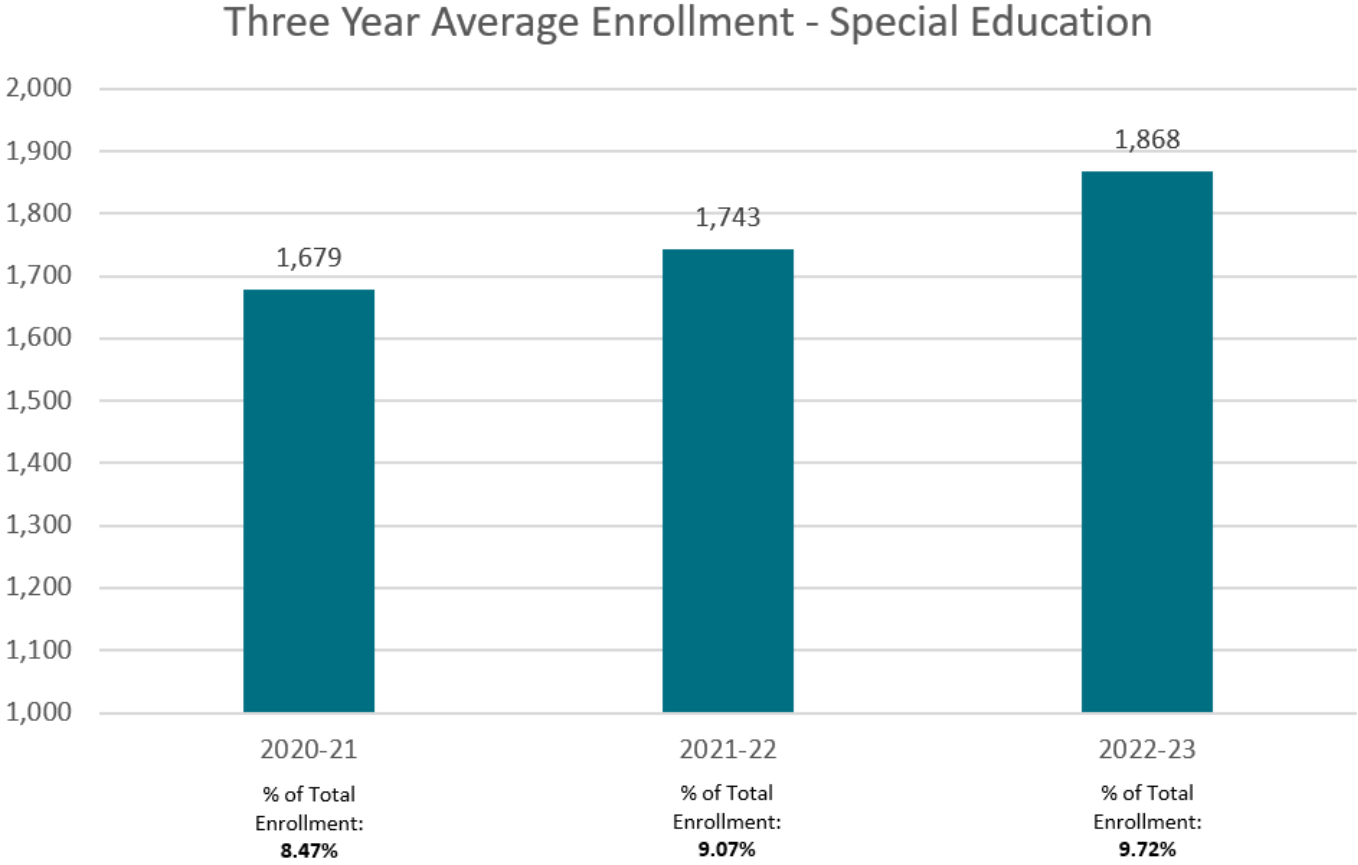
Enrollment Trend & Projection



*End of Year Annual Average FTE Per OSPI Report 1251; Total Includes Running Start.
Enrollment projection methodology remains consistent from previous years.*



Special Education - Enrollment Trend



Special education enrollment has been increasing rapidly over the past two years. Percentage increase from 2020-21 to 2021-22 was 3.8%; from 2021-22 to 2022-23 was 7.2%. This is an 11% increase over two years.



2023-24 General Fund

Beginning Fund Balance	\$ 36,500,000
Revenues	\$ 370,554,674
Expenditures	\$ 387,020,144
Ending Fund Balance	\$ 20,034,144
Projected Ending Fund Balance*	\$ 36,500,000

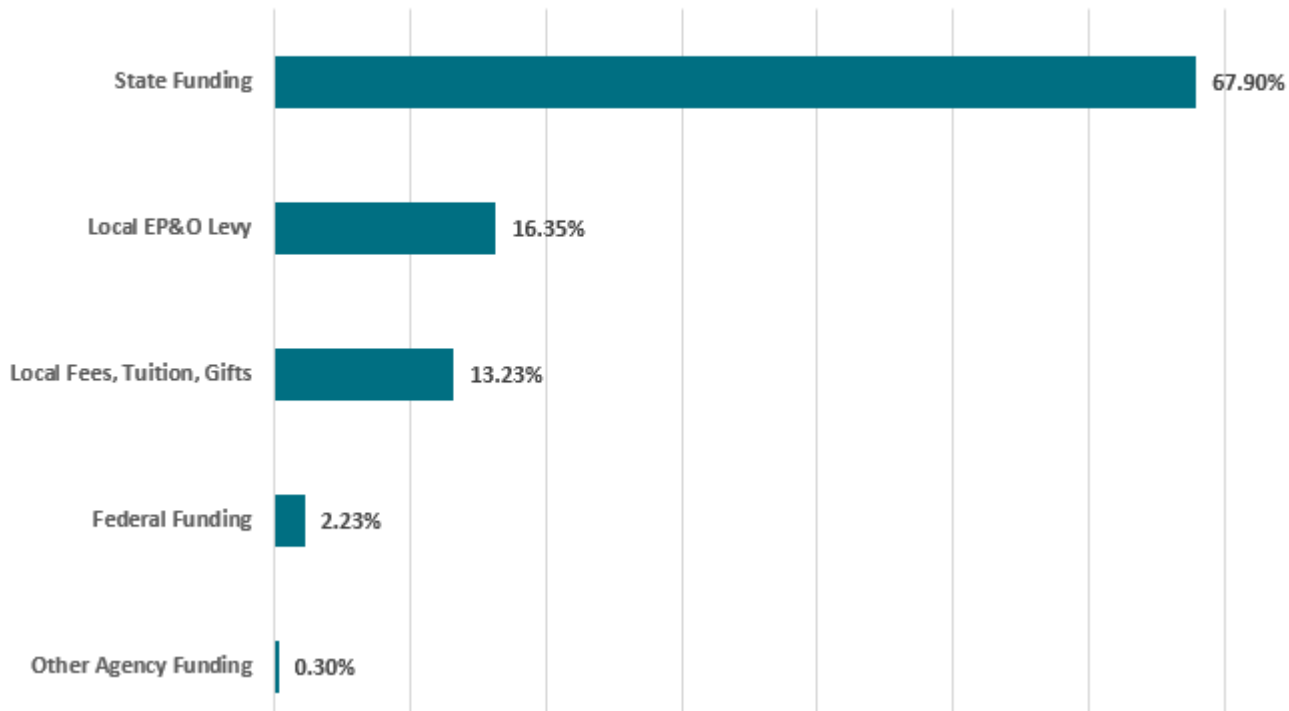


**Although the budget shows a draw-down of fund balance from \$36.5 to \$20M, the District is projecting a flat year-end fund balance.*

Revenues

General Fund

Budgeted Revenue - \$370,554,674



Three Primary Sources:

- State of Washington – 67.90%
- Local: Educational Programs/Operations (EP&O) Levy and Local Fees – 29.58%
- Federal Government – 2.23%

Local Levy

Educational Programs & Operations (EP&O)

Calendar Year Levy Amounts	
2023	2024
\$61,000,000	\$60,420,094
Budget Year	
2023-2024	
<i>Anticipated Collection</i>	
<i>Fall</i>	<i>Spring</i>
47%	53%
\$ 28,822,500	\$ 31,720,549
Budgeted Levy Revenue	
\$60,543,049	



Voter approved calendar year 2024 Educational Programs and Operations (EP&O) levy amount of \$64M.

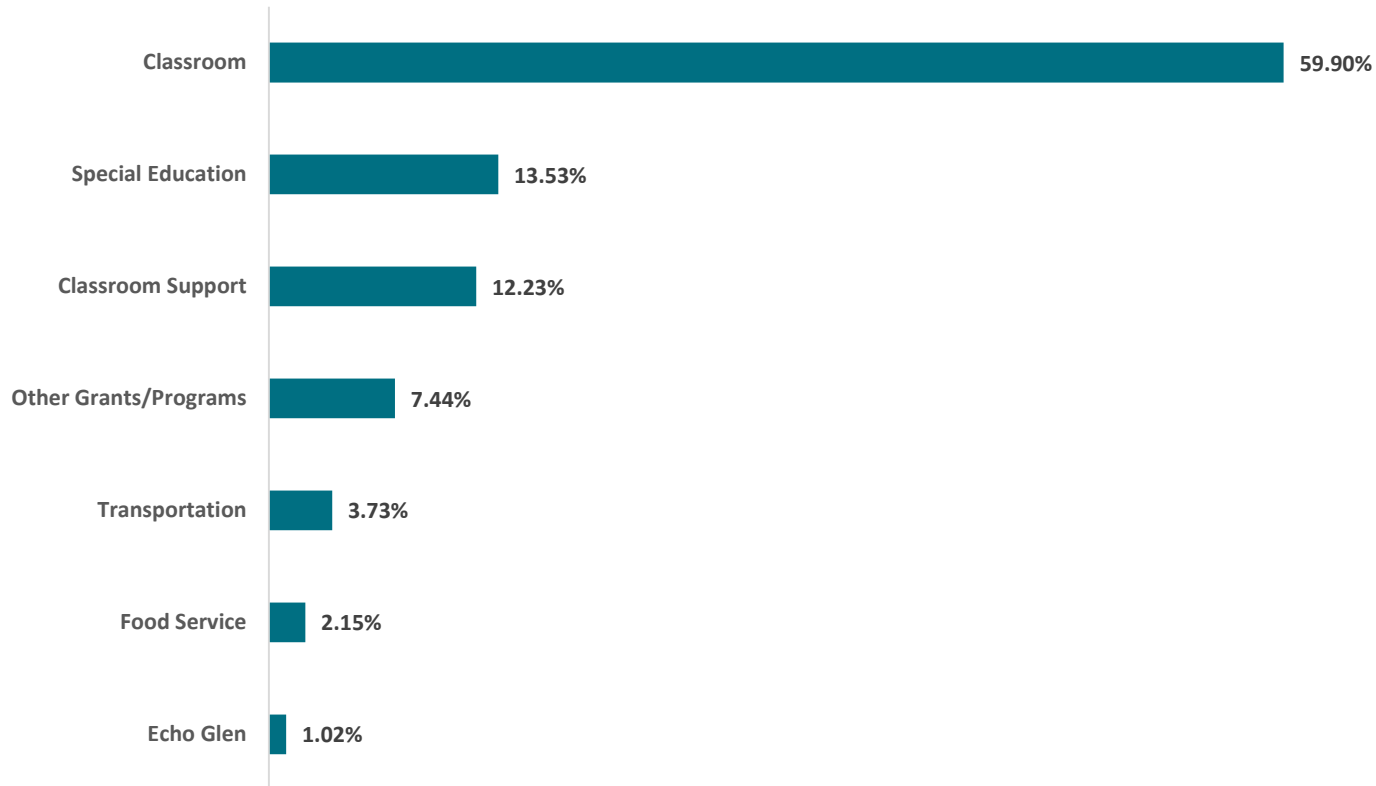
The District can no longer use 2019-20 school year enrollment in the calculation for enrichment levy authority and is estimating authority of \$60.4M for calendar year 2024 based on current enrollment.



Expenditures

General Fund

Budgeted Expenditures - \$387,020,530



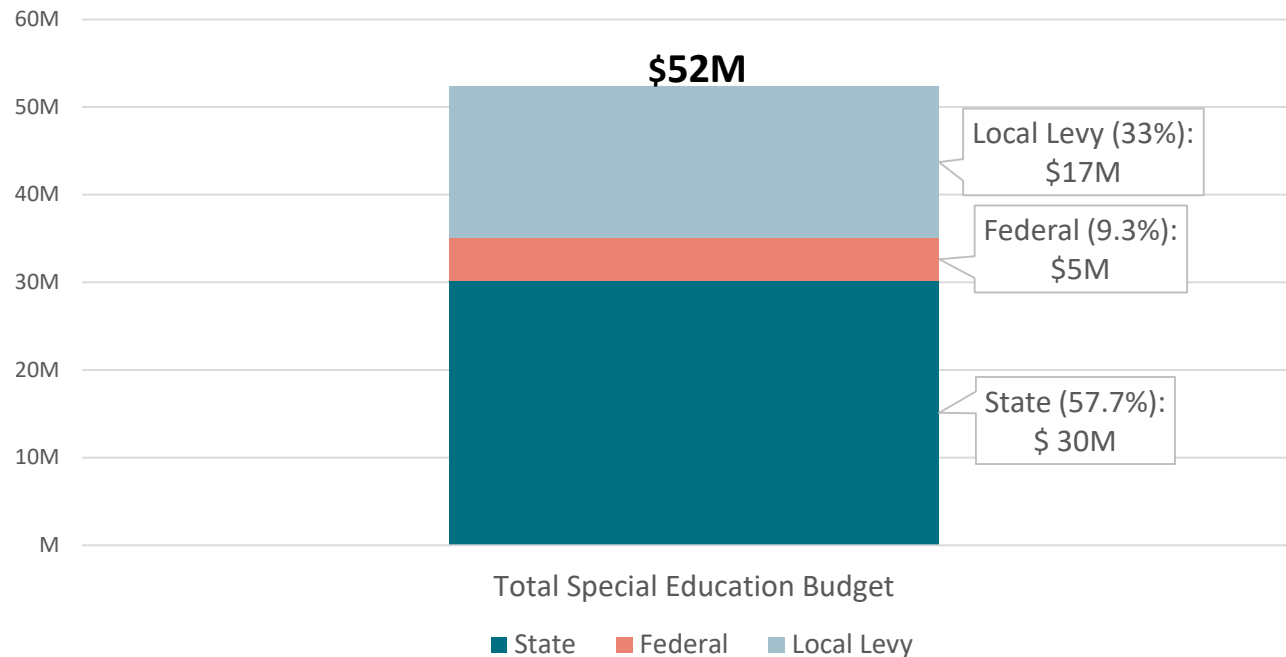
Cost Centers:

- Classroom – 59.90%
- Special Education – 13.53%
- Classroom Support- 12.23%
- Other Grants/Programs – 7.44%
- Transportation – 3.74%
- Food Service – 2.15%
- Echo Glen – 1.02%

Expenditures

Special Education

Special Education Budget by Funding Source

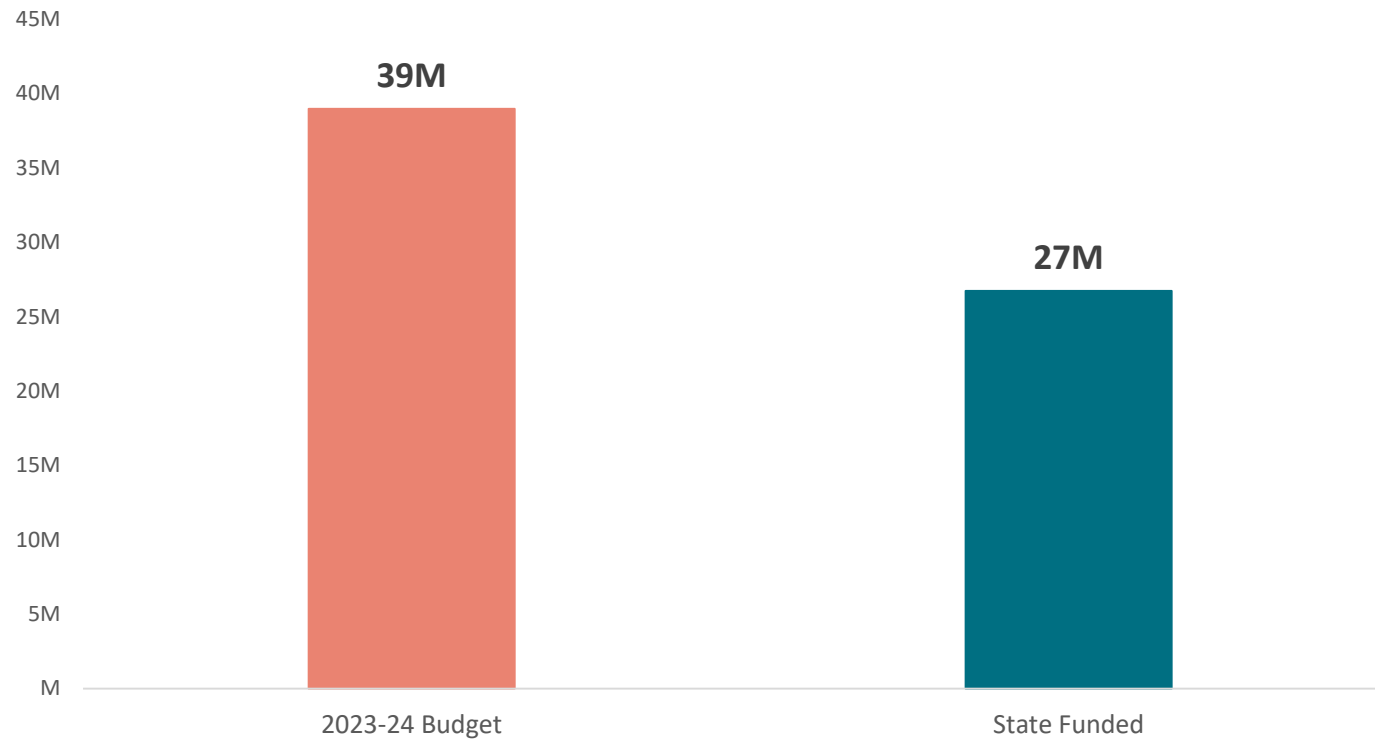


The amount of local funding for special education is budgeted at \$17.3M or 33% of the total special education budget and 28.6% of the local Educational Programs and Operations Levy.

Materials, Supplies, & Operating Costs

General Fund - Basic Education

2023-24 Budget vs State Funded



Fund Balance

Projected 2022-23 Ending Fund Balance: \$36.5M

- Total fund balance of 9.82% of budgeted expenditures
- Unassigned, unrestricted fund balance of 5.89%

Projected 2023-24 Ending Fund Balance: \$36.5M

- Total fund balance of 9.43% of budgeted expenditures
- Unassigned, unrestricted fund balance of 5.66%

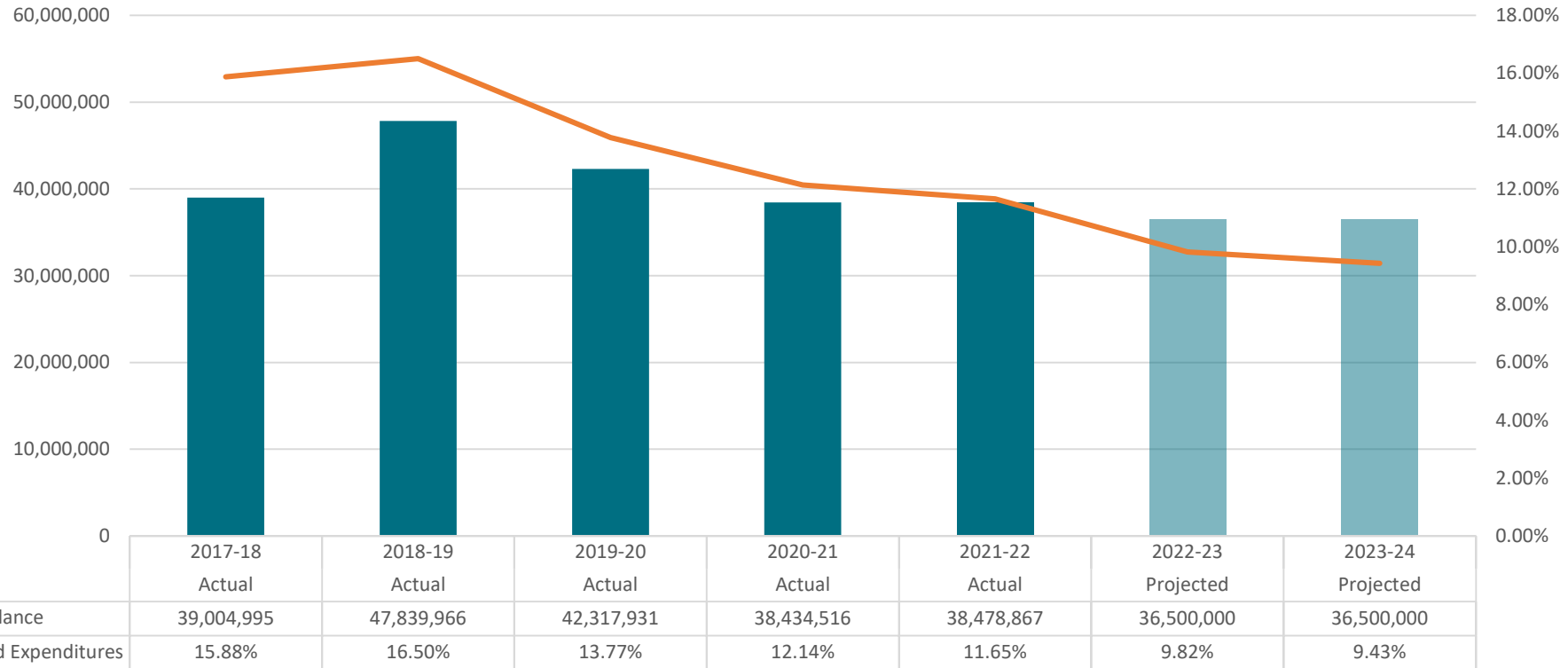
Expenditure Management

To continue aligning expenditures to resources, the District made reductions of approximately \$9M in the 2023-24 budget (primarily from administration and operations).

With these reductions, and assuming sustained enrollment, the District is projecting a flat year-end fund balance for 2023-24 and will continue to manage expenditures with preservation of fund balance in mind.



Fund Balance Trend



**Includes replenishment of board reserve*

2023-24 Capital Projects Fund

Beginning Fund Balance	\$	114,079,872
Revenues	\$	36,903,827
Expenditures	\$	(138,322,700)
Ending Fund Balance	\$	12,660,999



See appendix for additional detail

2023-24 Debt Service Fund

Beginning Fund Balance	\$	31,299,794
Revenues	\$	56,851,470
Expenditures	\$	(56,369,582)
Ending Fund Balance	\$	31,781,680



See appendix for additional detail

2023-24 Associated Student Body Fund

Beginning Fund Balance	\$	2,790,000
Revenues	\$	12,868,625
Expenditures	\$	(12,868,625)
Ending Fund Balance	\$	2,790,000



See appendix for additional detail

2023-24 Transportation Fund

Beginning Fund Balance	\$	3,654,418
Revenues	\$	3,450,237
Expenditures	\$	(5,000,000)
Ending Fund Balance	\$	2,104,655



See appendix for additional detail

**Administrative Costs 2023-24 F-195
(Budget)**

	Actual King County Dist. Average <u>2021-22</u>	Actual Issaquah <u>2021-22</u>	Budget Issaquah <u>2023-24</u>
11 Board of Directors*	0.32%	0.55%	0.27%
12 Superintendents Office	0.48%	0.38%	0.36%
13 Finance Office	0.91%	0.71%	0.85%
14 Human Resources	0.97%	0.70%	0.57%
15 Public Relations	0.23%	0.25%	0.25%
21 Supervision-Instruction	2.54%	2.21%	1.63%
41 Supervision-Food Service	0.18%	0.15%	0.18%
51 Supervision-Transportation	0.33%	0.21%	0.22%
61 Supervision-Maintenance/Operations	<u>0.26%</u>	<u>0.25%</u>	<u>0.35%</u>
Total Central Administration	<u>6.22%</u>	<u>5.41%</u>	<u>4.68%</u>
23 Building Administration	<u>5.93%</u>	<u>4.17%</u>	<u>3.93%</u>
Total Central & Building Admin.	<u><u>12.15%</u></u>	<u><u>9.58%</u></u>	<u><u>8.62%</u></u>

*Activity 11 - Board of Directors expenditures are primarily for legal services, required election costs, and audit fees



Next Steps and Additional Information

August 24th - Board of Directors Meeting

- 2023-24 Budget Resolution Presented to Board for Possible Action. Resolution will include:
 - Total Revenue and Expenditures by Fund
 - Amount of Excess Levy Rollback (amount exceeding legislative mandated levy lid)
 - Four Year Financial Forecast

Additional Information

- Supplemental budget information, including the full **Draft Budget (F195)** and **Guide to Understanding the Budget**, are available on the [Finance & Budget webpage](#).

Appendix A

2023-24 Projected Ending Fund Balance

2023-24 Budgeted Expenditures		\$ 387,020,530	
Projected Ending 8-31-24		36,500,000	% of 23-24 Budget
Reserved for Inventory (pre-paid items & Inventory)	3,500,000	Reserved for Inventory (non-spendable)	0.90%
Reserved for uninsured risks	500,000	Reserved for uninsured risks (Restricted)	0.13%
Food Service Carry Over	500,000	Restricted	0.13%
Board Reserve	1,000,000	Committed	0.26%
Imprest	108,170	Committed	0.03%
Reserved for other contingencies	500,000	Assigned for Contingencies	0.13%
Building Carryover	1,500,000	Assigned	0.39%
Reserve for Future School Facilities	6,000,000	Assigned	1.55%
Reserve for Curriculum	1,000,000	Assigned	0.26%
Total Designated Fund Balance	\$ 14,608,170		3.77%
Unreserved Fund Balance	\$ 21,891,830	Unassigned (Undesignated)	5.66%

Appendix B

Summary – Capital Projects Fund

Beginning Fund Balance 9-1-2023		\$ 114,079,872
Revenue:		
Local Property Tax	\$ 33,749,821	
Investment Earnings	1,000,000	
Rental Fees/Misc.	55,000	
Impact Fees	1,550,004	
Bond Premium/Subsidy	549,000	
Sale of Bonds	2	
Total Revenue		<u>36,903,827</u>
Total Available Resources		\$ 150,983,699
Expenditures:		
Sites	\$ -	
Buildings	103,303,700	
Equipment	22,358,000	
Other Financing Uses	<u>12,661,000</u>	
Total Expenditures		<u>138,322,700</u>
Ending Fund Balance 8-31-2024		<u>\$ 12,660,999</u>

Capital Projects Fund - Used for the acquisition of school sites, the construction of new schools, or the renovation of existing schools.



Appendix C

Summary - Debt Service Fund

Beginning Fund Balance 9-1-2023		\$ 31,299,794
Revenue:		
Local Property Tax	\$ 56,251,467	
Investment Earnings	500,001	
State, General Purpose	<u>100,002</u>	
Total Revenue		<u>56,851,470</u>
Total Available Resources		\$ 88,151,264
Expenditures:		
Bonds Redeemed	\$ 27,110,000	
Interest on Bonds	28,555,578	
Transfer Fees	<u>704,004</u>	
Total Expenditures		<u>56,369,582</u>
Other Financing Uses		2
Ending Fund Balance 8-31-2024		<u>\$ 31,781,680</u>

Debt Service Fund - Pays the principal and interest payments on outstanding bonds which were sold to pay for building new schools and remodeling existing schools.

Appendix D

Summary – ASB Fund

Beginning Fund Balance 9-1-2023		\$ 2,790,000
Revenue:		
General ASB	\$ 7,142,775	
Athletics	2,972,850	
Classes	439,900	
Clubs	1,957,100	
Private Monies	356,000	
Total Revenue		<u>12,868,625</u>
Total Available Resources		\$ 15,658,625
Expenditures:		
General ASB	\$ 6,770,550	
Athletics	3,400,300	
Classes	420,200	
Clubs	1,908,575	
Private Monies	369,000	
Total Expenditures		<u>12,868,625</u>
Ending Fund Balance 8-31-2024		\$ <u>2,790,000</u>

Associated Student Body Fund - A special fund used for student activities in student government, athletic programs, classes, and clubs.

Appendix E

Summary – Transportation Fund

Beginning Fund Balance 9-1-2023		\$	3,654,418
Revenue:			
Local Property Tax	\$	1,410,235	
Investment Earnings		40,000	
State Depreciation Reimbursement		2,000,000	
Other Financing Sources		<u>2</u>	
Total Revenue			<u>3,450,237</u>
Total Available Resources		\$	7,104,655
Expenditures:			
School Bus Purchases			<u>5,000,000</u>
Ending Fund Balance 8-31-2024		\$	<u><u>2,104,655</u></u>

Transportation Vehicle Fund - Used exclusively for the purchase of school buses for student transportation.