

# Budget Workshop

August 9, 2023



**Mr. Henry Yzaguirre, School Superintendent**  
**Mr. Tony Kingman, Chief Financial Officer**

*Vision: Together, Igniting Action, Inspiring Growth*  
*Mission: Think Big, Think Positive, Think Forward*

# Agenda



- School Finance General Information
- 2023-2024 Proposed Budget
  - Legislative Updates
  - Trends & Analysis
  - Budget Highlights
  - Maintenance Tax Notes and Fund Balance



# School Finance

# General Information

# Texas School Funding

**South San Antonio ISD Fiscal Year: September 1 - August 31**



## Board Approved Funds

- General Fund (199) - the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund
- Child Nutrition Fund (240) - to be used for programs using federal reimbursement revenues originating from the United States Department of Agriculture
- Debt Service Fund (599) - accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds









# Texas School Funding

## Other Funds (2xx – 4xx)

- Federal grants are funded through legislation passed by the U.S. Congress, while state-funded grants are authorized by the Texas Legislature.
  - The legislation authorizing a formula grant includes a mathematical formula for calculating the amount of grant funds, or the entitlement, that each eligible applicant may receive.
  - Discretionary grants are grants in which the legislation authorizing the grant gives some freedom, or discretion, to the agency administering the grant.
- The special revenue funds (431–459) are used to account for state or local funds held by a fiscal agent school district or regional education service center.

# 2022-23 Financial Recap



- FIRST – Financial Integrity Rating System of Texas – Superior Rating 
- No Material weaknesses for prior year financial audit 
- Addressed the \$12M deficit with ESSER Funds 
- Texas Comptroller of Public Accounts Awards Traditional Finances Star 
- Maintain A rating for the district's credit rating  
- In the last two fiscal years, South San Antonio ISD has gone through **four** additional financial audits (from local, state and federal governments not including the annual financial audit)
  - The result was the district did not have/receive any material weaknesses or significant findings



# 2023-2024 Proposed Budget

# Legislative Updates



## Senate Bill 2 (SB 2)

**Tax Compression:** SB2 spends **\$12 billion (\$3 million for South San Antonio taxpayers)** on a \$0.107 reduction to districts **Tier One** tax rates. This reduces the Tier One ceiling for 2023 down from \$0.7950 to \$0.6880 and the floor down from \$0.7155 to \$0.6192. Worth noting, Texas Rainy Day Fund is \$26.4B

**Homestead Exemption:** SB 2 increases the homestead exemption from \$40,000 to \$100,000 and provides for a hold harmless on both the M&O and I&S sides.

**Appraisal Limits:** SB 2 creates a new 3-year pilot program that would provide a 20 percent "circuit breaker" on appraised values to non-homestead properties valued at or under \$5 million. The provision in SB 2 does not include any look at the taxpayer's income. Instead, it functions much like the 10 percent cap for homesteads, simply limiting the growth of appraised value for non-homesteads to 20 percent or less

## House Bill 3 (HB 3)

**School Safety:** HB3 spends **\$300 million** for school safety. HB3 provides districts with \$15,000 per campus and increases the safety allotment by 28 cents per student—from \$9.72 to \$10—to fund safety expenses.





# Funding Sources

## General Fund's source of revenue

- Local tax revenue from local property taxes
- Miscellaneous Local Revenue Sources: Athletics events, reimbursements, donations, etc...
- State Revenue: Different allotments: State compensatory education, bilingual education, CTE, early education, etc...
- Mainly based on Average Daily Attendance (ADA)
- Federal Revenue: Programs mainly based on information from the Special Education department

## Child Nutrition Fund's source of revenue

- Federal reimbursement revenues from the USDA
- Local revenue from sales



# Funding Sources

## Debt Services Funds' source of revenue

- Local tax revenue from local property taxes
- Allotment programs provide assistance to school districts in making debt service payments on qualifying bond and provides tax rate equalization for local debt service taxes
- Due to the increase in property tax value, South San Antonio ISD will no longer receive Existing Debt Allotment (EDA) and Instructional Facilities Allotment (IFA). Instead, the district will receive “hold harmless” funding from the state to compensate for the increase in Homestead exemption (from \$25k in 2021 to \$100k in 2023)



# Expenditure

## General Fund Expenditure

- 80% is salaries and benefits\*
- 14% is non payroll operational items
- 1% is debt service payments and fees
- 5% is capital improvement

## Child Nutrition Fund Expenditure

- 46% is salaries and benefits
- 40% is food related items
- 14% is other non payroll items

## Debt Services Fund Expenditure

- 100% is debt service payments and fees

## Federal Funds Expenditure

- Almost 90%-95% is salaries and benefits
- 5%-10% is non payroll supplemental items

## Other Funds Expenditure

- Almost 100% is non payroll supplemental items



# Planning Calendar – Budget 2023-24

## Board/Financial Committee Meetings

~~Finance Committee Meeting~~

~~April 11, 2023~~

~~Insurance Committee Meeting~~

~~July 11, 2023~~

Budget Workshop

August 9, 2023

Public Hearing on Budget and Proposed Tax Rate

August 16, 2023

## Board Actions

~~Adoption of 2023-24 Compensation Plan~~

~~July 19, 2023~~

Adoption of 2022-23 Final Budget Amendment

August 16, 2023

Adoption of 2023-24 Budget

August 16, 2023

Adoption of Tax Rates for 2023-24 Fiscal Year

August 16, 2023

## Financial Services Tasks

~~Issue Budget Materials to Campuses & Departments~~

~~April, 2023~~

~~Campuses & Departments One-on-One Budget Meeting~~

~~May, 2023~~

~~Receipt of Certified Value from Bexar CAD~~

~~July 25, 2023~~

~~Update State Funding Projections based on Certified Estimates~~

~~July, 2023~~

Publish Budget and Tax Rate Notice in Newspaper

August 4, 2023

Post a Summary of the proposed budget

August 7, 2023

# 2023-24 Proposed Budget



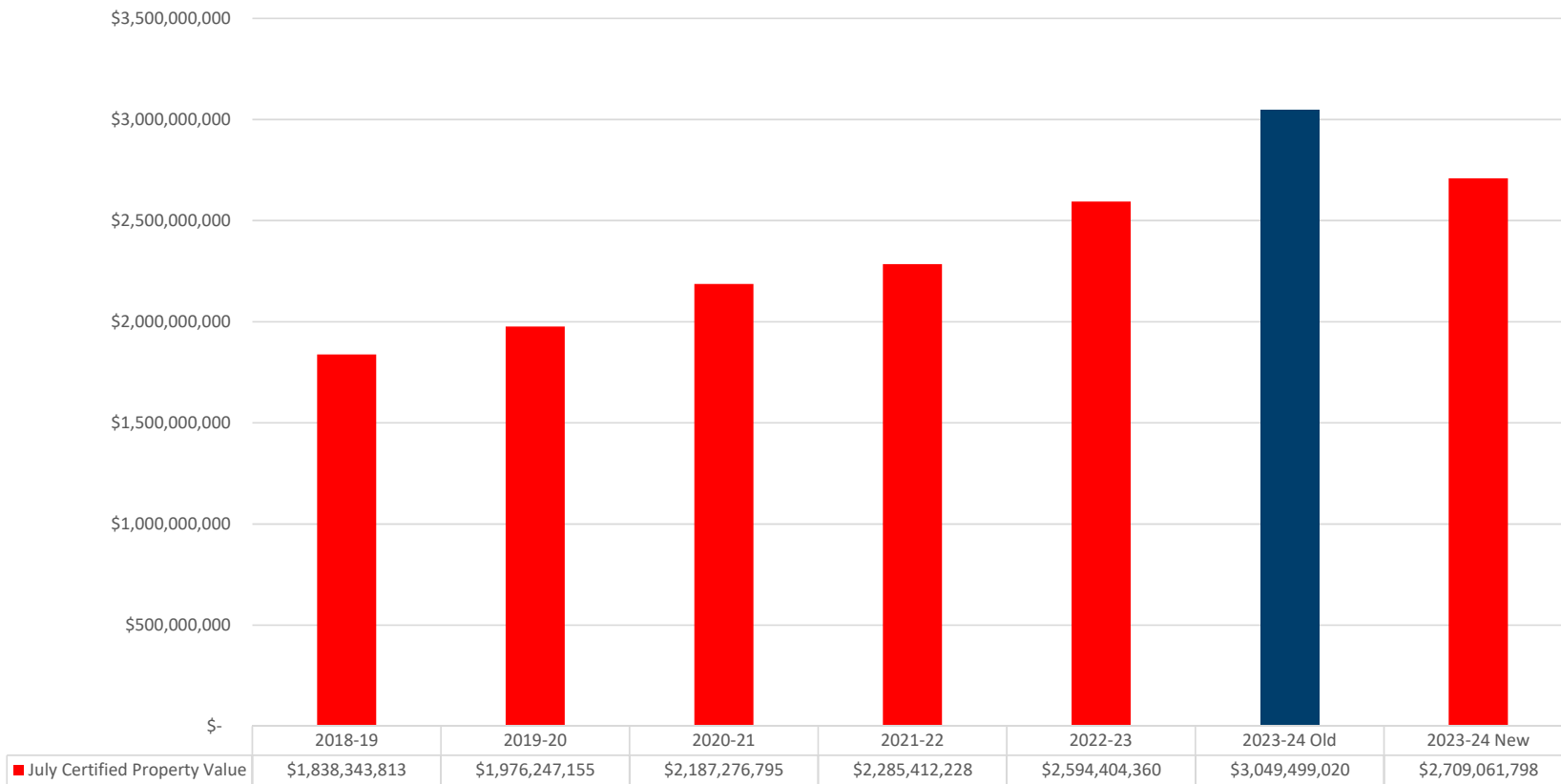
Categories	2022-23 Budget	2023-24 Proposed Budget*
Maintenance & Operation (M&O)	\$ 0.8546	\$ 0.6692
Interest & Sinking (I&S)	\$ 0.4990	\$ 0.4990
<b>Total</b>	<b>\$ 1.3536</b>	<b>\$ 1.1682</b>
Student Membership	7,872	7,872
<b>Assumed Average Daily Attendance (ADA)</b>	<b>6,687.296</b>	<b>6,687.296</b>
Certified Property Value (Old Law @ \$40k HS Exemption)	\$ 2,594,404,360	\$ 3,049,499,020
Increase in Property Value		17.5%
Certified Property Value (New Law @ \$100k HS Exemption)	\$ 2,594,404,360	\$2,709,061,798
Increase in Property Value		4.42%
Comptroller School District Value	\$2,462,854,260	\$2,662,377,513

*Assumption:*

- *M&O Tax Rate – General Fund: July 25 Certified Property Tax Value, 98% collection rate and Average Daily Attendance Rate of 90%. Student population remain the same as 2022-23*
- *I&S Tax Rate – Debt Service Fund: July 25 Certified Property Tax Value, 98% collection rate, \$478,895 tax subsidy*

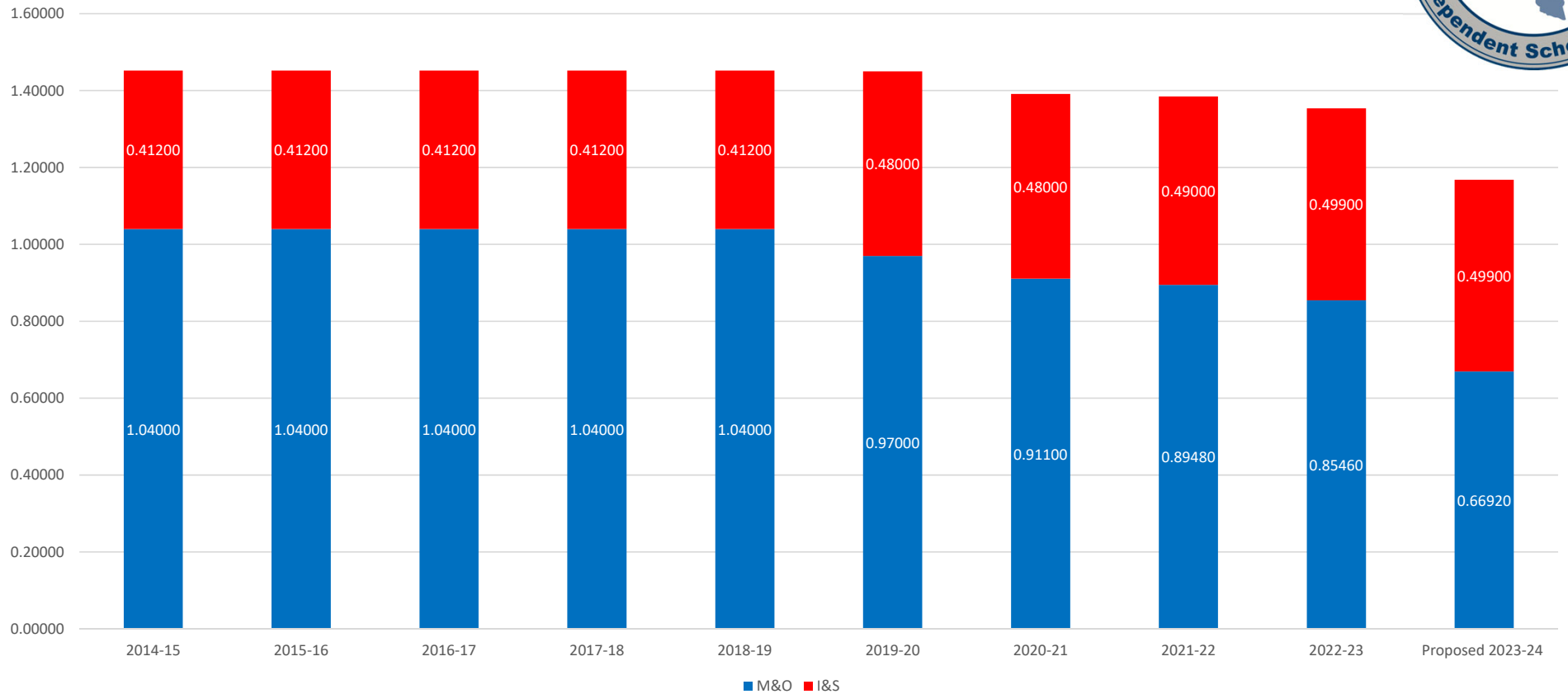


# Taxable Property Value Trend



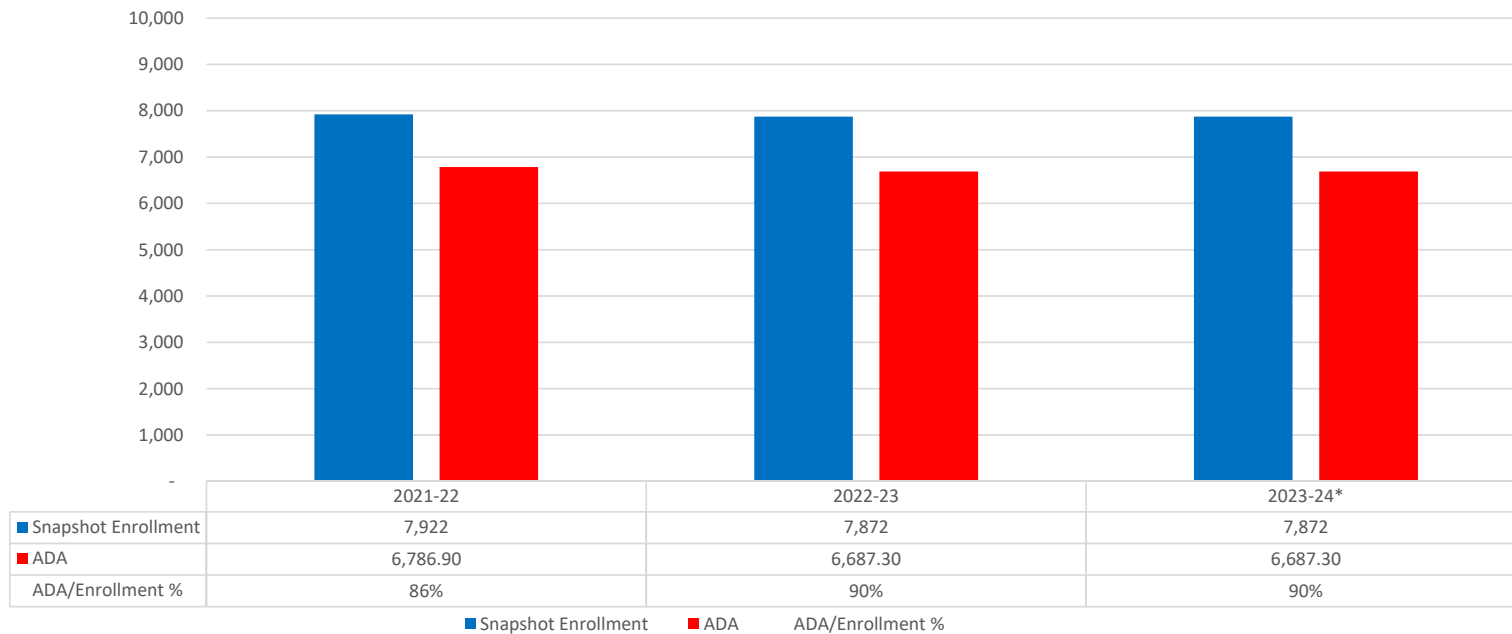


# Tax Rate Trend





# Average Daily Attendance Analysis



\*Estimated based on the same ADA % and enrollment figure as of 2022-23





# 2023-24 Proposed Budget Highlights

**Increase the difficulty to forecast, and manage but easier to present and understand**

- **Average of 4% to 14% pay increase**
- **Starting teacher pay - \$58,380**
  - A \$3,000 bilingual stipend
  - A math/science stipend of \$6,000 for secondary teachers
  - A Licensed Specialist in School Psychology/Speech Language Pathologist/Diagnostician/Dyslexia Teacher retention/recruitment stipend of \$1,500 (must be employed before September 1, 2023)
  - A BAC/Life Skills/ESCE retention/recruitment stipend of \$2,000 (must be employed before September 1, 2023)
  - An Average Daily Attendance Performance Pay stipend for all teachers who increase attendance to 95% of \$500, 93% of \$250.
  - Increase in athletic stipend
- **\$1,000 retention stipends for all staff**
- **Switching to more popular health insurance & pharmacy provider: UnitedHealthCare**
- **Improve the coordination of funds**
- **Using the additional revenue in I&S Fund to payoff district's debts early**

# 2023-24 Proposed Budget



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT  
PROPOSED BUDGET  
2023-2024

	199 GENERAL FUND	240 FOOD SERVICE FUND	599 DEBT SERVICE FUND	TOTAL
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 16,944,732	\$ -	\$ 12,635,119	\$ 29,579,851
Other Local Revenue	1,751,348	185,000	520,000	2,456,348
State Revenue	56,286,564	-	2,238,498	58,525,062
Federal Revenue	3,492,656	6,963,802	478,895	10,935,353
<b>Total Revenues</b>	<b>78,475,300</b>	<b>7,148,802</b>	<b>15,872,512</b>	<b>101,496,613</b>
<b>EXPENDITURES</b>				
11 - Instructional Services	44,862,188	-	-	44,862,188
12 - Instructional Resources and Media Services	1,117,983	-	-	1,117,983
13 - Staff Development	683,318	-	-	683,318
21 - Instructional Administration	1,643,265	-	-	1,643,265
23 - Campus Administration	5,399,206	-	-	5,399,206
31 - Guidance and Counseling	3,558,331	-	-	3,558,331
32 - Social Services	388,362	-	-	388,362
33 - Health Services	1,139,380	-	-	1,139,380
34 - Student (Pupil) Transportation	2,157,371	-	-	2,157,371
35 - Food Services	-	7,542,263	-	7,542,263
36 - Cocurricular / Extracurricular Activities	2,795,826	-	-	2,795,826
41 - General Administration	3,138,095	-	-	3,138,095
51 - Plant Maintenance and Operation	10,205,363	736,207	-	10,941,570
52 - Security and Monitoring Services	1,564,418	-	-	1,564,418
53 - Data Processing Services	1,627,036	-	-	1,627,036
61 - Community Services	275,153	-	-	275,153
71 - Debt Service	989,431	-	12,539,192	13,528,623
81 - Facilities Acquisition and Construction	3,655,876	-	-	3,655,876
93 - Shared Service Arrangements	96,000	-	-	96,000
95 - Juvenile Justice Alter Ed Prog.	11,000	-	-	11,000
99 - Other Intergovernmental Charges	161,292	-	-	161,292
<b>Total Expenditures</b>	<b>85,468,894</b>	<b>8,278,470</b>	<b>12,539,192</b>	<b>106,276,556</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>(6,993,594)</b>	<b>(1,129,668)</b>	<b>3,333,320</b>	<b>(4,778,943)</b>
Transfer Out	2,550,000			
<b>Net Deficit</b>	<b>(9,543,594)</b>			

Note: Maintenance Tax Notes: \$236,507 in Function 34, \$340,160 in function 51, and \$3,655,876 in Function 81. Total: \$4,232,543

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# SSAISD's Maintenance Tax Notes



Item	Priority	Note Amount	Available
A	Series 2020 Tax Note (December 2020)	\$ 2,000,000	\$ 8.818
B	Series 2021 Tax Note (August 2021)	\$ 4,000,000	\$ 694,063
C	Series 2022 Tax Note (May 2022)	\$ 5,000,000	\$ 3,529,662
	<b>TOTAL</b>	<b>\$ 11,000,000</b>	<b>\$ 4,232,543</b>



# Fund Balance Analysis

## Fund Balance:

### 2021-22 Unobligated – Operating Fund Balance: \$30,389,191

- Total Fund Balance \$37,082,131 (including \$6,692,940 is obligated for Maintenance Tax Notes, Prepaid and Construction Projects)

### 2022- 23 Unobligated – Operating Fund Balance: \$30.5M - \$31M

### 2023- 24 Unobligated – Operating Fund Balance: \$25.5M – \$26M

- Exhaust all Maintenance Tax Notes
- Estimated \$5.3M budget deficit without Maintenance Tax Notes – \$9.6M budget deficit with Maintenance Tax Notes



# 2023-24 Financial Challenges

- General Fund Budget Deficit
  - \$5.3M budget deficit (not including maintenance tax note expenditure) - \$9.6M budget deficit with Maintenance Tax Notes
- Allotment Spending Requirements
  - Little wiggle room because of the budget deficit
- FIRST Rating
  - Maximum Rating with the District current debt structure is 92/100 points
- Health Insurance Fund Budget Deficit
  - Total Health Insurance Fund Analysis
    - Revenue: Annual - \$6M (July 2023 Actual \$5.4M)
    - Expenditure: Annual \$8.5M (July 2023 Actual \$7.7M) – Maximum Liability \$10.8M
  - Estimated total Health Insurance Fund deficit \$2.5M with the additional \$50 per month employee contribution

# Thank you



Additional Link

<https://www.southsanisd.net/Finance>



Question?

Please ask question



Discussion

Wrap-up Discussion

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