



Board Meeting Date: 1/8/2024

Title: Fiscal Year 2025 Cost Containment

Type: Discussion

Presenter(s): Mert Woodard, Director, Finance & Operations

Description: At the December 22, 2023, Special Meeting of the School Board, the District administration shared its updated five-year general fund forecast for fiscal years 2025 through 2029, including a revised estimate of fiscal year 2024 activity. The District's revised estimates of fiscal year 2024 activity indicate an anticipated year end unassigned fund balance of 5.7 percent, significantly lower than the 8.8 percent that was approved for the preliminary budget at the June 20, 2023 Regular Meeting and below the minimum of 6.0 percent required by Board policy. If the District continued its current operations in fiscal year 2025 without any adjustments, the administration anticipates a further decline to the unassigned fund balance to 3.9 percent of unassigned expenditures.

To achieve a 6.0 percent unassigned fund balance at the end of fiscal year 2025 the District would need to adjust its operations in the amount of approximately \$2,560,000. To achieve a 6.9 percent unassigned fund balance, the same percentage as the end of fiscal year 2023, the adjustment would need to be approximately \$3,620,000. The District ended the 2022 fiscal year with an unassigned fund balance of 7.5 percent. To get back to this level of unassigned fund balance at the end of fiscal year 2025, the District would need to adjust its operations to the tune of \$4,270,000.

After a review and discussion of these various options by senior administrators as well as the Finance Committee of the Board, the District administration believes it prudent to recommend that the School Board approve an overall cost containment for fiscal year 2024 of \$3,620,000 or a fund balance of 6.9 percent. This will achieve a comfortable level of unassigned fund balance at the end of fiscal year 2025 and would result in a significantly smaller reduction of approximately \$750,000 for fiscal year 2026.

The option of a \$2,560,000 reduction, which would achieve the Board minimum fund balance of 6.0 percent at the end of fiscal year 2025, would immediately put the District in a position where it would have to significantly contain it's budget for fiscal year 2026. The most severe reduction option of \$4,270,000 was not considered at this time due to the significant disruption it would cause to District operations and programming.

Recommendation: There is no recommended action at this time.

Desired Outcomes from the Board: Provide input regarding the administration's intention to recommend general fund cost containment measure totaling approximately \$3,620,000 for fiscal year 2025.

Attachments:

1. Fiscal Year 2025-2029 Financial Forecast Memorandum