

GATEWAY UNIFIED SCHOOL DISTRICT

2022-23 First Interim Budget Update

December 14, 2022



Presentation Overview

- District Net Worth
- Revenues
- Expenses
- Ending Balance / Reserves
- Multi-Year Projections: 2023-24 & 2024-25
- Future Indicators
- Recommendation

District Net Worth

| | Est. June 30, 2023 Balance |
|--|----------------------------|
| Fund 01 | \$ 24,025,383 |
| Fund 08 – Student Body | 20,562 |
| Fund 13 – Cafeteria | 1,274,754 |
| Fund 20 – Post Emp Benefits | 450,322 |
| Fund 21 – Capital Building (Balance of Bond) | 576,820 |
| Fund 25 – Developer Fees | 2,681,120 |
| Fund 40 – Capital Outlay Projects | 920,514 |
| Fund 51/52 – Bond Financing | 2,412,113 |
| | \$ 32,361,588 |

REVENUES – Fund 01

| | Adopted Budget | 1st Interim | Difference | Notes |
|------------------------|----------------|---------------|--------------|---|
| LCFF | 25,823,196 | 28,151,311 | 2,328,115 | Increase to ADA of 61.54 due to 2021-22 Proxy ADA and 6.7% added to LCFF base – Per 2022-23 Budget Act |
| Federal | 8,167,311 | 9,529,868 | 1,362,557 | Increase in Title I allocation (\$277,422) Adjusted ESSER allocations due to HVAC project & planned usage of balance |
| State | 4,378,458 | 9,606,501 | 5,228,043 | Budgeted to receive Learning Recover BG (\$3,217,029) and Art, Music, Instructional Mat'l & Discretionary BG (\$1,229,263); Increase in ELOP funding (\$741,859) |
| Local | 1,619,793 | 2,435,272 | 815,479 | Adjusted budget for Interest and Lease/Rental Income (\$195,088); Increase in estimated RDA Funds (\$300,000); Budgeted estimated income for various fundraisers |
| Interfund Transfers In | 215,350 | 337,631 | 122,281 | Adjustment to close out GREAT Partnership – Fund 02 |
| Total Revenue | \$ 40,204,108 | \$ 50,060,583 | \$ 9,856,475 | |
| Estimated Funded ADA | 2,039.99 | 2,101.53 | 61.54 | |

EXPENSES

| | Adopted Budget | 1st Interim | Difference | Notes |
|-------------------------------|----------------|---------------|------------|--|
| Certificated Salaries | 12,545,869 | 14,184,965 | 1,639,096 | Increase to Certificated & Classified Salaries due to Negotiations & MOU for Retention Incentive for all active staff |
| Classified Salaries | 6,444,319 | 7,367,049 | 922,730 | |
| Benefits | 8,969,001 | 9,583,437 | 614,436 | |
| Books/Supplies | 2,022,840 | 2,938,583 | 915,743 | Budgeted beginning balances. Lottery |
| Services/Operations | 6,856,322 | 6,541,110 | (315,212) | ESSER funds budgeted as a placeholder in OBJ 5888 reallocated to actual encumbrances. Budgeted for additional Speech services, SEL Services, Increase SRO Contract |
| Capital Outlay | 2,529,560 | 5,062,094 | 2,532,534 | Increased budget for District wide HVAC (Bard) replacements, Budgeted to purchase 5 vans, box truck for cafeteria, CVHS Track repair |
| Other Outgo | 206,821 | 298,529 | 91,708 | Copier leases moved from Operations to Lease/Debt per GASB 87 |
| Direct/Indirect Support Costs | (86,000) | (46,762) | 39,238 | Decrease in estimated Indirect costs from Cafeteria (Fund 13) |
| Interfund Transfers Out | 245,000 | 367,281 | 122,281 | Adjustment to close out GREAT Partnership – Fund 02 |
| Total Expenses | \$ 39,733,732 | \$ 46,296,286 | | |

ENDING BALANCE – Fund 01

| | Adopted Budget | 1 st Interim | Difference |
|--------------------|----------------|-------------------------|--------------|
| Beginning Balance | 19,317,829 | 20,261,086 | |
| Increase/(Deficit) | 470,376 | 3,764,297 | |
| Ending Balance | \$ 19,788,205 | \$ 24,025,383 | \$ 4,237,178 |
| | | | |
| Funded ADA | 2039.99 | 2101.53 | 61.54 |
| | | | |

RESERVES

| | 1st Interim Projection | |
|----------------------|---------------------------|--------|
| Ending Balance | 24,025,383 | |
| Revolving Cash | 12,100 | |
| Restricted Reserves | 9,937,007 | 21.46% |
| Assigned Reserves | 5,244,247 | 11.33% |
| Economic Uncertainty | 8,832,029 | 19.08% |

Assigned/Committed Reserves

COMMITTED / LEGALLY RESTRICTED

| | |
|--------------------------------------|---------------------|
| ELO-P | \$ 1,461,073 |
| Educator Effectiveness BG | 602,458 |
| Studies BG | 18,075 |
| Scholarships | 244,896 |
| Bus Purchase Reserve | 200,000 |
| SPED PreK Intervention | 423,545 |
| Art, Music & Inst Material Discr. BG | 1,229,263 |
| Learning Recovery Emergency BG | 3,217,029 |
| AB86 ELO/Para | 229,368 |
| First 5 Grant (GREAT) | 8,896 |
| A-G Access/Success | 144,467 |
| RDA Funds | 1,385,964 |
| MediCal BOP | 212,740 |
| COVID Supplies | 33,995 |
| Restricted Lottery | 507,980 |
| Classified PD BG | 17,258 |
| | |
| TOTAL COMMITTED | \$ 9,937,007 |

ASSIGNED

| | |
|-----------------------|---------------------|
| Unrestricted Lottery | \$ 182,391 |
| Deferred Maintenance | 250,000 |
| Special Education | 500,000 |
| Reimbursable Funds | 23,658 |
| Mandated Costs | 2,080,785 |
| Forest Reserves | 887,242 |
| Technology | 105,842 |
| MAA | 1,214,329 |
| | |
| TOTAL ASSIGNED | \$ 5,244,247 |



MULTI-YEAR PROJECTIONS

2023-24 & 2024-25

Multi-Year Assumptions

- COLA: 2023-24 = 5.38% 2024-25 = 4.02%
- Unduplicated Count: 2023-24 = 73.0% 2024-25 = 72.76%
- ADA: 2023-24 = 1959.17 (25.56) 2024-25 = 1936.34 (48.39)
- Funded ADA: 2023-24 = 2060.86 (40.67) 2024-25 = 2011.21 (49.65)
- Revenues: Adjusted in both years to reflect new LCFF calculations and adjusted for the final allocations of ESSER funds in 2023-24.
- Staffing: Staffing remains the same as current year for both subsequent years; Negotiated settlements for GTA and NRU for 2023-24 is budgeted; step & column is budgeted for both years as well as the decreased PERS (0.17% and 0.60%) employer rates. In 2024-25 estimated CARES & ESSER funded extra duty opportunities are reduced (\$311,000) and the Retention incentives provided in 2022-23 and 2023-24 were reduced (\$1,341,216) in 2024-25.
- Expenses: Overall expenses were increased by 5% for Supplies and Services, to reflect inflation. One-time expenses were removed, additional expenses were added due to new one-time Block Grant funds received in 2022-23 that are available through 2025-26 and 2027-28. Added \$500,000 to capital expenditures for the District match toward the new CTE pathway at CVHS.
- Deficit Spending: The District will be in Planned Deficit Spending due to ESSER funds, additional Learning Recovery BG and the Art, Music, Instructional Materials Discretionary BG. These funds have been received however they provide for multiple school years to be fully expended.

MYP ...

| | 2022-23 | 2023-24 | 2024-25 |
|------------------------------|---------------|---------------|---------------|
| Revenues | 50,060,583 | 40,527,999 | 37,297,640 |
| Expenses | 46,296,286 | 43,530,166 | 40,378,482 |
| Increase/(Deficit) | 3,764,297 | (3,002,167) | (3,080,842) |
| Ending Balance | \$ 24,025,383 | \$ 21,023,216 | \$ 17,942,374 |
| Economic Uncertainty Reserve | 8,832,029 | 8,363,044 | 7,162,516 |
| | 19.08% | 19.2% | 17.74% |

Future Indicators to watch....

- Staffing shortages
 - TK Adult to student ratio. Current year 12:1 next year and moving forward 10:1.
- Deadlines for spending one-time funds
- Inflation / Recession
- Deficit Spending
- ADA decline



Board Action Requested:

It is recommended that the Board approve the 2022-23 First Interim Budget report with a POSITIVE certification. The Gateway Unified School District is capable of meeting our financial obligations for the current year and two subsequent year.

THANK YOU