

South San Francisco Unified School District

First Interim Presentation

2022-23

Mr. Ted O, Assistant Superintendent, Business Services

Presented December 15, 2022

Presentation Items

- Overview
- Budget Assumptions
- Projected Revenues and Expenditures
- Multi-Year Projection
- One-time State Categorical 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

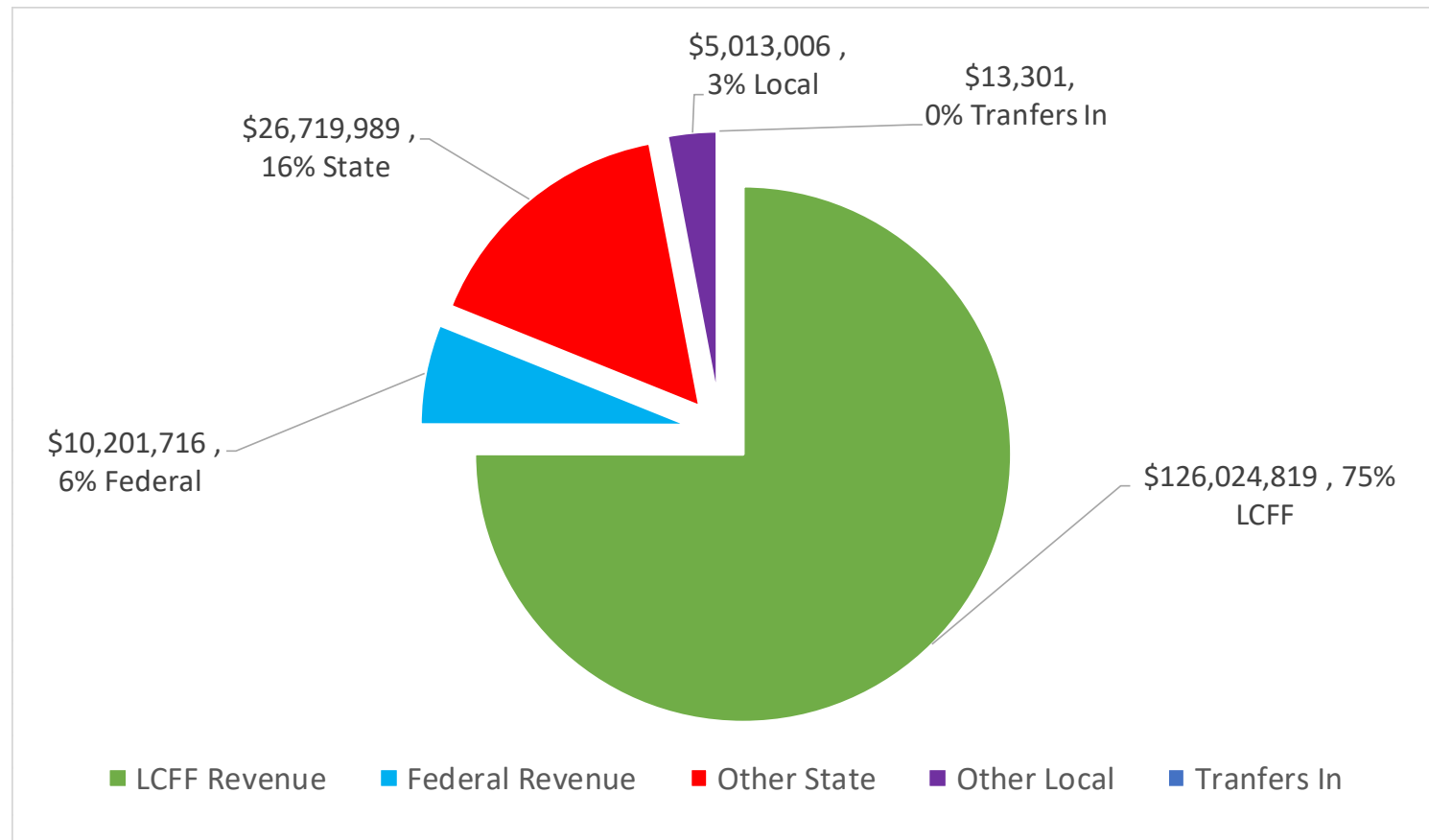
- Property taxes budgeted with latest estimates
- Estimated RDA revenue from COE is budgeted
- District will remain Community Funded/Basic Aid
- Estimated Step & Column cost included
- Enrollment/ADA declining
- Estimated STRS/PERS increase included
- Mandated Block Grant and Lottery Funds are budgeted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

2022-23 First Interim - General Fund Projected Revenues

REVENUES	2022-23	PERCENTAGE
LCFF Revenue	\$126,024,819	75.03%
Federal Revenue	\$10,201,716	6.07%
Other State	\$26,719,989	15.91%
Other Local	\$5,013,006	2.98%
Transfers In	\$13,301	0.01%
TOTAL	\$167,972,831	100%

Note: Includes Unrestricted and Restricted

2022-23 Revenues (Estimated)

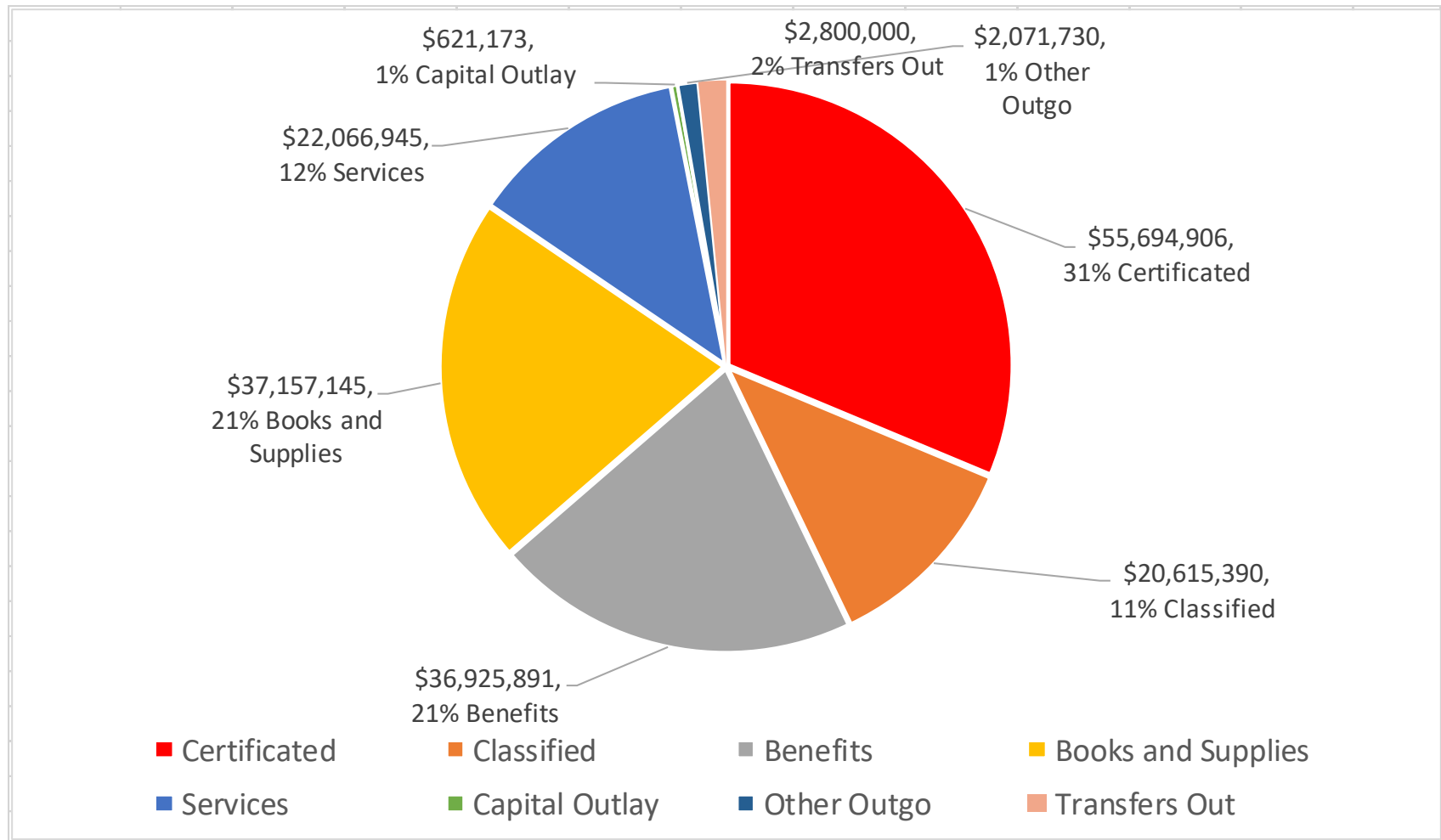


2022-23 First Interim - General Fund Projected Expenditures

EXPENDITURES	2022-2023	PERCENTAGE
Certificated Salaries	\$55,694,906	31.30%
Classified Salaries	\$20,615,390	11.58%
Benefits	\$36,925,891	20.76%
Books & Supplies	\$37,157,145	20.88%
Services	\$22,066,945	12.40%
Capital Outlay	\$621,173	0.35%
Other Outgo	\$2,071,730	1.16%
Transfers Out	\$2,800,000	1.57%
TOTAL	\$177,953,180	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 w/Contribution	123,259,236	44,700,294	167,959,530
General Fund Contribution	(33,197,438)	33,197,438	-
Interfund Transfer In	13,301	-	13,301
Total Sources of Funds	90,075,099	77,897,732	167,972,831
Expenditures	88,378,654	86,774,525	175,153,179
Interfund Transfer Out	-	2,800,000	2,800,000
Total Usage of Funds	88,378,654	89,574,525	177,953,179
Net Increase/Decrease In Fund Balance	1,696,445	(11,676,793)	(9,980,348)
Beginning Fund Balance	21,924,318	19,005,166	40,929,484
Projected Ending Fund Balance	23,620,763	7,328,373	30,949,136
Nonspendable	250,904	-	250,904
Restricted (Program Carryovers)	-	7,328,373	7,328,373
Committed	-	-	-
Assigned/Designated			
Various Designations *	14,225,000	-	14,225,000
Unassigned/Unappropriated			
Designated for Economic Uncertainties	8,897,659	-	8,897,659
Undesignated Reserve	247,200	-	247,200

General Fund - Adopted vs. 1st Interim

General Fund (Unrestricted and Restricted)	2022-23 Adopted	2022-23 1st Interim	Change
Revenues	135,536,401	167,959,530	32,423,129
Interfund Transfer In	13,301	13,301	-
Total Sources of Funds	135,549,702	167,972,831	32,423,129
Expenditures	137,205,145	175,153,179	37,948,034
Interfund Transfer Out	1,500,000	2,800,000	1,300,000
Total Usage of Funds	138,705,145	177,953,179	39,248,034
Net Increase/Decrease In Fund Balance	(3,155,443)	(9,980,348)	(6,824,905)
Beginning Fund Balance	40,929,484	40,929,484	-
Projected Ending Fund Balance	37,774,041	30,949,136	(6,824,905)
Nonspendable	250,100	250,904	804
Restricted	19,001,858	7,328,373	(11,673,485)
Committed	-	-	-
Assigned/Designated			
Various Designations *	9,615,000	14,225,000	4,610,000
Unassigned/Unappropriated			
Designated for Economic Uncertainties	6,935,257	8,897,659	1,962,402
Undesignated Reserve	1,971,826	247,200	(1,724,626)
* Details provided on Slide 13			

General Fund Summary Comparison(combined)

	2022-23 Adopted Budget	2022-23 1st Interim
Assigned/Designated		
STRS/PERS Increases: 2024-25	200,000	200,000
STRS/PERS Increases: 2025-26	425,000	425,000
Property Tax Re-Payment - Litigation (Rough Estimate)	8,500,000	8,500,000
Carryover - Site Discretionary Funds 21/22	490,000	0
*Set-aside for Staff Raises		5,100,000
	9,615,000	14,225,000

Changes in Revenues

The net change in revenue from the Adopted Budget to 1st Interim is approximately \$32.4M. The major changes include:

- Increase in one-time State Categorical Funding, \$16.6M
- Increase due to carryover of prior year Federal and State Program Revenues, \$7.8M
- Increase in RDA Facilities Pass-thru Funds, \$1.3M
- Proceeds from Sale of RDA Property, \$1.6M
- Increase in estimated RDA/Property Tax, \$4.6M
- Net increase in Federal, State and Local Program allocations, \$0.5M

Changes in Expenditures

The net change in Expenditures from the Adopted Budget to 1st Interim is approximately \$39.2M. The major changes include:

- Increase in one-time State Categorical Funds, \$16.6M
- Increase due to carryover of 21/22 Federal, State and Local Program Funds, \$20.4M
- Increase in RDA Facilities Pass-thru Funds, \$1.3M
- Net increase in Federal, State and Local Program allocations and various budget adjustments, \$0.1M
- Increase contribution to Routine Restricted Maintenance , \$0.8M

2023-24 & 2024-25 MYP Assumptions

- Property tax increases – estimated at 3%
- 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
- Set-aside for employee raises is included in the reserve designation

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	7,412.26
23-24	19.10%	25.20%	5.38%	\$237	\$107.75	Flat	7,264.01
24-25	19.10%	24.60%	4.02%	\$237	\$112.08	Flat	7,155.39

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 2022/23	Proposed Budget 2023/24	Proposed Budget 2024/25
Unrestricted and Restricted Funds			
Revenues	\$ 167,959,530	\$ 155,755,549	\$ 158,451,751
Interfund Transfer In	13,301	13,301	13,301
Total Sources of Funds	\$ 167,972,831	\$ 155,768,850	\$ 158,465,052
Expenditures	\$ 175,153,179	\$ 154,268,589	\$ 156,815,687
Interfund Transfer Out	2,800,000	2,800,000	2,800,000
Total Usage of Funds	\$ 177,953,179	\$ 157,068,589	\$ 159,615,687
Net Incr/Decr in Fund Balance	\$ (9,980,348)	\$ (1,299,739)	\$ (1,150,635)
Beginning Fund Balance	40,929,484	30,949,136	29,649,397
Actual/Projected Ending Fund Balance	\$ 30,949,136	\$ 29,649,397	\$ 28,498,762

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 2022/23	Proposed Budget 2023/24	Proposed Budget 2024/25
Unrestricted and Restricted Funds			
<i>Actual/Projected Ending Fund Balance</i>	30,949,136	29,649,397	28,498,762
Nonspendable			
Revolving Cash	25,103	25,103	25,103
Stores	68,117	68,117	68,117
Prepaid Expenditures	157,684	157,684	157,684
Restricted	7,328,373	7,328,373	7,328,373
Committed	0	0	0
Assigned/Designated			
STRS/PERS Increase: 2024-25	200,000	200,000	200,000
STRS/PERS Increase: 2025-26	425,000	425,000	425,000
Prop Tax Re-Pymt - Litigation (Est.)	8,500,000	4,241,691	413,701
Set-aside for Staff Raises	5,100,000	9,350,000	11,900,000
Reserve:			
Reserved for Economic Uncertainties	8,897,659	7,853,429	7,980,784
Undesignated Reserve	247,200	0	0

2022-23 One-time Categorical Funds

The 2022-23 Enacted Budget includes two of the largest one-time categorical funds given to the K-12 system

Program Funding Types	Amount *
Arts, Music, & Instructional Materials Discretionary Block Grant	4,861,450
Learning Recovery Emergency Block Grant	8,025,320
Expanded Learning Opportunity Program (ELOP)	3,637,032
Early Intervention Preschool Grant	111,580
Total	16,635,382

* Still estimates at this time

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
- Additional expenditures due to COVID-19
- Increasing cost for goods and services (Inflation)
- Positions paid with one-time stimulus funds
- Cost of Universal Transitional Kindergarten Program

Looking Ahead

- 2021-22 Audit Report
 - January 2023
- Governor's Proposed 2023-24 State Budget Release
 - January 2023
- Second Interim Report
 - March 2023

Comments / Questions?

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