

South San Francisco Unified School District

Second Interim Presentation

2022-23

Mr. Ted O, Assistant Superintendent, Business Services

Presented March 9, 2023

Presentation Items

- Overview
- Budget Assumptions
- Projected Revenues and Expenditures
- Multi-Year Projection
- 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

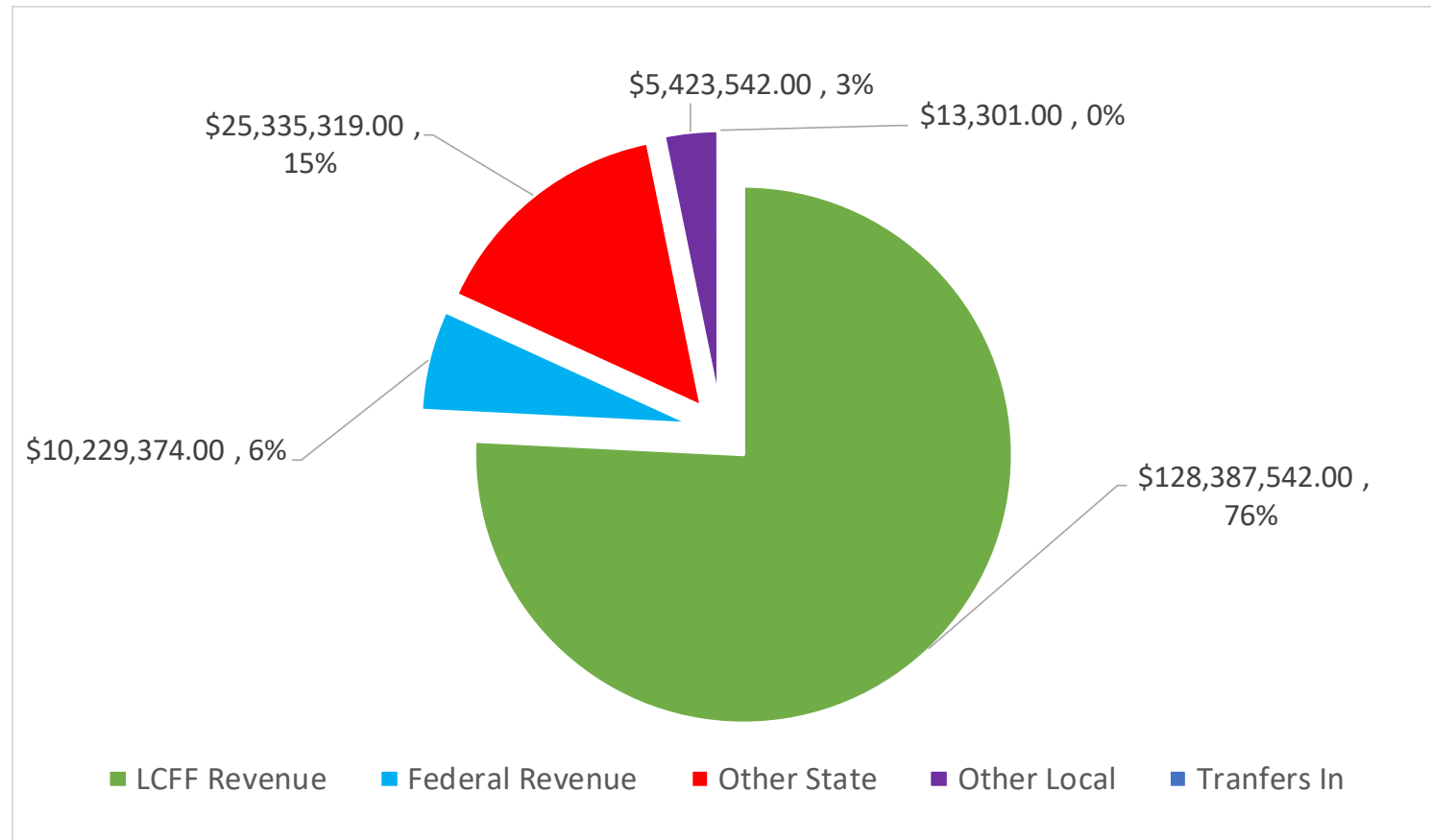
- Property taxes budgeted with latest estimates
- Estimated RDA revenue from COE is budgeted
- District will remain Community Funded/Basic Aid
- Estimated Step & Column cost included
- Enrollment/ADA declining
- Estimated STRS/PERS increase included
- Mandated Block Grant and Lottery Funds are budgeted
- 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 Stimulus Funds are budgeted

2022-23 2nd Interim - General Fund Projected Revenues

REVENUES	2022-23	PERCENTAGE
LCFF Revenue	\$128,387,542	75.79%
Federal Revenue	\$10,229,374	6.04%
Other State	\$25,335,319	14.96%
Other Local	\$5,423,542	3.20%
Transfers In	\$13,301	0.01%
TOTAL	\$169,389,078	100%

Note: Includes Unrestricted and Restricted

2022-23 Revenues (Estimated)

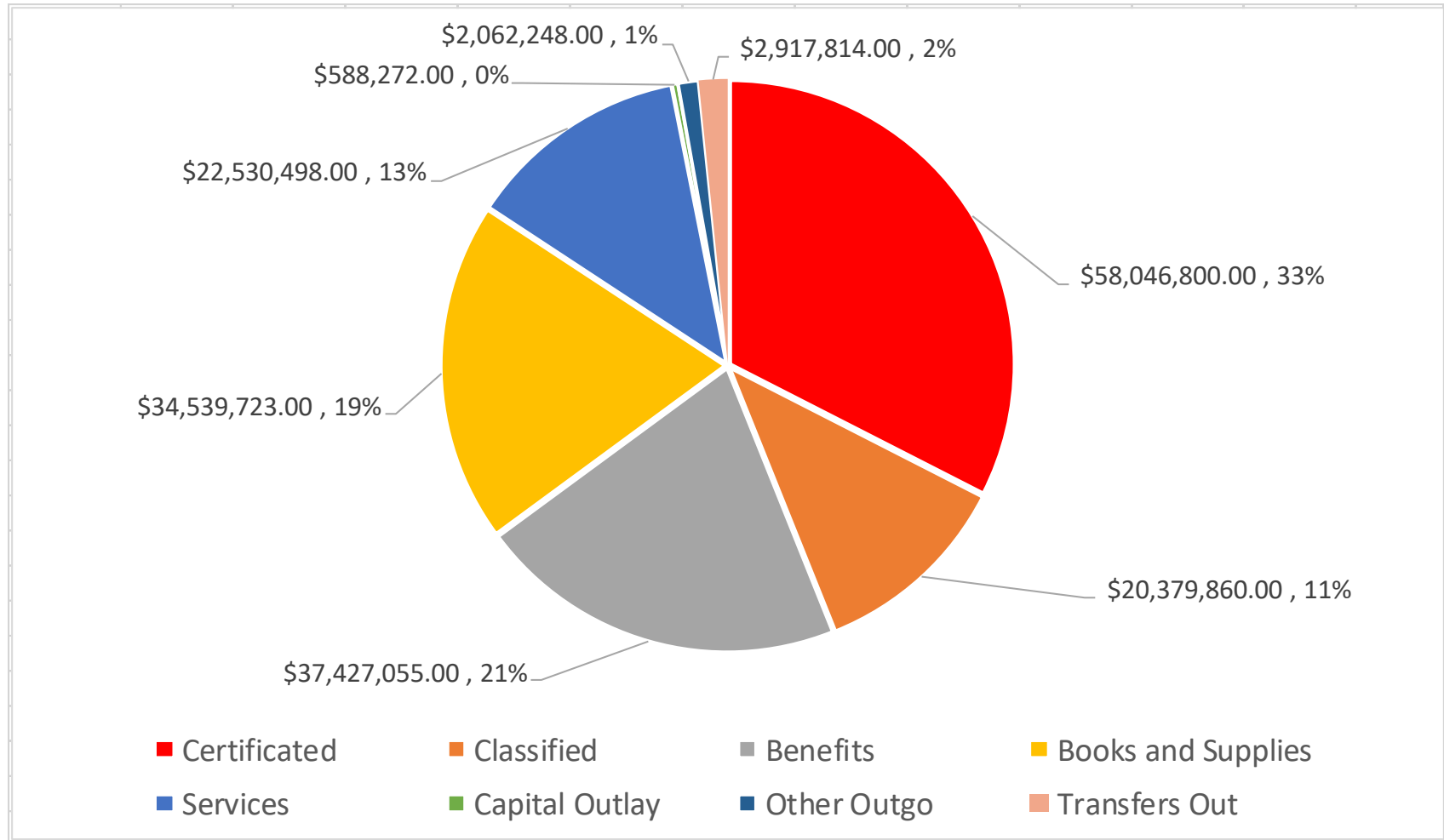


2022-23 2nd Interim - General Fund Projected Expenditures

EXPENDITURES	2022-2023	PERCENTAGE
Certificated Salaries	\$58,046,800	32.52%
Classified Salaries	\$20,379,860	11.42%
Benefits	\$37,427,055	20.97%
Books & Supplies	\$34,539,723	19.35%
Services	\$22,530,498	12.62%
Capital Outlay	\$588,272	0.33%
Other Outgo	\$2,062,248	1.16%
Transfers Out	\$2,917,814	1.63%
TOTAL	\$178,492,270	100%

Note: Includes Unrestricted and Restricted

2022-23 Expenditures (Estimated)



General Fund - Unrestricted and Restricted

General Fund Summary	2022-23	2022-23	Total
	Unrestricted	Restricted	
Revenues	125,710,605	43,665,171	169,375,776
General Fund Contribution	(32,197,438)	32,197,438	-
Interfund Transfer In	13,301	-	13,301
Total Sources of Funds	93,526,468	75,862,609	169,389,077
Expenditures	89,952,867	85,621,588	175,574,455
Interfund Transfer Out	-	2,917,814	2,917,814
Total Usage of Funds	89,952,867	88,539,402	178,492,269
Net Increase/Decrease In Fund Balance	3,573,601	(12,676,793)	(9,103,192)
Beginning Fund Balance	21,924,318	19,005,166	40,929,484
Projected Ending Fund Balance	25,497,919	6,328,373	31,826,292
Nonspendable	97,771	-	97,771
Restricted (Program Carryovers)	-	6,328,373	6,328,373
Committed	-	-	-
Assigned/Designated			
Various Designations *	11,650,000	-	11,650,000
Unassigned/Unappropriated			
Designated for Economic Uncertainties	8,924,613	-	8,924,613
Undesignated Reserve	4,825,535	-	4,825,535

General Fund - 1st vs. 2nd Interim

General Fund (Unrestricted and Restricted)	2022-23	2022-23	Change
	1st Interim	2nd Interim	
Revenues	167,959,530	169,375,777	1,416,247
General Fund Contribution	-	-	-
Interfund Transfer In	13,301	13,301	-
Total Sources of Funds	167,972,831	169,389,078	1,416,247
Expenditures	175,153,179	175,574,456	421,277
Interfund Transfer Out	2,800,000	2,917,814	117,814
Total Usage of Funds	177,953,179	178,492,270	539,091
Net Increase/Decrease In Fund Balance	(9,980,348)	(9,103,192)	877,156
Beginning Fund Balance	40,929,484	40,929,484	-
Projected Ending Fund Balance	30,949,136	31,826,292	877,156
Nonspendable	250,904	97,771	(153,133)
Restricted	7,328,373	6,328,373	(1,000,000)
Committed	-	-	-
Assigned/Designated			
Various Designations *	14,225,000	11,650,000	(2,575,000)
Unassigned/Unappropriated			
Designated for Economic Uncertainties	8,897,659	8,924,613	26,954
Undesignated Reserve	247,200	4,825,535	4,578,335
* Details provided on Slide 13			

General Fund Summary Comparison(combined)

	2022-23 1st Interim	2022-23 2nd Interim
Assigned/Designated		
STRS/PERS Increases: 2025-26	200,000	350,000
STRS/PERS Increases: 2025-26	425,000	700,000
Property Tax Re-Payment - Litigation (Rough Estimate)	8,500,000	8,500,000
*Set-aside for Staff Raises	5,100,000	2,100,000
	14,225,000	11,650,000

* Reduced by portion budgeted at 2nd Interim

Changes in Revenues

The net change in revenue from the 1st Interim to 2nd Interim is approximately \$1.4M. The major changes include:

- Increase in estimated RDA funds, \$2.4M
- Reduction in Arts and Music Block Grant \$1.7M
- Increase in RDA pass-thru funds for facilities, \$118K
- Net increase in Federal, State and Local Program allocations, \$582K

Changes in Expenditures

The net change in Expenditures from the 1st Interim to 2nd Interim is approximately \$539K. The major changes include:

- Increase in certificated salaries for employee raises given and budgeted, \$2.8M
- Reduction in Arts and Music Block Grant \$1.7M
- Savings from vacant positions, \$236K
- Net decrease in Federal, State and Local Program budgets, \$325K

2023-24 & 2024-25 MYP Assumptions

- Property tax increases – estimated at 3% & 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 program
- District will remain Community Funded/Basic Aid
- One-time stimulus funds are removed

Multi Year Projections Assumptions

	STRS	PERS	COLA	Lottery	Mandated Block Grant	Federal	ADA
22-23	19.10%	25.37%	6.56%	\$237	\$102.25	Flat	7,468.29
23-24	19.10%	27.00%	8.13%	\$237	\$110.56	Flat	7,320.00
24-25	19.10%	28.10%	3.54%	\$237	\$114.48	Flat	7,174.68

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.

	Second Interim 2022/23	Proposed Budget 2023/24	Proposed Budget 2024/25
Unrestricted and Restricted Funds			
Revenues	\$ 169,375,777	\$ 143,344,471	\$ 147,937,628
Interfund Transfer In	13,301	13,301	13,301
Total Sources of Funds	\$ 169,389,078	\$ 143,357,772	\$ 147,950,929
Expenditures	\$ 175,574,456	\$ 145,806,265	\$ 150,083,211
Interfund Transfer Out	2,917,814	2,917,814	2,917,814
Total Usage of Funds	\$ 178,492,270	\$ 148,724,079	\$ 153,001,025
Net Incr/Decr in Fund Balance	\$ (9,103,192)	\$ (5,366,307)	\$ (5,050,096)
Beginning Fund Balance	40,929,484	31,826,292	26,459,985
Actual/Projected Ending Fund Balance	\$ 31,826,292	\$ 26,459,985	\$ 21,409,889

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

	Second Interim 2022/23	Proposed Budget 2023/24	Proposed Budget 2024/25
Unrestricted and Restricted Funds			
<i>Actual/Projected Ending Fund Balance</i>	31,826,292	26,459,985	21,409,889
Nonspendable			
Revolving Cash	25,100	25,100	25,100
Stores	47,702	47,702	47,702
Prepaid Expenditures	24,969	24,969	24,969
Restricted	6,328,373	6,328,373	6,328,373
Committed	0	0	0
Assigned/Designated			
STRS/PERS Increase: 2024-25	350,000	350,000	350,000
STRS/PERS Increase: 2025-26	700,000	700,000	700,000
Prop Tax Re-Pymt - Litigation (Est.)	8,500,000	7,697,637	1,383,694
Set-aside for Staff Raises	2,100,000	3,850,000	4,900,000
Reserve:			
Reserved for Economic Uncertainties	8,924,613	7,436,204	7,650,051
Undesignated Reserve	4,825,535	0	0

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
- Softening economy and possible recession
- Increasing cost for goods and services (Inflation)
- Positions paid with one-time stimulus funds
- Cost of Universal Transitional Kindergarten Program

Looking Ahead

- Governor's Revision to the Proposed Budget
 - May 2023
- Public Hearing on the 2023-24 LCAP Draft Plan and Budget
 - June 8, 2023
- Public Meeting to Adopt the 2023-24 LCAP and Budget
 - June 22, 2023
- 2022-23 Unaudited Actuals
 - September 2023

Comments / Questions?

A decorative horizontal bar at the bottom of the slide, consisting of a solid teal line on top, followed by a white line, and then two thin teal lines below that.