

Southwestern Community College District

Demystifying the Budget  
Unrestricted General Fund



FY23-24

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OCTOBER 27, 2023

# Updates

- Independent third-party audit of FY 22-23 financials starts this week and should be completed in Dec
- All-district presentation on Friday, October 27 for opportunity to hear more on these topics
- Late Nov/Early Dec will provide an all-district presentation to updated revenue estimates for FY23-24
  - More data will be available then – including projected state deficit and updated FTES estimates, etc.

# Topics Today

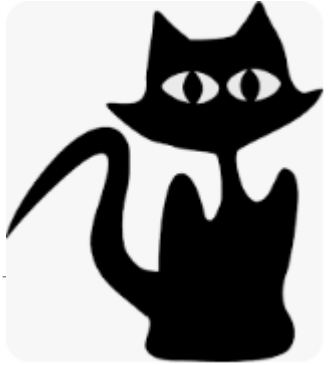
- Review of Budget Basics
- Review of FY22-23's Fiscal Results
- FY23-24 Budget
- FY23-24 First Quarter Update (Jul 1 – Sep 30)
- Takeaways and Next Steps
- POSTPONED: Managing Your Area Budget



# Budget Basics

- Revenue - Income                      How much money are we bringing in this year?
- Expenses - Costs                      How much money are we spending this year?
- Excess (Deficit) - Difference between revenue and expenses  
    Excess is when revenue is more than expenses  
    Deficit is when revenue is less than expenses
- Fund Balance - Total accumulation of excesses and deficits over time
- Reserve - Amount of the Fund Balance set aside for economic uncertainties and unexpected events





# Budget Example

Rule – Keep 10% of expenses in the reserve for unexpected events

The Budget	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	1,000	1,100	1,200	1,500	1,550
Expenses	900	950	1,400	1,430	1,490
Excess (Deficit)	100	150	(200)	70	60
Ending Fund Balance	100	250	50	120	180
Reserve	90	95	140	143	149



**What is a  
mummy's favorite  
type of music?**

Wrap music.



# Budget Example

Rule – Keep 10% of expenses in the reserve for unexpected events

The Budget	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	1,000	1,100	1,200	1,500	1,550
Expenses	900	950	1,400	1,430	<del>1,490</del> 1,515
Excess (Deficit)	100	150	(200)	70	60
Ending Fund Balance	100	250	50	120	180
Reserve	90	95	140	143	149

## Question

What if you didn't include \$25 of ongoing expenses in your Year 4 budget and instead paid them with money some gave you while you were trick-or-treating?

## Answer

You'd add them back in your Year 5 budget

**You passed Budget Basics!**





**Southwestern Community College District  
FY 2023-2024 Adoption Budget  
All District Funds**

**FY 23-24  
Adoption Budget  
All Funds**

**General Fund**

Unrestricted	\$	141,486,528
Restricted		53,583,749
Total General Fund	\$	195,070,277

**Other Funds**

Proposition R Construction Bond Fund	\$	200,000
Proposition Z Construction Bond Fund		6,000,000
Capital Outlay		800,000

**Enterprise Funds**

Bookstore		3,315,000
Food Services		1,175,500
Civic Center-Facilities Leasing		800,000
Fitness Center		850,000
Student Center		149,200
Student Representation Fee		74,376
Associated Student Organization (ASO)		300,000
Self-Insurance		-
Total Other Funds	\$	13,664,076

<b>Total Budgeted Revenue</b>	<b>\$</b>	<b>208,734,353</b>
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# Unrestricted General Fund (UGF)

## FY22-23 Fiscal Results

Rule – Keep 16% of expenses in the reserve for unexpected events

<b>Unrestricted General Fund</b>	<b>FY 22-23 Unaudited Actuals</b>	
Revenue	<u>133,776,306</u>	
Expenses	<u>137,894,673</u>	
Excess (Deficit)	<u><u>(4,118,367)</u></u>	
Ending Fund Balance	18,140,066	
Reserve	<u>22,063,148</u>	16% of Expenses
Reserve Excess (Deficit)	<u><u>(3,923,081)</u></u>	

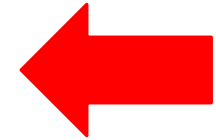


# Unrestricted General Fund (UGF)

## FY22-23 Fiscal Results – Personnel and Non-Personnel

Rule – Keep 16% of expenses in the reserve for unexpected events

<b>Unrestricted General Fund</b>	<b>FY 22-23 Unaudited Actuals</b>	
<b>Revenue</b>	<u>133,776,306</u>	
Total Personnel Expenses	121,640,920	88% of Expenses
Total Other Expenses	<u>16,253,752</u>	12% of Expenses
<b>Expenses</b>	<u>137,894,673</u>	
<b>Excess (Deficit)</b>	<u><u>(4,118,367)</u></u>	
<b>Ending Fund Balance</b>	18,140,066	
<b>Reserve</b>	<u>22,063,148</u>	16% of Expenses
<b>Reserve Excess (Deficit)</b>	<u><u>(3,923,081)</u></u>	



# Unrestricted General Fund (UGF)

## FY22-23 Fiscal Results – Budget to Actuals

Rule – Keep 16% of expenses in the reserve for unexpected events

<b>Unrestricted General Fund</b>	<b>FY22-23 Adjusted Budget</b>	<b>FY 22-23 Unaudited Actuals</b>	<b>Variance</b>
<b>Revenue</b>	<u>134,575,029</u>	<u>133,776,306</u>	798,723
Total Personnel Expenses	113,345,203	121,640,920	(8,295,717)
Total Other Expenses	<u>17,868,522</u>	<u>16,253,752</u>	1,614,770
<b>Expenses</b>	<u>131,213,725</u>	<u>137,894,673</u>	(6,680,948)
<b>Excess (Deficit)</b>	<u>3,361,304</u>	<u>(4,118,367)</u>	7,479,671
<b>Ending Fund Balance</b>	26,354,132	18,140,066	
<b>Reserve</b>	<u>20,994,196</u>	<u>22,063,148</u>	
<b>Reserve Excess (Deficit)</b>	<u>5359936*</u>	<u>(3,923,081)</u>	

*\*Adjusted to reflect release of funds committed for compensated absences*



# Unrestricted General Fund (UGF)

## FY23-24 Budget

<b>Unrestricted General Fund</b>	<b>FY 23-24 Adoption Budget</b>
<b>Revenue</b>	<u>141,486,528</u>
Total Personnel Expenses	121,452,450
Total Other Expenses	<u>18,667,020</u>
<b>Expenses</b>	<u>140,119,470</u>
<b>Excess (Deficit)</b>	<u><u>1,367,058</u></u>
<b>Ending Fund Balance</b>	19,507,125
<b>Reserve</b>	<u>22,419,115</u>
<b>Reserve Excess (Deficit)</b>	<u><u>(2,911,990)</u></u>
<b>Reserve as a Percent of Expenses</b>	14%

# Unrestricted General Fund (UGF)

## FY23-24 Budget

Unrestricted General Fund	FY 22-23 Unaudited Actuals	FY 23-24 Adoption Budget	Variance
<b>Revenue</b>	133,776,306	141,486,528	7,710,222
Total Personnel Expenses	121,640,920	121,452,450	(188,471) One-time funds used to support/reduce personnel costs
Total Other Expenses	16,253,752	18,667,020	2,413,268 Increases in utilities, building maintenance and committed contracts, supplies
<b>Expenses</b>	137,894,673	140,119,470	2,224,797 Total increase in expenses
<b>Excess (Deficit)</b>	(4,118,367)	1,367,058	5,485,425 Operating turnaround and surplus
<b>Ending Fund Balance</b>	18,140,066	19,507,125	
<b>Reserve</b>	22,063,148	22,419,115	
<b>Reserve Excess (Deficit)</b>	(3,923,081)	(2,911,990)	
<b>Reserve as a Percent of Expenses</b>	13%	14%	



**What do witches  
put on their bagels?  
Scream cheese.**



# Unrestricted General Fund (UGF)

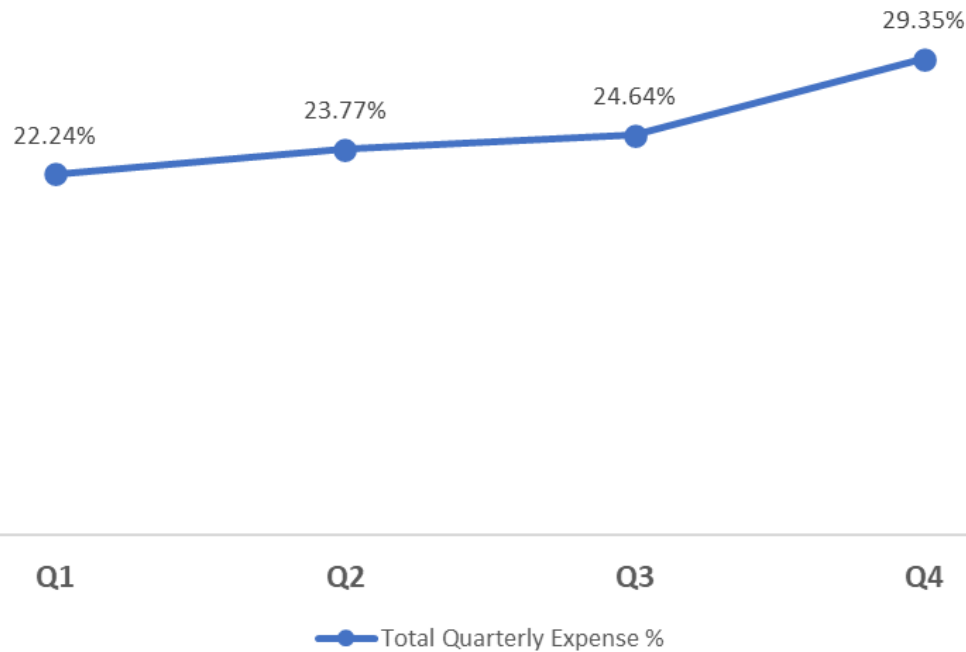
## Budget v. Expenses for First Quarter

### **Analysis Methodology:**

- Review percentage of expenses typically spent in first quarter
- Identify actual expenses incurred during first quarter
- Compare first quarter budget to actual expenses for the district overall and by category

# UGF Percent of Annual Expenses by Quarter – 5-Year Average

Quarterly Spending Pattern - 5-Year Average



Quarterly Spending Pattern - 5-Year Average					
Expense Category	Q1	Q2	Q3	Q4	Total
1-Faculty Salaries	19.81%	27.55%	29.03%	23.61%	100.00%
2-PTOL	23.00%	25.19%	23.87%	27.94%	100.00%
3-Staff Salaries	22.03%	24.03%	23.62%	30.33%	100.00%
4-Admin Salaries	23.58%	23.78%	23.60%	29.04%	100.00%
5-Benefits	21.68%	22.46%	24.19%	31.67%	100.00%
6-Supplies and Materials	11.84%	20.49%	32.22%	35.44%	100.00%
7-Other Operating Expenses	33.40%	18.65%	20.74%	27.20%	100.00%
8-Capital Outlay	3.88%	22.55%	37.54%	36.03%	100.00%
9-Other Outgo	3.36%	3.88%	6.42%	86.33%	100.00%
<b>Total Quarterly Expense %</b>	<b>22.24%</b>	<b>23.77%</b>	<b>24.64%</b>	<b>29.35%</b>	<b>100.00%</b>

Q1: Jul 1 – Sep 30

Q2: Oct 1 – Dec 31

Q3: Jan 1 – Mar 30

Q4: Apr 1 – Jun 30

# UGF Budget v. Expenses for First Quarter

- District was under budget in Q1 by \$434,177 or 1.4%, supported by the use of one-time COVID funds to cover a portion of personnel costs
- Without those one-time funds, we would be over budget by \$77,343 in Q1

# UGF Budget v. Expenses for First Quarter

	FY23-24 Budget Projected Thru Q1 22.24% Overall	FY23-24 Actual Expenses Thru Q1	Budget Variance (\$)	Budget Variance (%)
Personnel Expenses	26,332,257	26,777,241	(444,984)	-1.7%
One-Time COVID Funds to Cover a Portion of Salaries and Benefits		(511,520)	511,520	
Non-Personnel Expenses	4,828,627	4,460,987	367,640	7.6%
Total Expenses	31,160,884	31,238,228	434,177	1.4%

Given that the district would be unable to cover its projected fiscal obligations in FY 23-24, \$2.3M of one-time COVID funds were added to support ongoing expenses for the year

Total amount of one-time COVID funds allocated for FY23-24 is \$2.3M over the four quarters, we applied the same percentage overall to Q1 (22.24%)

# UGF Budget v. Expenses for First Quarter – Detail

	FY23-24 Budget Sep-23	FY23-24 Budget Allocated for Q1 22.24% Overall	FY23-24 Actual Expenses Thru Q1	Budget Variance (\$)	Budget Variance (%)
<b>Expenses</b>					
Faculty Salaries and Stipends	29,940,294	5,931,172	6,472,158	(540,986)	
PTOL	16,500,000	3,795,000	5,135,500	(1,340,500)	
Staff Salaries, Overtime, Hourlies, etc.	26,286,458	5,804,050	5,648,283	155,766	
Admin Salaries	11,029,628	2,600,786	2,427,375	173,411	
<b>Total Salaries</b>	<b>83,756,379</b>	<b>18,131,008</b>	<b>19,683,317</b>	<b>(1,552,309)</b>	
Benefits	39,713,831	8,609,959	7,093,924	1,516,035	
SERP Payments*	1,563,745	339,020		339,020	
<b>Total Benefits</b>	<b>41,277,576</b>	<b>8,948,978</b>	<b>7,093,924</b>	<b>1,855,055</b>	
Vacancy Savings	(3,581,505)	(747,730)		(747,730)	
One-Time COVID Funds**			(511,520)	511,520	
<b>Total Personnel Expenses</b>	<b>121,452,450</b>	<b>26,332,257</b>	<b>26,265,721</b>	<b>66,536</b>	0.3%
Supplies and Materials	1,840,761	217,946	350,000	(132,054)	
Other Operating Expenses	13,466,440	4,497,791	3,767,975	729,816	
Capital Outlay		0	245,373	(245,373)	
Other Outgo	3,359,819	112,890	97,638	15,252	
<b>Total Non-Personnel Expenses</b>	<b>18,667,020</b>	<b>4,828,627</b>	<b>4,460,987</b>	<b>367,640</b>	7.6%
<b>Total Expenses</b>	<b>140,119,470</b>	<b>31,160,884</b>	<b>30,726,708</b>	<b>434,177</b>	1.4%

\*SERP payment for first quarter was not due and therefore not yet paid

\*\*Actual personnel expenses reduced to reflect use of one-time COVID funds to pay for a portion of this year's salaries and benefits (\$2.3M allocation for FY23-24)

PTOL is Part-Time Overload and includes adjunct pay, F/T faculty overload, substitutes, bank hour payouts, and other hourly faculty pay

# UGF Budget v. Expenses for First Quarter – Detail

	FY23-24 Budget Sep-23	FY23-24 Budget Allocated for Q1 22.24% Overall	FY23-24 Actual Expenses Thru Q1	Budget Variance (\$)	Budget Variance (%)
<b>Expenses</b>					
Faculty Salaries and Stipends	29,940,294	5,931,172	6,472,158	(540,986)	Correct # of faculty budgeted - investigating salary and stipend data used in budget
PTOL	16,500,000	3,795,000	5,135,500	(1,340,500)	Fiscal controls need improvement - investigating budget reset and expected savings in FY22-23
Staff Salaries, Overtime, Hourlies, etc.	26,286,458	5,804,050	5,648,283	155,766	
Admin Salaries	11,029,628	2,600,786	2,427,375	173,411	Holding positions vacant led to savings
<b>Total Salaries</b>	<b>83,756,379</b>	<b>18,131,008</b>	<b>19,683,317</b>	<b>(1,552,309)</b>	
Benefits	39,713,831	8,609,959	7,093,924	1,516,035	Holding positions vacant led to savings but investigating possible overbudgeting in PERS and H&W
SERP Payments*	1,563,745	339,020		339,020	Payment not due or made in Q1 but obligation incurred
<b>Total Benefits</b>	<b>41,277,576</b>	<b>8,948,978</b>	<b>7,093,924</b>	<b>1,855,055</b>	
Vacancy Savings	(3,581,505)	(747,730)		(747,730)	Budgeted salary and benefits savings based on estimates of holding vacancies, time to hire, etc
One-Time COVID Funds**			(511,520)	511,520	One-time COVID funds allocated to support unrestricted general fund budget
<b>Total Personnel Expenses</b>	<b>121,452,450</b>	<b>26,332,257</b>	<b>26,265,721</b>	<b>66,536</b>	0.3%
Supplies and Materials	1,840,761	217,946	350,000	(132,054)	
Other Operating Expenses	13,466,440	4,497,791	3,767,975	729,816	
Capital Outlay		0	245,373	(245,373)	
Other Outgo	3,359,819	112,890	97,638	15,252	
<b>Total Non-Personnel Expenses</b>	<b>18,667,020</b>	<b>4,828,627</b>	<b>4,460,987</b>	<b>367,640</b>	7.6%
<b>Total Expenses</b>	<b>140,119,470</b>	<b>31,160,884</b>	<b>30,726,708</b>	<b>434,177</b>	1.4%

\*SERP payment for first quarter was not due and therefore not yet paid

\*\*Actual personnel expenses reduced to reflect use of one-time COVID funds to pay for a portion of this year's salaries and benefits (\$2.3M allocation for FY23-24)

# UGF Budget v. Expenses for First Quarter - Benefits

Benefits Budgeted Above Expenses	1,516,035
Vacancy Savings reflect an expected reduction in both the budget and expenses for salaries and benefits	
In Q1, the reduction for benefits is 35% of the \$747,730 or \$261,705	(261,705)
Expected reduction in benefit costs from holding positions vacant in the first quarter is estimated at \$350,000	(350,000)
One-time cost savings due to prior year adjustment of \$191,318 per quarter for FY23-24	(191,318)
	<hr/>
	713,011

The differences between budgeted amounts and actual expenses in benefits stem from:

- Health and welfare rate increases take effect in Jan, whereas the district budget renews on fiscal year and budgeted them starting in Jul
- PERS contributions were over budgeted which we need to investigate further

# UGF Budget Update

## Takeaways and Next Steps

- Stay focused on returning \$2.3M to UGF budget in FY24-25
- Review/improve budgeting processes for faculty costs and benefits allocation
- Explore options for better fiscal control of PTOL – possibly a budget manager and/or department level budgets
- Perform deeper analysis of non-personnel costs
- Update revenue estimates based on additional data coming available
- Consider mid-year budget adjustment if needed



Questions?

