

# **2023-2024 First Interim Report**

December 13, 2023  
Board Presentation

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# Pacifica School District Goals:

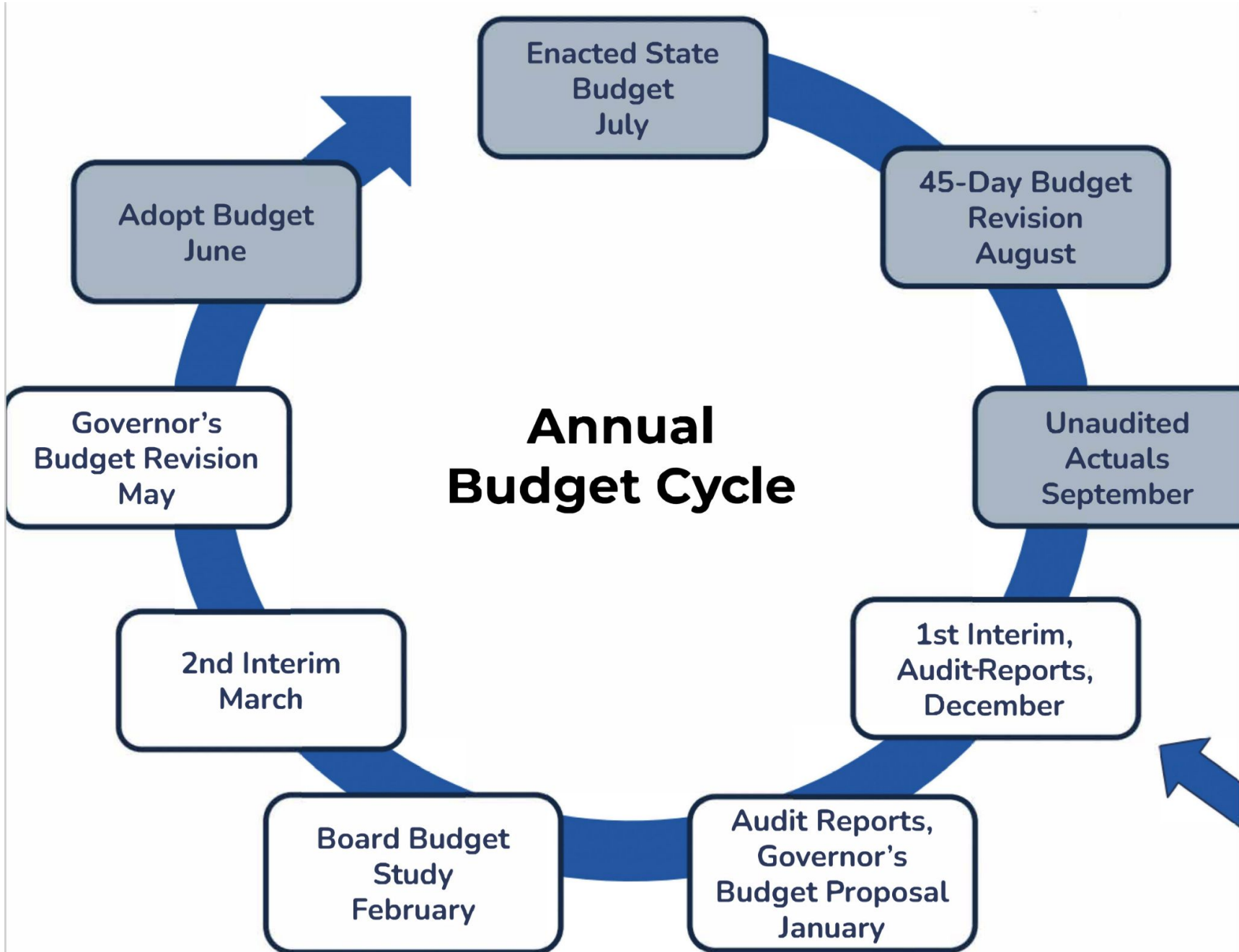
**AACE**

***Attendance***

***Academics***

***Community Engagement***

***Embracing inclusivity and diversity***



# Objective

- The First Interim is a report of our spending as of October 31<sup>st</sup>
- Projects financial activity through June 30<sup>th</sup>
  - Actual activity through October 31<sup>st</sup>
- First Interim Report contains the following:
  - Detailed Budget
  - Multi-Year Projections

# Budget Certifications

The Governing Board is required to certify in one of three ways:

## Positive

**Will meet its financial obligations**  
for the current fiscal year or 2 subsequent fiscal years

## Qualified

**May not meet its financial obligations**  
for the current fiscal year or 2 subsequent fiscal years

## Negative

**Unable to meet its financial obligations**  
for the current fiscal year or 2 subsequent fiscal years

# State COLA Percentage Comparison

Fiscal Year	PSD Adopted Budget	Final State Budget	Current Projections	Difference
2023-2024	8.22%	8.22%	8.22%	0%
2024-2025	3.94%	3.94%	1.0%	0% <i>(2.94%) TBD January 2024</i>
2025-2026	3.29%	3.29%	?	0%

Source: School Services of California, Inc.

# State Revenues: Local Control Funding Formula - LCFF

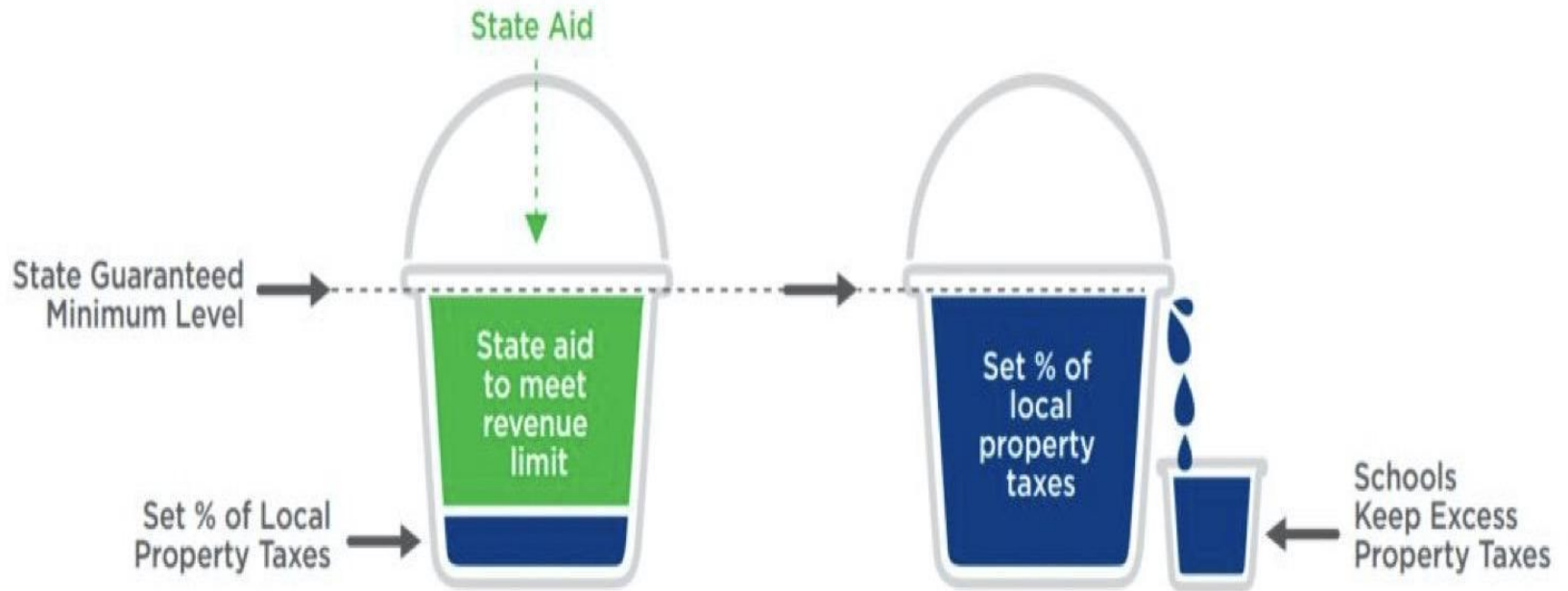
## Definitions:

- *State Funding* - LCFF funding is based on Average Daily Attendance by grade level plus additional funds for class size and students who are EL, SED, homeless or foster youth (supplemental funds)
- *Community Funding* - District receives more property taxes than the LCFF funding

\* San Mateo Districts have been “flipping” between LCFF Funded and Community Funded as property tax distributions fluctuate

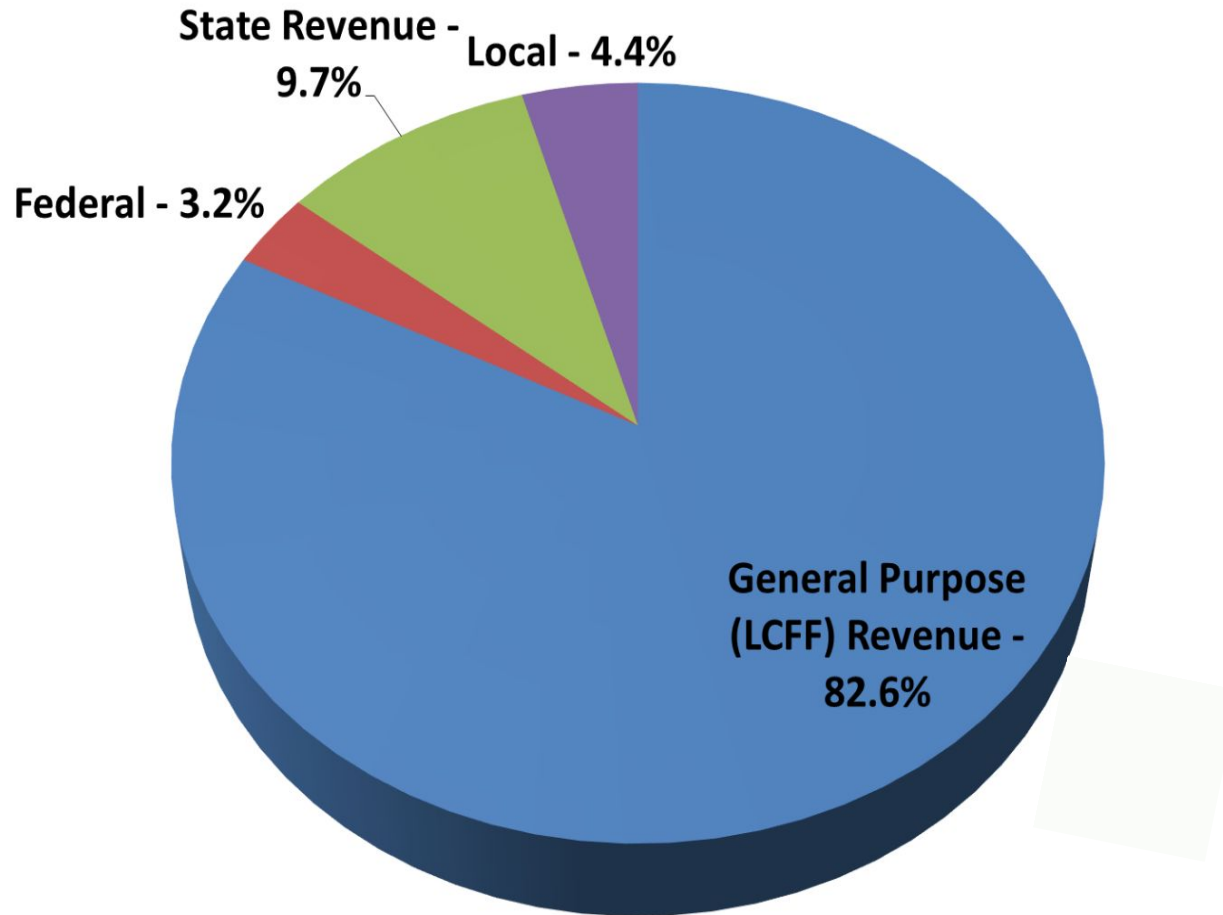


# Local Control Funding Formula or Community Funded

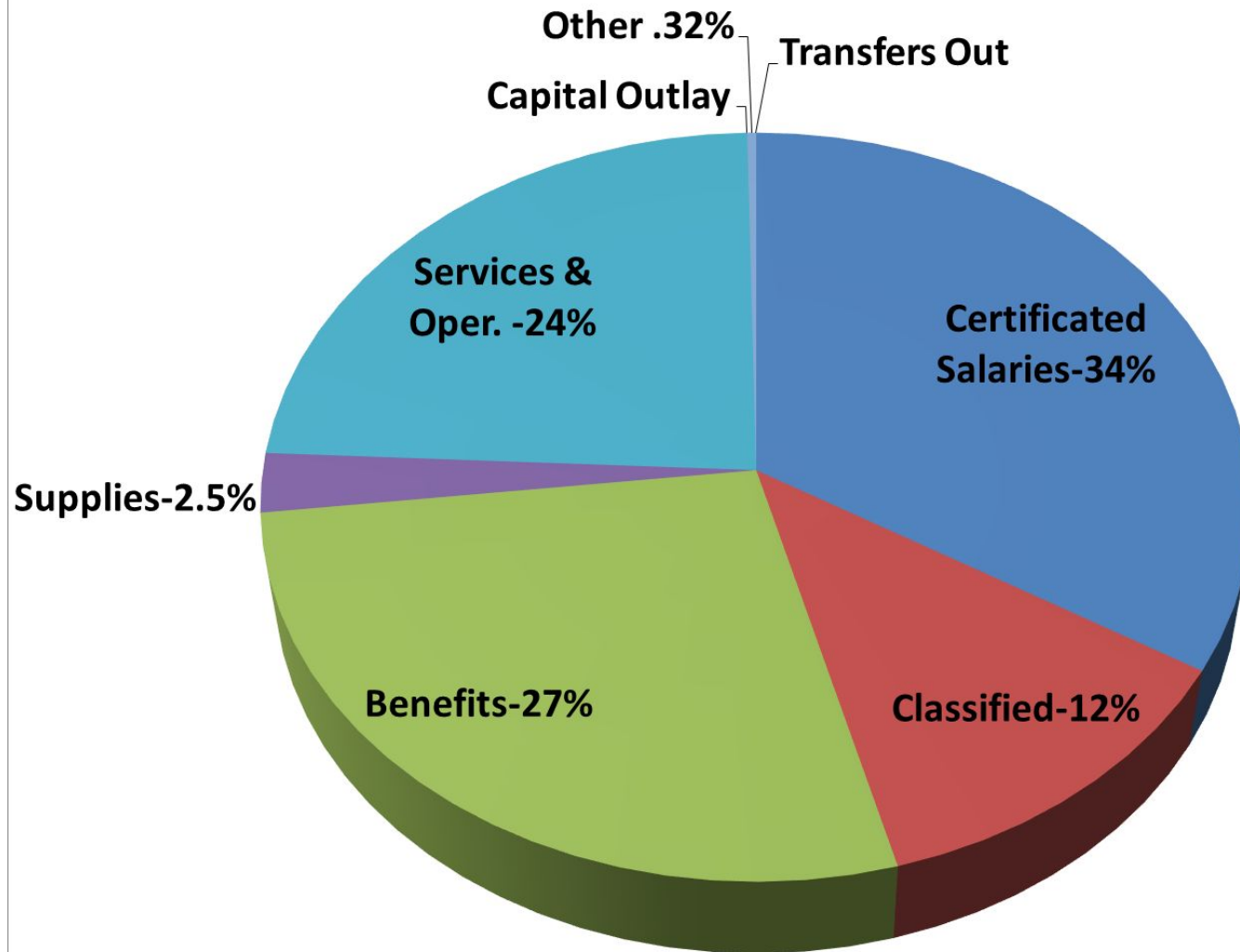


Formerly known as Revenue Limit or Basic Aid

# Revenues



# Expenditures



Revenue	Adopted Budget	First Interim	Variance	Explanation
LCFF Sources	\$33.2M	\$33.28M	\$55K	Increase due to slightly higher TK add on offset by lower state Special Education revenues
Federal Revenue	\$1M	\$1.3M	\$265K	Increase due to carryover COVID, ELOP funds, slightly higher lottery
Other State Revenue	\$2.4M	\$3.9M	\$1.4M	Increase due to carryover ELOP & Learning Recovery, higher Arts, Music, Lottery and the addition of the Classified Summer Assistance Program.
Other Local Revenue	\$1.6M	\$1.8M	\$110K	Increase due to higher interest, band and site mini grant account carryover balances
Total Revenue	\$38M	\$40M	\$2M	

Expenditures	Adopted Budget	First Interim	Variance	Explanation
Certificated Salaries	\$13.8M	\$13.9M	\$70K	Adjusted salaries/benefits to actuals for positions filled as of October 31.
Classified Salaries	\$4.8M	\$5.1M	\$243K	Adjusted salaries/benefits to actuals for positions filled as of October 31.
Employee Benefits	\$11.2M	\$11.3M	\$116K	Employee Payroll Costs (STRS, PERS, UI, WC) & Health Benefits
Books and Supplies	\$702K	\$1.1	\$350K	<ul style="list-style-type: none"> <li>Arts, Music &amp; Discretionary \$157K, Strong workforce \$22K</li> <li>Lottery \$39K, ELOP \$34K</li> <li>Strong Workforce program \$22K,</li> <li>site mini grant/band accounts \$30K</li> <li>Shifts in expense in SPED \$17K, T1 \$13K, maintenance \$25K</li> </ul>
Services/Other Operating/Outlay	\$9.2M	\$9.9M	\$671K	Increases/shifts in budget category: <ul style="list-style-type: none"> <li>T1 Homeless \$40K</li> <li>Teacher support \$13K</li> <li>Instr. licenses/tech \$63K</li> <li>SPED \$250K</li> <li>T2 Leadership Assoc \$25K</li> <li>Bond/legal/communications \$160K</li> <li>Operations \$100K</li> </ul>
Other Outgo	\$133K	\$ 133K		
Total Expenditures	\$40M	\$41.4M		

# Unrestricted MYP-COLA per State June Budget

Multi-Year Projection (Unrestricted)			
Description	1st Interim	Projection	Projection
		2024-25 (COLA 3.94%)	2025-26 (COLA 3.29%)
Total Revenues	31,521,504	31,076,021	31,990,662
Total Expenditures	31,550,875	32,046,893	32,677,081
Excess/(Deficiency)	(29,371)	(970,872)	(686,419)
Other Sources/Uses	0	0	0
<b>Net Increase/(Decrease)</b>	<b>(29,371)</b>	<b>(970,872)</b>	<b>(686,419)</b>
Add: Beginning Fund Balance	4,756,870	4,727,499	3,756,627
<b>Ending Fund Balance</b>	<b>4,727,499</b>	<b>3,756,627</b>	<b>3,070,208</b>
<i>Total Reserves incl Fund 17</i>	<i>11%</i>	<i>9%</i>	<i>7%</i>

# Economic Outlook

- LAO update: State tax collections, 2022 receipts came in \$26 billion lower than the 2023 Budget Act Estimates.
  - Lower guarantee for schools
  - 8.22% COLA partially funded with one-time dollars
- Significantly lower COLA for 2024-2025
- State Rainy Day Fund?
- Newsom's January 10th 2024-25 Budget Proposal



# Unrestricted MYP (lower COLA 2024-2025)

Multi-Year Projection (Unrestricted)			
Description	1st Interim	Projection <i>2024-25</i> <i>(COLA 1.0%)</i>	Projection <i>2025-26</i> <i>(COLA 3.29%)</i>
Total Revenues	31,521,504	30,222,120	31,136,761
Total Expenditures	31,550,875	32,029,193	32,774,188
Excess/(Deficiency)	(29,371)	(1,807,073)	(1,637,427)
Other Sources/Uses	0	0	0
<b>Net Increase/(Decrease)</b>	<b>(29,371)</b>	<b>(1,807,073)</b>	<b>(1,637,427)</b>
Add: Beginning Fund Balance	4,741,370	4,711,999	2,904,926
<b>Ending Fund Balance</b>	<b>4,711,999</b>	<b>2,904,926</b>	<b>1,267,499</b>
<i>Total Reserves incl Fund 17</i>	<i>11%</i>	<i>7%</i>	<i>3%</i>



## OTHER DISTRICT RESTRICTED FUNDS:

Fund	Description	Beginning Balance	Ending Balance	Explanation
13	Child Nutrition Fund	\$1.1K	\$1.1K	Restricted Fund for Food Service includes \$321K infrastructure funds
14	Deferred Maintenance Fund	\$ 21K	\$ 21K	Used for Repairs, replacement plumbing, heating, electrical, roofing and flooring
17	Special Reserve-Other than Capital Outlay	\$797K	\$812K	1.96% Reserve
20	Retiree Benefits	\$930K	\$938K	52 Retired Employees Health and Dental & 182 Lifetime Benefits
21	Building Fund	\$21.5M	\$7.6M	<ul style="list-style-type: none"> <li>• Proceeds from sales of bonds</li> <li>• Facility Master Plan Projects</li> </ul>
25	Capital Facilities	\$172K	\$89K	Fees levied on development in Pacifica, restricted for facility expansion/ improvements (Vallemar Expansion)
40	Special Reserve-Capital Outlay	\$4.0M	\$3.7M	<ul style="list-style-type: none"> <li>• Sale of Site Funds</li> <li>• Facility Use Fees</li> <li>• Expenditures for Workforce Housing Project/Capital Outlay</li> </ul>

# Budget Certifications

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# First Interim Certification

- Per AB 1200
- *The First Interim projection indicates that, as defined in AB 1200, “this district will meet its financial obligations for the current fiscal year and two subsequent fiscal years.”*

✓ ***The District is self-certifying as “**POSITIVE**”***

# Factors that impact Multi Year

- Federal & State funding
  - Student needs
- Impact of declining enrollment
- Inflation
  - Health Costs
  - Retirement Costs STRS/PERS (*example: CalPERS employer rate projected at over 30% in 2028*)
- Natural Disasters - Insurance claims
- Unanticipated costs - claims

# Next Steps:

- Compensation for Employees 2023-2024
  - Employees have not receive a salary schedule increase
  - Employees received 11% Health Benefit increase
- Maintaining Reserves at Board Desired level = 6%
  - 3% is insufficient to cover uncertainty in state funding and unanticipated costs
- Budget Planning for 2024-2025
  - Increase revenues
  - Budget Savings/Reductions

# Questions/Discussion