

The background of the slide is a composite image. On the left, a close-up of a calculator keyboard is visible, showing keys for '+', 'x', and '9'. In the center and right, there are financial charts, including a line graph with multiple data series and a bar chart. A black pen with a silver tip and a perforated grip is positioned diagonally across the charts. The overall color palette is light blue and white, with a dark blue arrow-shaped overlay on the left side containing the text.

2022-23 First Interim Report– Updates Since the 2022-23 Original Budget Adoption (June 16, 2022)

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1 Prepared for: December 15, 2022 Regular Board Meeting

Changes Since 2022-23 Original Budget Report: 2022-23 Revenue – Unrestricted/Restricted

Unrestricted:

► Projected Property Tax Revenue:	\$770,713
► District of Choice Revenue	\$ (3,877)
► Lottery Revenue, Projected Increase:	\$ 8,995
► <u>Local Revenue (interest, facility use, etc.):</u>	\$ 2,630
Total, Unrestricted:	\$778,461

Restricted:

► Net of Adjustments to Title I, II, IV:	(\$48,249)
► Net of Adjustments to Special Education Funding:	\$199,221
► Arts, Music and Instructional Materials Block Grant <i>(new!)</i>	\$383,000
► STRS On-Behalf Adjustment:	\$332,376
► One-Time COVID-19 Relief Funding Adjustments:	\$892,816
► Expanded Learning Opportunity (ELO) Grant Adjustment:	\$439,729
► Other State Revenue Adjustments (UTK Planning Grant, etc.):	\$143,747
► <u>Local Revenue (donations, scholarships):</u>	\$147,010

Net Change, Total Revenue: **\$3,268,111**

Total, Restricted: \$2,489,650

Changes Since 2022-23 Original Budget:

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2022-23 Expenses-Unrestricted/Restricted

Payroll Costs:

- Certificated Salaries: Net of five new certificated hires in 2022-23 (originally budgeted at Step 11) and mid-year adjustments to supplemental pay budgets. Also includes two new stipends for JV Soccer, and new substitute pay rates (range of \$250-\$300 per day): (\$108,709)
 - Classified Salaries: Includes 1% ongoing salary increase and a 3% one-time off-schedule salary payment not included in 2022-23 Original Budget due to the timing of negotiations. Also includes a vacancy for a School Bus Driver position (budgeted under Services/Operating in 2021-22) and adjustments to supplemental pay, e.g. under one-time COVID-19 relief funding for learning loss recovery: \$296,773
 - Employee Benefits: Net of mid-year adjustments based on salary changes above (includes STRS On-Behalf increase of **\$332,376**): \$414,169
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- Personnel Costs, Net Change: **\$602,233**

Changes, 2022-23 Expenses-Unrestricted/Restricted, continued...

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► <u>Supplies and Materials</u> : Expenses budgeted to local donations: \$90,206 . Adjustments to other restricted resources: \$167,109 . Adjustments to unrestricted budgets: \$21,895 . Net change:	\$279,210
► <u>Services and Operating Expenses</u> : Expenses budgeted to local donations: \$313,996 . Increase of \$400,000 under ESSER III funding for the SHHS Roof Replacement Project. Net of adjustments to other restricted resources: \$54,198 . Net of adjustments to unrestricted resources: (\$27,770) . Net change:	\$740,424
► <u>Capital Outlay</u> : Increase of \$300,000 under ESSER III funding for the SHHS Roof Replacement project. Net increase of \$70,464 for 10-passenger van, water filling stations, and other equipment. Increase of \$35,000 for pool equipment. Expenses budgeted to local donations: \$5,737 . Net change:	\$411,201
► <u>Transfers Out</u> : Decrease to Food Services contribution (\$50,000) , increase to Fund 14 (Deferred Maintenance): \$250,000 . Net change:	\$200,000
Non-Personnel Costs, Net Change:	\$1,630,835

Net Change, Total Expenses: **\$2,233,068**

Key Assumptions – Multiyear Projection - Revenue

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Description:	2022-23	2023-24	2024-25
Property Taxes/all LCFF sources	\$38,408,002	\$39,139,101	\$39,744,540
Property Taxes, percent increase (compared with prior year)	4.00%	2.00%	2.00%
Adjustments to restricted federal funding, e.g. COVID recovery resources:	See Slide #2 for changes to revenue compared with 2022-23 Original Budget Report	\$133,641	(\$1,082,503)
Adjustments to restricted state funding, e.g. COVID recovery resources:		(\$510,971)	\$0
Adjustments to local donations (scholarships, Parent-Teacher Group {PTG} and Foundation funds, etc.):		(\$149,640)	\$0
District of Choice revenue (<i>program extended in SHUSD through 2023-24</i>):	\$140,283	\$140,283	(\$140,283)
* Enrollment, estimated:	1,125	1,125	1,125
Average Daily Attendance (ADA), estimated:	1,074.38	1,074.38	1,074.38
* Note: District is in declining enrollment. Most recent demographic study (2021-22) will be updated in 2022-23.			

Key Assumptions – Multiyear Projection – Revenue, continued...

Description:	2022-23	2023-24	2024-25
Unduplicated Pupils (eligible for Free/Reduced Lunch, English Learners, Foster Youth, <i>estimated</i>):	499	499	499
Minimal Proportionality Percentage:	8.97%	8.87%	8.87%
Supplemental Grant Portion, Local Control Funding Formula (LCFF); <i>Estimated</i> :	\$1,069,632	\$1,080,876	\$1,089,516
California Lottery, unrestricted; per-ADA amount:	\$170	\$170	\$170
California Lottery, restricted; per-ADA amount:	\$67	\$67	\$66
Mandate Block Grant, Grades K-8; per-ADA amount:	\$34.94	\$36.82	\$38.30
Mandate Block Grant, Grades 9-12; per-ADA amount:	\$67.31	\$70.93	\$73.78
Statutory Cost of Living Adjustment (COLA) – <i>for SHUSD, applies to Special Education funding through the SELPA formula, Child Nutrition, and Mandate Block Grant. Does not apply to property tax revenue</i>	6.56%	5.38%	4.02%

Key Assumptions – Multiyear Projection – Expenses

Description:	2022-23	2023-24	2024-25
Negotiated Salary Increases, All Employees:	*1%	0%	0%
Step and Column Increases, Certificated:	≈2%	2%	2%
State Teachers' Retirement System (STRS) Rate:	19.10%	19.10%	19.10%
Step and Column Increases, Classified:	≈2%	2%	2%
California Public Employees Retirement System (PERS) Rate:	25.37%	25.20%	24.60%
Medical Benefits Increases:	6.75% eff. 01.01.2023	10% eff. 01.01.2024	10% eff. 01.01.2025
Consumer Price Index (CPI):	5.75%	2.58%	2.20%

Note: Negotiated increase in 2022-23 includes a 1% ongoing salary increase, and a 3% one-time, off-schedule salary payment for all employees

Key Assumptions – Multiyear Projection – Expenses, continued...

Description:	2022-23	2023-24	2024-25
Adjustment for projected savings, STRS Retirement Incentive:	N/A	(\$263,000)	Ongoing
Change in restricted expenses to align with restricted revenue budgeting	See Slide #3-#4 for changes to revenue compared with 2022-23 Original Budget Report	(\$706,291)	(\$703,566)
Restoration of contribution to Deferred Maintenance (Fund 14):	\$300,000	\$300,000	\$300,000
Restoration of contribution to the Special Reserve for Capital Outlay (Fund 40):	\$0	\$500,000	\$500,000
Restoration of budget for the "Future Ready Classrooms Project:"	N/A	\$200,000	\$200,000

Projected Surplus/(Deficit) and Reserves

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2022-23 Original Budget Report, Multi-Year Projection, General Fund, Unrestricted		2022-23	2023-24	2024-25
Projected Unrestricted Surplus/ (Deficit):		(\$483,247)	\$29,244	\$12,041
Projected Reserve:		25.99%	25.29%	25.86%

2022-23 First Interim Budget Report, Multi-Year Projection, General Fund, Unrestricted		2022-23	2023-24	2024-25
Projected Unrestricted Surplus/ (Deficit):		\$68,344	\$400,853	\$189,158
Projected Reserve:		28.19%	28.53%	29.24%

Summary Analysis: While the 2022-23 First Interim Report includes salary increases for classified, confidential and management staff that were not negotiated at the time of the 2022-23 Original Budget Adoption (increase in costs), property tax revenue is also estimated 2% higher compared with the 2022-23 Original Budget (4% higher compared with 2021-22); which resulted in a small budgetary surplus to the 2022-23 fund balance and the ability to restore a ongoing contribution starting in 2022-23 to Fund 14 (Deferred Maintenance). The increase in property tax revenue also allows for restoration of contributions to Fund 40 (Reserve for Capital Outlay) and the Future Ready Schools program in the two out-years

2022-23 Second Interim Updates

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Following are some changes that can be expected in the 2022-23 Second Interim Report (March, 2023):

- ▶ Wildfire Backfill Payments
 - Napa Auditor-Controller's estimate of property tax losses from the 2020 LNU Lightening and Glass Fires: **\$710,025** (one-time; will budget when received)
- ▶ Learning Loss Recovery Funds: **\$1,246,682** (one-time). Board approved shifting some allowable expenses (counseling, etc.) to this resource to unencumber unrestricted funding towards the increased cost of the RLS Track and Field Renovation Project
- ▶ Arts, Music and Instructional Materials Block Grant
 - New funding source – **\$766,000** total revenue; ½ of the revenue and some expenses are already budgeted. A Board-approved plan is required – *in progress*
- ▶ Student Behavioral Health Incentive Program grant (approx. **\$48,000**) and Mental Health Student Services Act grant (approx. **\$40,000**) need to be budgeted

Next Steps

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- ▶ **December, 2022:** Submit the 2022-23 First Interim Report to the Napa County Office of Education (NCOE) for review/submission to the California Department of Education (CDE)
- ▶ **January, 2023:** Governor's January Proposal of the 2023-24 State Budget
- ▶ **January-March, 2023:** Development/Board review of the 2022-23 Second Interim Report
- ▶ **March, 2023-June, 2023:** Development/Board review of the 2023-24 Local Control and Accountability Plan (LCAP) and 2023-24 Original Budget
 - Public Hearing: May, 2023 Board meeting
 - Board Adoption: June, 2023 Board meeting
- ▶ **May, 2023:** Governor's May Revision of the 2023-24 State Budget

Note: Overall theme – lots of new one-time (and some ongoing) revenue to manage (over 20 new resources)

Staff Recommendation: Approve the 2022-23 First Interim Report

