

# South San Francisco Unified School District

## First Interim Presentation

### 2019-20

**Mr. Ted O, Assistant Superintendent, Business Services**

**Presented December 12, 2019**

# Presentation Items

- **Overview**
- **Budget Assumptions**
- **Projected Revenues and Expenditures**
- **Multi-Year Projection**
- **Areas of Concern**
- **Looking Ahead**

# Overview

- **Education Code Section 42130 states that school districts submit two reports to the governing board of the district during each fiscal year.**
  - **First Interim Report covers the financial and budgetary status of the district for the period ending October 31.**
  - **Second Interim Report covers the period ending January 31.**
- **Both reports shall be approved by the district governing board no later than 45 days after the close of the period being reported.**

# Ed Code Certification

Education Code Section 42130 (a) (1) defines the certifications.

- A **Positive Certification**: WILL MEET their financial obligations for the current and two subsequent fiscal years.
- A **Qualified Certification**: MAY NOT MEET their financial obligations for the current OR two subsequent fiscal years.
- A **Negative Certification**: WILL BE UNABLE TO MEET their financial obligations for the current OR two subsequent fiscal years.

# General Assumptions Guidance

- **The District uses a variety of sources to determine current and future revenues and expenditures:**
  - **School Services of California (SSC Dartboard)**
  - **Common Message developed by all County Offices in the State**
  - **Current State Adopted Budget**
  - **Actual current year enrollment (CBEDs/projected P-2 ADA)**
  - **Local Control Funding Allocation (LCFF)**
  - **Capital Advisors**
  - **Department of Finance (DOF) Reports**
  - **Legislative Analyst Office (LAO)**

# SSFUSD Assumptions

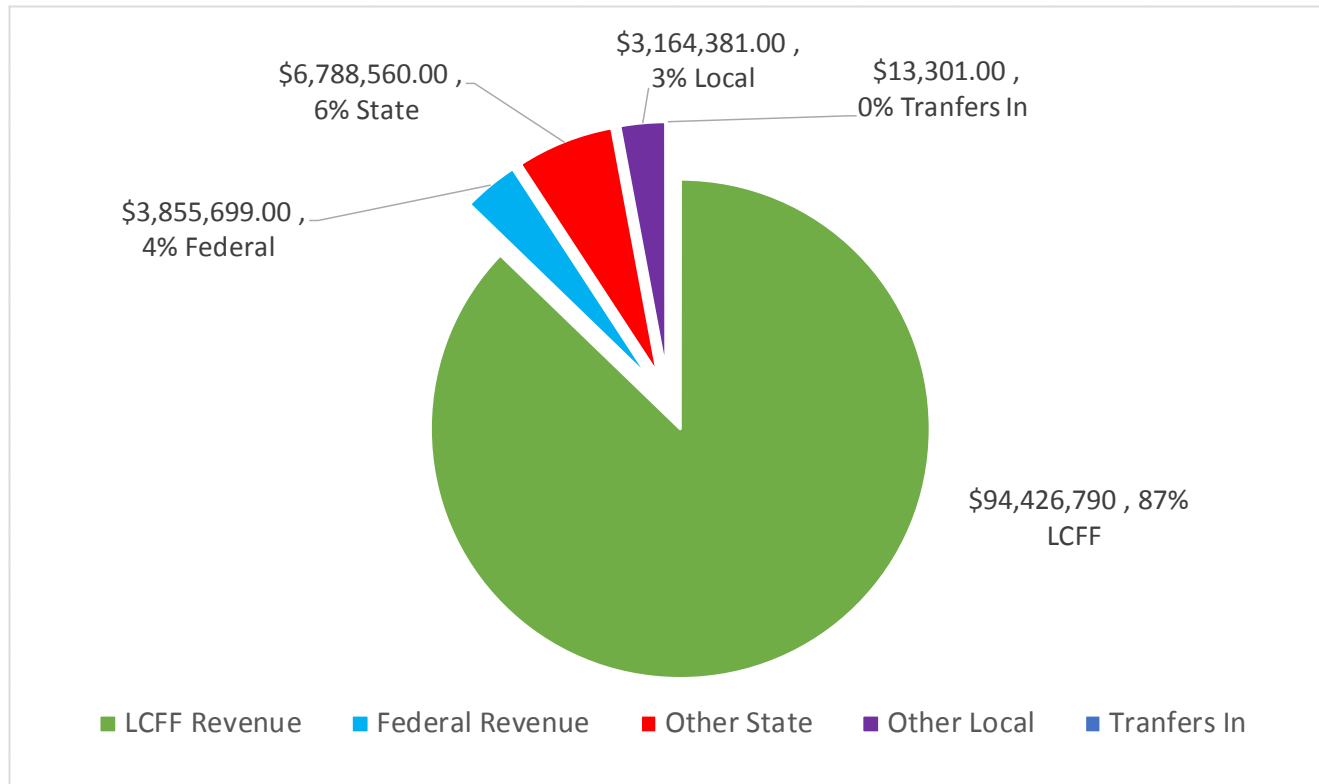
- Property taxes budgeted with latest estimates
- Estimated RDA revenue from COE is budgeted
- District will remain Community Funded/Basic Aid
- Estimated Step & Column cost included
- Enrollment/ADA declining
- Estimated STRS/PERS increase included
- Mandated Block Grant and Lottery Funds are budgeted
- Program carryovers from prior year are included
- Contributions to Special Ed are budgeted
- Contributions for Routine Restricted Maintenance are budgeted

# 2019-20 First Interim General Fund Projected Revenues

<b><u>Revenues</u></b>	<b><u>2019-20</u></b>
• LCFF Revenue	\$94,426,790
• Federal Revenue	\$3,855,699
• Other State	\$6,788,560
• Other Local	\$3,164,381
• Transfers In	<u>\$13,301</u>
<b>Total</b>	<b>\$108,248,731</b>

Note: Includes both Unrestricted and Restricted Revenues

# 2019-20 Revenues (Estimated)

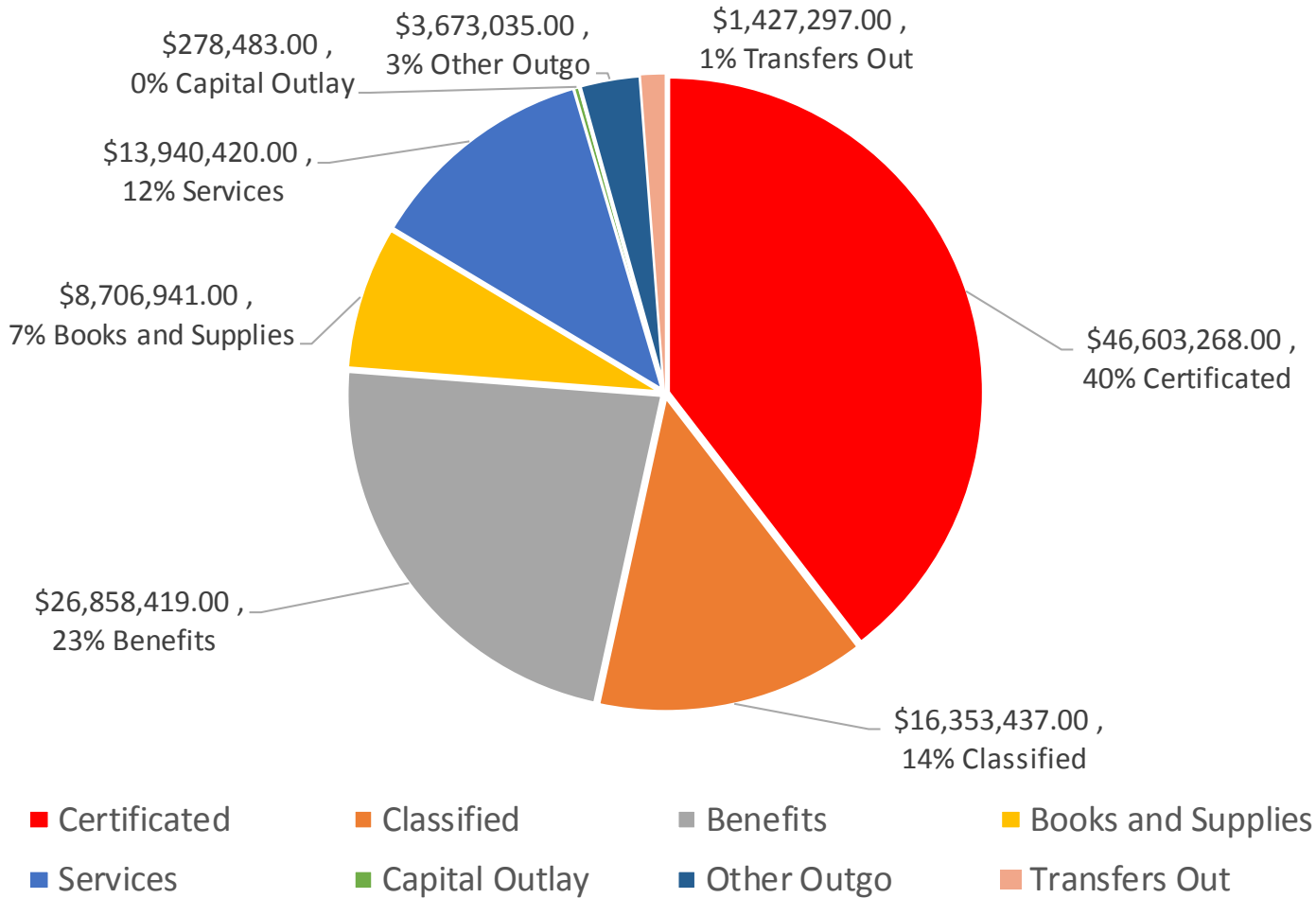


# 2019-20 First Interim General Fund Projected Expenditures

• Certificated	\$46,603,268
• Classified	\$16,353,437
• Benefits	\$26,858,419
• Books and Supplies	\$8,706,941
• Services	\$13,940,420
• Capital Outlay	\$278,483
• Other Outgo	\$3,673,035
• Transfers Out	<u>\$1,427,297</u>
• <b>Total</b>	<b>\$117,841,300</b>

Note: Includes both Unrestricted and Restricted Expenditures

# 2019-20 Expenditures (Estimated)



# General Fund Summary Comparison (combined)

General Fund (Unrestricted and Restricted)	2019-20	2019-20	Change
	Adopted	1st Interim	
Revenues	106,447,362	108,235,430	1,788,068
Interfund Transfer In	13,301	13,301	-
Total Sources of Funds	<b>106,460,663</b>	<b>108,248,731</b>	<b>1,788,068</b>
Expenditures	108,368,589	116,414,003	8,045,414
Interfund Transfer Out	1,000,000	1,427,297	427,297
Total Usage of Funds	<b>109,368,589</b>	<b>117,841,300</b>	<b>8,472,711</b>
Net Increase/Decrease In Fund Balance	(2,907,926)	(9,592,569)	(6,684,643)
Beginning Fund Balance	30,775,191	30,775,191	-
Projected Ending Fund Balance	27,867,265	21,182,622	(6,684,643)
Nonspendable	320,728	121,891	(198,837)
Restricted	7,028,877	3,933,649	(3,095,228)
Committed	-	-	-
Assigned/Designated			
Various Designations *	10,639,372	11,235,017	595,645
Unassigned/Unappropriated			
Designated for Economic Uncertainties	5,468,429	5,892,065	423,636
Undesignated Reserve	4,409,859	-	(4,409,859)
* Details provided on Slide 12			

# General Fund Summary Comparison(combined)

	2019-20 Adopted Budget	2019-20 1st Interim
Assigned/Designated		
STRS/PERS Increases: 2022-23	562,931	360,000
STRS/PERS Increases: 2023-24	744,414	665,000
Property Tax Re-Payment - Litigation (Rough Estimate)	8,500,000	7,574,517
Dual-Immersion Program (Estimate)	550,000	550,000
Carryover Funds - Needs Assessment	73,840	0
Carryover Funds - Ad Hoc Safety	208,187	0
*2 Grounds Keepers - New Ball Fields (Part of Year)	0	45,500
*Increase Water use - 4 New Ball Fields (Part of Year)	0	40,000
*2 Athletic Trainers - HS Football (For 2020-21)	0	0
*Network & Wireless Infrastructure Renovation	0	2,000,000
*PCRC-CIS Program (For 2020-21)	0	0
	<b>10,639,372</b>	<b>11,235,017</b>
* Added since Adopted Budget		

# Changes in Revenues

The net change in revenue from the Adopted Budget to 1<sup>st</sup> Interim is approximately \$1.8M. The major changes include:

- Net increase in estimated property tax/RDA revenue, \$0.6M
- Net increase in Federal, State and Local Program allocations, \$0.5M
- Increase due to carryover of 18/19 Federal and State Revenues, \$0.7M

# Changes in Expenditures

The net change in Expenditures from the Adopted Budget to 1<sup>st</sup> Interim is approximately \$8.5M. The major changes include:

- Increase due to carryover of various 18/19 Federal, State & Local program budgets, \$4.1M
- CSEA negotiated salary increase for 2019-20, \$1.3M
- Net increase in Federal, State and Local Program allocations, \$0.5M
- Increase contribution to Special Ed, \$1.7M
- Increase contribution to Routine Restricted Maintenance , \$0.3M
- Net increase in various budget adjustments, \$0.6M

# 2020-21 & 2021-22 MYP Assumptions

- Property tax increase – estimated at 4.0%
- Estimated RDA revenue from COE is budgeted
- Estimated STRS/PERS increase included
- Estimated Step & Column costs included
- Enrollment/ADA projected to decrease by 2% per year
- Maintains Deferred Maintenance transfer
- Maintains Adult Education transfer
- Contributions to Special Ed and Transportation
- Contributions to Routine Restricted Maintenance program

# Multi Year Projections Assumptions

	<b>STRS</b>	<b>PERS</b>	<b>COLA</b>	<b>Lottery</b>	<b>Mandated Block Grant</b>	<b>Federal</b>	<b>ADA</b>
<b>19-20</b>	17.10%	19.72%	3.26%	\$207	\$94.12	Flat	8,136.60
<b>20-21</b>	18.40%	22.70%	3.00%	\$207	\$96.95	Flat	7,973.86
<b>21-22</b>	18.10%	24.60%	2.80%	\$207	\$99.67	Flat	7,814.39

# Multi-year Projection - Actual/Projected Ending Fund Balances

The District's Ending Fund Balance is decreasing as a result of deficit spending, increased employer PERS and STRS contribution and the loss of the one-time monies from the State.

<b>Unrestricted and Restricted Funds</b>	<b>Adopted Budget 2019/20</b>	<b>First Interim 2019/20</b>	<b>Proposed Budget 2020/21</b>	<b>Proposed Budget 2021/22</b>
<b>Revenues</b>	\$ 106,460,663	\$ 108,248,731	\$ 110,127,341	\$ 113,125,668
One-time State Funding	0	0	0	0
Total Sources of Funds	\$ 106,460,663	\$ 108,248,731	\$ 110,127,341	\$ 113,125,668
<b>Expenditures</b>	\$ 109,368,589	\$ 117,841,300	\$ 115,226,768	\$ 115,039,067
Total Usage of Funds	\$ 109,368,589	\$ 117,841,300	\$ 115,226,768	\$ 115,039,067
<b>Net Incr/Decr in Fund Balance</b>	\$ (2,907,926)	\$ (9,592,569)	\$ (5,099,427)	\$ (1,913,399)
Beginning Fund Balance	30,775,191	30,775,191	21,182,622	16,083,195
<b>Actual/Projected Ending Fund Balance</b>	<b>\$ 27,867,265</b>	<b>\$ 21,182,622</b>	<b>\$ 16,083,195</b>	<b>\$ 14,169,796</b>

# Ending Fund Balances (Reserves)

**GASB Statement No. 54 establishes certain classification that governmental agencies are required to report their fund balances**

- **Nonspendable**
- **Restricted**
- **Committed**
- **Assigned**
- **Undesignated/Unassigned**

# Ending Fund Balance Designations

	First	Proposed	Proposed
Unrestricted and Restricted Funds	Interim	Budget	Budget
	2019/20	2020/21	2021/22
<b><i>Actual/Projected Ending Fund Balance</i></b>	<b>21,182,622</b>	<b>16,083,195</b>	<b>14,169,796</b>
Nonspendable			
Revolving Cash	25,100	25,100	25,100
Stores	46,632	46,632	46,632
Prepaid Expenditures	50,159	50,159	50,159
Restricted	3,933,649	3,933,649	3,933,649
Committed	0	0	0
Assigned/Designated			
STRS/PERS Increase: 2022-23	360,000	360,000	360,000
STRS/PERS Increase: 2023-24	665,000	665,000	665,000
Prop Tax Re-Pymt - Litigation (Est.)	7,574,517	2,003,817	0
Dual-Immersion Program (Est.)	550,000	550,000	0
2 Grounds Keeper - New Ball Fields	45,500	227,500	409,500
Increase Water Use - 4 New Ball Fields	40,000	140,000	240,000
2 Athletic Trainers - HS Football (For 20/21)	0	220,000	440,000
Network & Wireless Infrastructure Renovation	2,000,000	2,000,000	2,000,000
PCRC-CIS Program (For 20/21)	0	100,000	247,803
Reserve:			
Reserved for Economic Uncertainties	5,892,065	5,761,338	5,751,953
Undesignated Reserve	0	0	0

# Areas of Concern

- **STRS/PERS Increases**
- **Loss of one-time funds from the State**
- **Increases in Special Education Costs**
- **Re-payment of property taxes due to litigation**
- **Aging facilities with not enough funding to repair/replace**
- **Increases in the minimum wage**
- **Declining Student Enrollment**

# Looking Ahead

- **2018-19 Audit Report**
  - **January 2020**
- **Governor's Proposed 2020-21 State Budget Release**
  - **January 2020**
- **Second Interim Report**
  - **March 2020**

Comments / Questions?

A decorative graphic consisting of a solid teal horizontal bar at the top, followed by a white horizontal bar, and then three thin, parallel teal horizontal lines on the right side of the white bar.