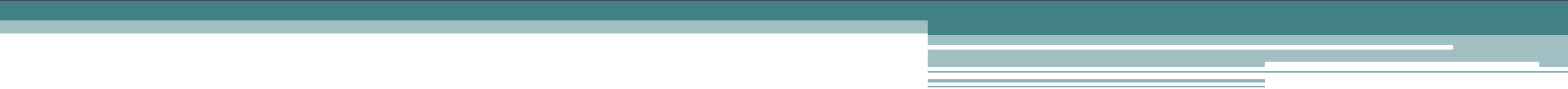


South San Francisco Unified School District

First Interim Presentation

2023-24



Mr. Ted O, Assistant Superintendent, Business Services

Presented December 14, 2023

Presentation Items

- Overview
- Budget Assumptions
- Projected Revenues and Expenditures
- Multi-Year Projection
- Positions and Expenditures Funded with One-time Funds
- Areas of Concern
- Looking Ahead

Education Code

- 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

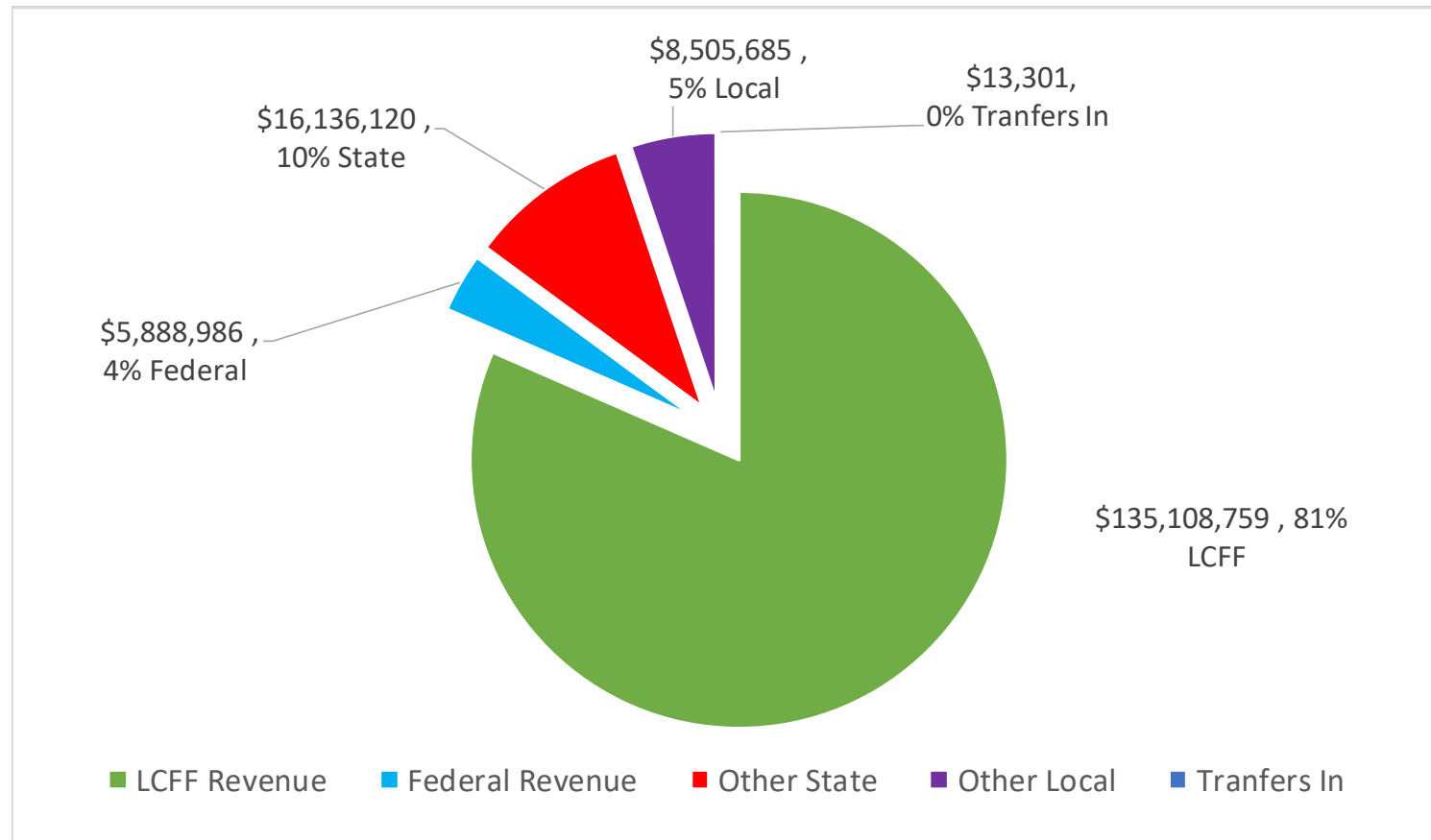
- Property taxes budgeted with latest estimates
- Estimated RDA revenue from COE is budgeted
- District will remain Community Funded/Basic Aid
- Estimated Step & Column cost included
- Enrollment/ADA declining
- Estimated STRS/PERS increase included
- Mandated Block Grant and Lottery Funds are budgeted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

2023-24 First Interim - General Fund Projected Revenues

REVENUES	2023-24	PERCENTAGE
LCFF Revenue	\$135,108,759	81.56%
Federal Revenue	\$5,888,986	3.56%
Other State	\$16,136,120	9.74%
Other Local	\$8,505,685	5.13%
Transfers In	\$13,301	0.01%
TOTAL	\$165,652,851	100%

Note: Includes Unrestricted and Restricted

2023-24 Revenues (Estimated)

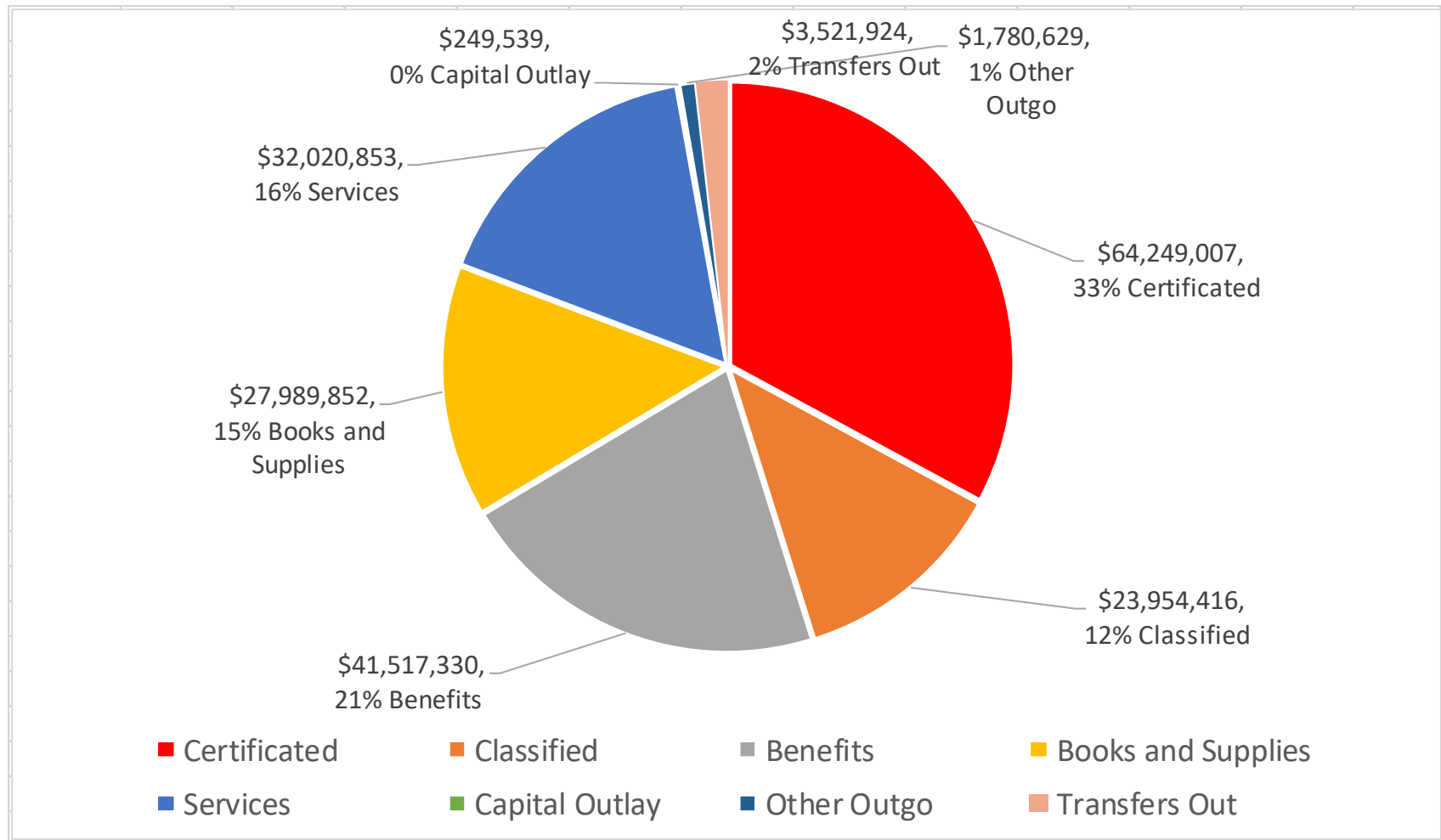


2023-24 First Interim - General Fund Projected Expenditures

EXPENDITURES	2023-2024	PERCENTAGE
Certificated Salaries	\$64,249,007	32.90%
Classified Salaries	\$23,954,416	12.27%
Benefits	\$41,517,330	21.26%
Books & Supplies	\$27,989,852	14.33%
Services	\$32,020,853	16.40%
Capital Outlay	\$249,539	0.13%
Other Outgo	\$1,780,629	0.91%
Transfers Out	\$3,521,924	1.80%
TOTAL	\$195,283,550	100%

Note: Includes Unrestricted and Restricted

2023-24 Expenditures (Estimated)



General Fund - Unrestricted and Restricted

General Fund Summary	2023-24	2023-24	Total
	Unrestricted	Restricted	
Revenues without Contribution	134,237,555	31,401,994	165,639,549
General Fund Contribution	(37,186,317)	37,186,317	-
Interfund Transfer In	13,301	-	13,301
Total Sources of Funds	97,064,539	68,588,311	165,652,850
Expenditures	99,804,642	91,956,985	191,761,627
Interfund Transfer Out	-	3,521,924	3,521,924
Total Usage of Funds	99,804,642	95,478,909	195,283,551
Net Increase/Decrease In Fund Balance	(2,740,103)	(26,890,598)	(29,630,701)
Beginning Fund Balance	28,538,754	33,997,313	62,536,067
Projected Ending Fund Balance	25,798,651	7,106,715	32,905,366
Nonspendable	232,740	-	232,740
Restricted (Program Carryovers)	-	7,106,715	7,106,715
Committed	-	-	-
Assigned/Designated			
Various Designations *	9,593,175	-	9,593,175
Unassigned/Unappropriated			
Designated for Economic Uncertainties	9,764,178	-	9,764,178
Undesignated Reserve	6,208,558	-	6,208,558

General Fund - Adopted vs. 1st Interim

General Fund (Unrestricted and Restricted)	2023-24 Adopted	2023-24 1st Interim	Change
Revenues	150,274,079	165,639,550	15,365,471
Interfund Transfer In	13,301	13,301	-
Total Sources of Funds	150,287,380	165,652,851	15,365,471
Expenditures	155,167,049	191,761,627	36,594,578
Interfund Transfer Out	3,000,000	3,521,924	521,924
Total Usage of Funds	158,167,049	195,283,551	37,116,502
Net Increase/Decrease In Fund Balance	(7,879,669)	(29,630,700)	(21,751,031)
Beginning Fund Balance	62,536,067	62,536,067	-
Projected Ending Fund Balance	54,656,398	32,905,367	(21,751,031)
Nonspendable	250,100	232,740	(17,360)
Restricted	34,424,262	7,106,716	(27,317,546)
Committed	-	-	-
Assigned/Designated			
Various Designations *	9,972,175	9,593,175	(379,000)
Unassigned/Unappropriated			
Designated for Economic Uncertainties	7,908,352	9,764,178	1,855,826
Undesignated Reserve	2,101,509	6,208,558	4,107,049
* Details provided on Slide 13			

General Fund Summary Comparison(combined)

	2023-24 Adopted Budget	2023-24 1st Interim
Assigned/Designated		
STRS/PERS Increases: 2026-27	359,384	359,384
STRS/PERS Increases: 2027-28	733,791	733,791
Property Tax Re-Payment - Litigation (Rough Estimate)	8,500,000	8,500,000
Carryover - Site Discretionary Funds 22/23	379,000	0
	9,972,175	9,593,175

Changes in Revenues

The net change in revenue from the Adopted Budget to 1st Interim is approximately \$15.4M. The major changes include:

- Increase in one-time Federal, State and Local Categorical/Restricted Funding, \$4.3M
- Increase due to carryover of prior year Federal and State Program Revenues, \$0.1M
- Increase in RDA Facilities Pass-thru Funds, \$0.5M
- Proceeds from Sale of RDA Property, \$2.3M
- Increase in estimated RDA/Property Tax, \$7.0M
- Net increase in Federal, State and Local Program allocations, \$1.2M

Changes in Expenditures

The net change in Expenditures from the Adopted Budget to 1st Interim is approximately \$37.1M. The major changes include:

- Increase in one-time Federal, State and Local Categorical/Restricted Funding, \$4.3M
- Increase due to carryover of 22/23 Federal, State and Local Program Funds, \$25.6M
- Increase in RDA Facilities Pass-thru Funds, \$0.5M
- Net increase in Federal, State and Local Program allocations and various budget adjustments, \$3.4M
- Increase in estimated Special Ed and Transportation costs, \$2.7M
- Increase in Kaiser medical rates by 11.8%, \$0.6M

2024-25 & 2025-26 MYP Assumptions

- Property tax increases – estimated at 4%
- Estimated RDA revenue is budgeted
- Estimated STRS/PERS increase included
- Estimated Step & Column costs included
- Enrollment/ADA projected to decrease by 2% per year
- Mandated Block Grant and Lottery Funds are budgeted
- Contributions to Special Ed and Transportation
- Contributions to Routine Restricted Maintenance and Deferred Maintenance programs
- District will remain Community Funded/Basic Aid
- Employee raises for 2024-25 are budgeted

Multi Year Projections Assumptions

	STRS	PERS	COLA	Lottery	Mandated Block Grant	Federal	ADA
23-24	19.10%	26.68%	8.22%	\$249	\$110.65	Flat	7,284.99
24-25	19.10%	27.70%	3.94%	\$249	\$115.01	Flat	7,140.25
25-26	19.10%	28.30%	3.29%	\$249	\$118.79	Flat	6,998.39

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 increased District operating expenditures.

	First Interim 2023/24	Proposed Budget 2024/25	Proposed Budget 2025/26
Unrestricted and Restricted Funds			
Revenues	\$ 165,639,550	\$ 157,776,697	\$ 161,658,113
Interfund Transfer In	13,301	13,301	13,301
Total Sources of Funds	\$ 165,652,851	\$ 157,789,998	\$ 161,671,414
Expenditures	\$ 191,761,627	\$ 162,391,089	\$ 164,766,764
Interfund Transfer Out	3,521,924	3,521,924	3,521,924
Total Usage of Funds	\$ 195,283,551	\$ 165,913,013	\$ 168,288,688
Net Incr/Decr in Fund Balance	\$ (29,630,700)	\$ (8,123,015)	\$ (6,617,274)
Beginning Fund Balance	62,536,067	32,905,367	24,782,352
Actual/Projected Ending Fund Balance	\$ 32,905,367	\$ 24,782,352	\$ 18,165,078

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 Interim 2023/24	Proposed Budget 2024/25	Proposed Budget 2025/26
Unrestricted and Restricted Funds			
<i>Actual/Projected Ending Fund Balance</i>	32,905,367	24,782,352	18,165,078
Nonspendable			
Revolving Cash	25,100	25,100	25,100
Stores	63,269	63,269	63,269
Prepaid Expenditures	144,371	144,371	144,371
Restricted	7,106,716	7,106,716	7,106,716
Committed	0	0	0
Assigned/Designated			
STRS/PERS Increase: 2026-27	359,384	359,384	359,384
STRS/PERS Increase: 2027-28	733,791	733,791	733,791
Prop Tax Re-Pymt - Litigation (Est.)	8,500,000	8,054,070	1,318,013
Reserve:			
Reserved for Economic Uncertainties	9,764,178	8,295,651	8,414,434
Undesignated Reserve	6,208,558	0	0

Positions Funded with One-time Funds

- SSFUSD has many positions that are funded with one-time stimulus funds.
- Once these funds expire or used up, these positions will need to be eliminated unless another funding source is identified.

Resource	Resource Description	Expires	FTE	Positon Types	Amount
3214	ESSER III - Learning Loss	9/30/2024	0.25	Teachers-Other	\$ 29,108.64
			1.00	Mental-Health	\$ 100,229.27
			15.73	Paras-Bilingual	\$ 1,073,811.27
3218	ELO ESSER III - Emergency Needs	9/30/2024	1.00	Counselor-Academic	\$ 140,313.23
3219	ELO ESSER III - Learning Loss	9/30/2024	1.00	Counselor-Academic	\$ 150,356.63
			1.00	Counselor-Wellness	\$ 238,222.62
			1.00	Mental Health	\$ 131,006.69
6053	Chd Dev CA PreK Plan & Implementation		4.80	Paras-Transistional	\$ 312,421.68
9305	Student behavioral Health Incentive	6/30/2024	0.20	Teacher-Other Extra	\$ 26,562.33
6537	Sp.Ed Learning Recovery Support	6/30/2024	0.28	Program Specialist	\$ 52,143.89
			26.26	Yearly Total	\$ 2,254,176.26

Positions Funded with One-time Funds

- These positions that are funded with one-time stimulus funds will expire in 2025-26 and 2027-28.
- If there are sufficient funds, the positions may be kept an additional year.

Resource	Resource Description	Expires	FTE	Positon Types	Amount
6266	Educator Effectiveness Block Grant	6/30/2026	1.00	Coordinator-Multi-Tier System	\$ 193,930.85
			1.00	Teachers-Other	\$ 118,344.98
6762	Arts, Music & Instr Mtls Block Grant	6/30/2026	0.20	Teacher-Other Extra	\$ 19,487.15
7435	Learning Recovery Emergency Block Grant (Approx. \$3.5M left at end of 2023-24))	6/30/2028	1.00	Administrative Assistant	\$ 99,325.80
			5.00	Counselor-Wellness	\$ 522,557.06
			1.00	Counselor on Special Asgmt	\$ 150,356.63
			3.67	Office Assistant-Attendance	\$ 274,504.93
			0.20	Psychologist-Extra	\$ 27,416.60
			0.80	Psychologist-Special Assgn	\$ 122,780.38
			3.00	School Communtiy Liaison	\$ 233,274.54
			10.00	Teachers-Other	\$ 1,391,335.67
			3.00	Teacher-Special Ed Other	\$ 424,303.45
			29.87	Yearly Total	\$ 3,577,618.03

Grand Total

56.13

\$ 5,831,794.30

Large Expenditures Funded with One-time Funds

- SSFUSD has some large expenditures that are funded with one-time stimulus funds.
- Once these funds expire or used up, they will need to be eliminated unless another funding source is identified.

Resource	Description Of Resource	Resource Expiring	PO Amount	Grand Total
3218	ELO:ESSER III ST RS EMERG NEED ILLUMINATE EDUCATION INC. IXL LEARNING	9/30/2024	\$ 92,731.44 \$ 3,544.00	\$ 96,275.44
3219	ELO:ESSER III ST RS LEARN LOSS NEWSELA INC YOUNG AUDIENCES OF NORTHERN	9/30/2024	\$ 55,157.00 \$ 186,550.00	\$ 241,707.00
2600	EXPANDED LRNG OPPOR PROGRAM CAM EDUCATIONAL SERVICES LLC CITY OF DALY CITY SSFUSD - PTAC	6/30/2025	\$ 1,094,038.00 \$ 50,400.00 \$ 75,900.00	\$ 1,220,338.00
7435	LEARN RECOVERY EMG BLOCK GRANT DAYBREAK HEALTH INC. IXL LEARNING LEGARZA SPORTS QUALTRICS LLC	6/30/2028	\$ 137,280.00 \$ 172,925.00 \$ 755,000.00 \$ 38,557.52	\$ 1,103,762.52
6387	SPED: LEARNING RCVRY SUPPORT AIR TUTORS LLC	6/30/2024	\$ 56,700.00	\$ 56,700.00
	TOTAL			\$ 2,718,782.96

Areas of Concern

- STRS/PERS Increases
- Increases in Special Education Costs
- Re-payment of property taxes due to litigation
- Aging facilities with increasing cost to repair/replace
- Declining Student Enrollment
- Shortage of teachers, nutrition service workers, custodians, substitutes and other staff
- Global supply chain crisis
- Increasing cost for goods and services (Inflation)
- Positions paid with one-time stimulus funds that are ending
- Impact of possible recession and State budget shortfall
- Potential impact of new COVID-19 Variant or other pneumonia outbreak
- Cost of Universal Transitional Kindergarten Program

Looking Ahead

- 2022-23 Audit Report
 - January 2024
- Governor's Proposed 2024-25 State Budget Release
 - January 2024
- Second Interim Report
 - March 2024

Comments / Questions?

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