



2022-23 Proposed Budget and 2021-22 Estimated Actuals

Presented June 16, 2022

Purpose/Outcomes

Purpose:

- Share Estimated Actuals which provides an estimated status for 2021-22
- Share budget assumptions for 2022-23
- Share first projections for 2022-23 Proposed Budget and two subsequent years

Outcome:

- Ask the Board to approve a positive certification on June 23rd

2021-22 Estimated Actuals (General Fund)

Representation of the estimated 2021-22 financial position

- Estimated Unrestricted Ending Fund Balance \$8.8m
- 2021-22 Unrestricted Deficit \$1.1m (vs \$4.8m at 1st Interim)
 - Additional \$950k in property tax revenue received in April
 - Deliberate use of Restricted Resources
 - Eliminated \$200k transfer to CDC (fund 63)

2022-2023 Proposed Budget (General Fund)

Solana Beach Elementary
San Diego County

2022-23 Budget, July 1
General Fund / County School Service Fund
Expenditures by Object

37683870000000
Form 01
D8B4XTDX6W(2022-23)

Description	Resource Codes	Object Codes	2021-22 Estimated Actuals			2022-23 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
A. REVENUES									
1) LCFF Sources		8010-8099	47,894,663.00	286,386.00	48,181,049.00	49,456,309.00	204,212.00	49,660,521.00	3.1%
2) Federal Revenue		8100-8299	0.00	3,044,860.00	3,044,860.00	0.00	1,168,709.00	1,168,709.00	-61.6%
3) Other State Revenue		8300-8599	526,038.00	4,440,817.00	4,966,855.00	552,519.00	3,215,604.00	3,768,123.00	-24.1%
4) Other Local Revenue		8600-8799	340,776.00	2,629,146.00	2,969,922.00	382,750.00	2,252,744.00	2,635,494.00	-11.3%
5) TOTAL, REVENUES			48,761,477.00	10,401,209.00	59,162,686.00	50,391,578.00	6,841,269.00	57,232,847.00	-3.3%
B. EXPENDITURES									
1) Certificated Salaries		1000-1999	20,576,446.00	5,349,371.00	25,925,817.00	21,260,598.00	4,604,793.00	25,865,391.00	-0.2%
2) Classified Salaries		2000-2999	5,128,699.00	2,514,690.00	7,643,389.00	5,367,780.00	2,283,462.00	7,651,242.00	0.1%
3) Employee Benefits		3000-3999	10,089,390.00	6,018,353.00	16,107,743.00	11,518,411.00	5,688,197.00	17,206,608.00	6.8%
4) Books and Supplies		4000-4999	1,589,569.00	2,878,754.00	4,468,323.00	1,253,178.00	380,805.00	1,633,983.00	-63.4%
5) Services and Other Operating Expenditures		5000-5999	3,913,680.00	2,770,371.00	6,684,051.00	3,947,921.00	2,079,830.00	6,027,751.00	-9.8%
6) Capital Outlay		6000-6999	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
7) Other Outgo (excluding Transfers of Indirect Costs)		7100-7299 7400-7499	11,338.00	0.00	11,338.00	11,000.00	0.00	11,000.00	-3.0%
8) Other Outgo - Transfers of Indirect Costs		7300-7399	(20,535.00)	20,535.00	0.00	0.00	0.00	0.00	0.0%
9) TOTAL, EXPENDITURES			41,288,587.00	19,552,074.00	60,840,661.00	43,358,888.00	15,037,087.00	58,395,975.00	-4.0%
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)			7,472,890.00	(9,150,865.00)	(1,677,975.00)	7,032,690.00	(8,195,818.00)	(1,163,128.00)	-30.7%

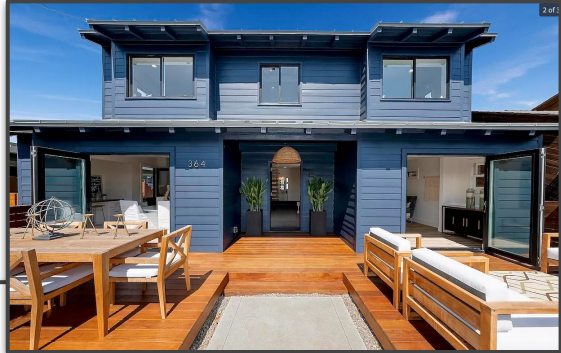
A. Revenue Assumptions

- Property tax revenue increasing by 3% (vs 4% projection at 2nd Interim)
- General Fund revenue increasing by \$500k due to change in funding Routine and Deferred Maintenance
- State Revenue: Lottery funding \$638k (\$456k unrestricted, \$182k restricted)

Once state adopts budget:

- Expecting a Discretionary Block Grant of \$3.5m
 - Budget update at 45-day revise

Property Tax Revenue - Dependent on Sales / Construction



Price history

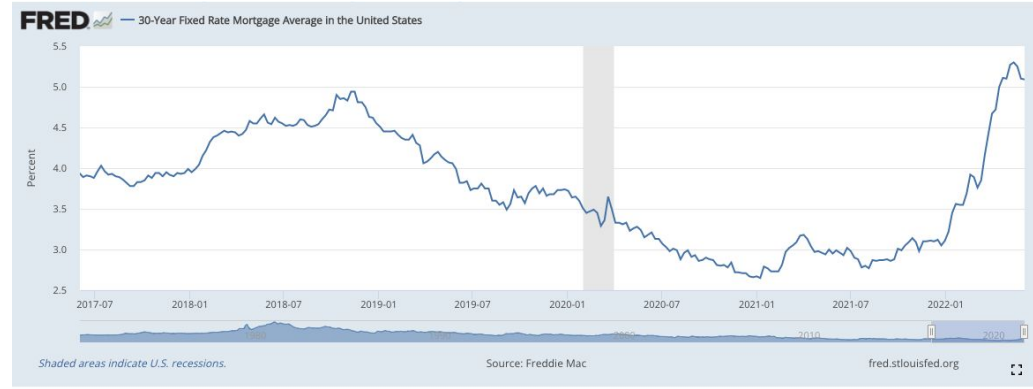
Date	Event	Price	
8/9/2021	Sold	\$3,800,000 (-7.3%)	\$2,022/sqft
Source: SAN DIEGO MLS SDMLS #210016874 Report			
7/20/2021	Pending sale	\$4,099,000	\$2,181/sqft
Source: CRMLS CRMLS #210016874 Report			
6/23/2021	Listed for sale	\$4,099,000 (+81.8%)	\$2,181/sqft
Source: CRMLS CRMLS #210016874 Report			
5/31/2019	Sold	\$2,255,000 (+2.5%)	\$1,200/sqft
Source: Zillow Glendale AOR ZDD #190026186 Report			
5/22/2019	Pending sale	\$2,200,000	\$1,171/sqft
Source: Coldwell Banker Residential Brokerage - Del Mar Report			
5/14/2019	Listed for sale	\$2,200,000	\$1,171/sqft
Source: Coldwell Banker Res. Brokerage Report			

Public tax history

Year	Property Taxes	Tax Assessment
2021	\$25,598 (+0.9%)	\$2,323,928 (+1%)
2020	\$25,381 (+1875.3%)	\$2,300,100 (+1811.1%)
2019	\$1,285 (-35.6%)	\$120,353 (+2%)
2018	\$1,997 (+2%)	\$117,994 (+2%)
2017	\$1,957 (+4.9%)	\$115,682 (+2%)
2016	\$1,866 (+1.9%)	\$113,415 (+1.5%)
2015	\$1,831 (+2.2%)	\$111,712 (+2%)
2014	\$1,793	\$109,525 (+0.5%)

Interest Rates

- Projecting fewer sales with slower price growth in the short term



March vs June

- Typical Home Value of \$2m
- 70% mortgage - \$1.4m
 - 3% - \$3,500/mo (interest only)
 - 5% - \$5,833/mo (interest only)

\$1,867,951
TYPICAL HOME VALUE

\$1,394,573
TYPICAL VALUE ONE YEAR AGO

↑ 24.2%
1-YEAR FORECASTED VALUE INCREASE

30
HOMES FOR SALE

49
HOMES RECENTLY SOLD

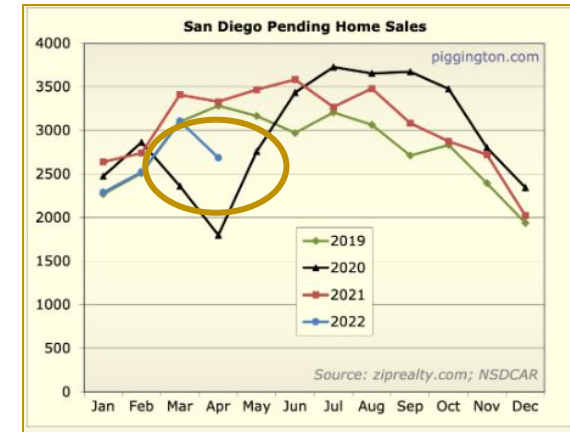
\$2,044,525
TYPICAL HOME VALUE

\$1,503,876
TYPICAL VALUE ONE YEAR AGO

↑ 13.5%
1-YEAR FORECASTED VALUE INCREASE

94
HOMES FOR SALE

38
HOMES RECENTLY SOLD



Revenue Projection - Property Tax

- Revenue growth slowing
- High inflation indicates 2% Prop 13 base growth rate
- Large gap between assessed and market values create cushion
 - Revenue dropped 3.02% in 2010-11

Estimated 3% growth in 2022-23

(3.25% in 23-24 & 24-25)

CHANGE IN <u>ASSESSED</u> VALUATION		
<u>School District</u>	<u>10yr AVG</u>	<u>2021-22</u>
Cardiff	5.83%	5.60%
Del Mar Union	5.59%	2.57%
Encinitas Union	5.25%	4.32%
Rancho Santa Fe	3.39%	3.14%
Solana Beach	5.19%	4.76%
San Dieguito Union	5.15%	3.89%
Carlsbad Unified	5.50%	3.03%

B. Expenditure Assumptions

- Salaries and Benefit estimates per zero-based budget
 - PERS 25.37% (+ 2.46%)
 - STRS 19.10% (+ 2.18%)
- School site budgets at 21-22 rates, adjusted for 22-23 enrollment
- Department budgets based on projected need
- CDC and CNS operating independently

2022-2023 Proposed Budget (General Fund)

Projection of 22-23 financial projection

- Unrestricted Deficit \$1.2m
- Unrestricted Ending Fund Balance \$7.6m
- Unrestricted Reserve - 13%

Multi-year Projections (2023-24/2024-25)

Assumptions:

- Property Tax revenue growth at 3.25%
- Step / Column increase 1.75%
- Labor Related Costs per School Services of California Dartboard
- Other costs per School Services Consumer Price Index (3.14% / 1.97%)
- Future Collective Bargaining Agreements not projected

	DESCRIPTION	OBJECT CODE	FY 2022-23			FY 2023-24			FY 2024-25		
			Current (Base Year)			First Projected Year			Second Projected Year		
			Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
A	Beginning Balance as of July 1		\$8,823,222	\$2,547,015	\$11,370,237	\$7,579,196	\$2,627,913	\$10,207,109	\$7,085,726	\$1,843,516	\$8,929,242
B	Revenues										
1	Revenue Limit Sources	8010-8099	49,456,309	204,212	49,660,521	51,123,466	204,212	51,327,678	52,833,807	204,212	53,038,019
2	Federal Revenues	8100-8299	0	1,168,709	1,168,709	0	1,168,709	1,168,709	0	1,168,709	1,168,709
3	Other State Revenues	8300-8599	552,519	3,215,604	3,768,123	553,008	3,206,699	3,736,887	553,008	3,206,699	3,736,887
4	Other Local Revenues	8600-8799	382,750	2,252,744	2,635,494	382,750	2,252,744	2,635,494	382,750	2,252,744	2,635,494
5	Total Revenues		50,391,578	6,841,269	57,232,847	52,059,224	6,832,364	58,868,768	53,769,565	6,832,364	60,579,109
Beginning Balance & Revenue (A+B5)			\$59,214,800	\$9,388,284	\$68,603,084	\$59,638,420	\$9,460,277	\$69,075,877	\$60,855,291	\$8,675,880	\$69,508,351
C	Expenditures										
1	Certificated Salaries	1000-1999	21,260,598	4,604,793	25,865,391	21,632,658	4,685,377	26,318,035	22,011,230	4,767,371	26,778,601
2	Classified Salaries	2000-2999	5,367,780	2,283,462	7,651,242	5,461,716	2,323,423	7,785,139	5,557,296	2,364,082	7,921,379
3	Employee Benefits	3000-3999	11,518,411	5,688,197	17,206,608	11,805,845	5,760,410	17,566,255	12,070,596	5,823,346	17,893,942
4	Books & Supplies	4000-4999	1,253,178	380,805	1,633,983	1,292,528	392,762	1,685,290	1,317,991	400,500	1,718,490
5	Services, Other Operating Exp	5000-5999	3,947,921	2,079,830	6,027,751	4,071,886	2,145,137	6,217,022	4,152,102	2,187,396	6,339,498
6	Capital Outlay	6000-6999	0	0	0	0	0	0	0	0	0
7	Other Outgo - exclude Direct Sup.	7100-7299	11,000	0	11,000	11,345	0	11,345	11,569	0	11,569
12	Total Expenditures:		\$43,358,888	\$15,037,087	\$58,395,975	\$44,275,978	\$15,307,109	\$59,583,086	\$45,120,783	\$15,542,695	\$60,663,479
D	Interfund Xfers/Other Sources										
5	Contributions	8980-8999	(8,276,716)	8,276,716	0	(8,276,716)	7,681,248	(595,468)	(8,276,716)	7,681,248	(595,468)
E	Net Increase (Decrease) In Fund Balance		(\$1,244,026)	\$80,898	(\$1,163,128)	(\$493,470)	(\$793,497)	(\$1,309,787)	\$372,066	(\$1,029,083)	(\$679,838)
F	Ending Balance		\$7,579,196	\$2,627,913	\$10,207,109	\$7,085,726	\$1,834,416	\$8,897,322	\$7,457,791	\$814,433	\$8,249,404
1	Revolving Cash	9711	0	0	0	0	0	0	0	0	0
2	Other Reserves	97xx	0	0	0	0	0	0	0	0	0
3	Restricted	9740	0	2,627,913	2,627,913	0	1,843,516	1,843,516	0	823,533	823,533
4	Stabilization Arrangements	9750	0	0	0	0	0	0	0	0	0
5	Other Commitments	9760	0	0	0	0	0	0	0	0	0
6	Assigned - Other Assignments	9780	0	0	0	0	0	0	0	0	0
7	Reserve for Economic Uncertainties	9789	1,751,879	0	1,751,879	1,787,493	0	1,787,493	1,819,904	0	1,819,904
8	Unassigned/unappropriated Amount	9790	5,827,316	0	5,827,316	5,298,233	0	5,298,232	5,637,887	0	5,637,886
G	Components of Ending Fund Balance Total		\$7,579,195	\$2,627,913	\$10,207,108	\$7,085,726	\$1,843,516	\$8,929,241	\$7,457,791	\$823,533	\$8,281,323
	Reserve %				13.0%			11.9%			12.3%
	Reserve % incl Fund 17				22.9%			21.6%			21.8%

Multi-year Projections

- Solana Beach School District will be “positive” through 2024-25.
- Projections are encouraging, but...
 - Increased expenditures impact Ending Fund Balance and impact reserve computation
 - Future negotiations
 - Increased costs for materials and services

<u>Impact if Expenditures increase 5% in 22-23</u>		
	Current	Example (5% increase)
Expenditures	\$58,395,975	\$61,315,773
Ending Fund Balance	\$7,579,195	2,919,798
GF reserve %	12.97%	4.76%

Other Funds

2022-23 Beginning Fund Balances (\$m)

Fund 13 - Cafeteria - \$.4

Fund 17 - Special Reserve - \$5.8

Fund 19 - Foundation - \$.4

Fund 20 - OPEB - \$3.2

Fund 63 - CDC / Enterprise - \$44k

Fund 67 - Self-Insurance - \$1.2

Fund 14 - Deferred Maintenance - \$1.3

Fund 21 - Building Fund - \$4

Fund 25 - Developer Fees - \$.9

Fund 35 - State School Facilities - \$0

Fund 40 - Spec Res Cap Outlay - \$6.4

Fund 49 - CFD 49.01, .02, .03 - \$30.3

Next Steps

- The Board will be asked to certify the proposed 2022-23 budget at the June 23, 2022, Regularly Scheduled Board meeting
- 45 day revision will incorporate expected 2022-23 proposed one time funds “Learning Recovery Discretionary Block Grant”
- Unaudited Actuals must be approved by September 15, 2022
- Planning for long-range program costs (textbooks, technology replacement plan, fleet replacement, etc)

Questions?

Discussion . . .