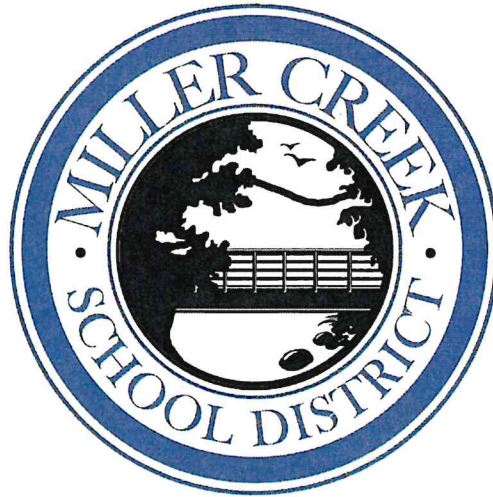


Miller Creek School District



2023-2024 Proposed Budget

Board of Trustees

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Public Hearing, June 6, 2023
Adoption, June 13, 2023

2023-24 Proposed Budget

INTRODUCTION

This document is intended to provide the School Board of Trustees, staff, and community with information on the 2023-24 Proposed Budget of the Reed Union School District.

California law requires that school districts take certain prescribed actions in the adoption of the annual operating budget before July 1. The Governing Board recognizes its critical responsibility for adopting a sound budget for each fiscal year which is aligned with the district's vision, goals, priorities, and comprehensive plans. The district budget shall guide administrative decisions and actions throughout the year and shall serve as a tool for monitoring the fiscal health of the district.

Approval of a budget is based on estimated beginning balances and requires the approval of the unaudited actual beginning balances on or before September 15. Once the School Board of Trustees adopts the Proposed Budget it becomes the District's Adopted Budget. Subsequent revisions will be made to the Adopted Budget, as necessary, throughout the 2023-24 fiscal year. The California Department of Education (CDE) and Marin County Office of Education (MCOE) require the district to update its budget twice a year. The First Interim Reporting Period reflects updates to the Adopted Budget as of October 31. The second update, or Second Interim Reporting Period, reflects updates as of January 31.

The District is required to file one of the following certifications based on these projections:

1. **Positive Certification-** the District **will meet** the financial obligations for the current and two subsequent fiscal years.
2. **Qualified Certification-** the District **may not meet** their financial obligations for the current or two subsequent fiscal years
3. **Negative Certification-** the District **will be unable** to meet their financial obligations for the current of two subsequent fiscal years.

DISTRICT SUMMARY

The overall financial goal for the district is to maintain an appropriate level of reserve, maximize district revenue and expend resources in areas achieving the highest quality educational value while meeting all federal, state, and local guidelines and regulations.

This document reflects the Estimated Actuals for 2022-23, Adopted Budget for 2023-24, and the Multi-Year Projection for 2024-25 and 2025-26. The district develops a set of budget assumptions that describe the basis for the revenue and expenditures that are presented before you. The Governor's 2023-24 State Budget May Revision along with guidance from School

Services of California and the Marin County Office of Education are the resources utilized when developing these assumptions.

REVENUE

Local Control Funding Formula (LCFF)

The Local Control Funding Formula (LCFF) is the primary source of revenue for school districts in the state of California. Most California school districts' LCFF consist of state aid and property tax collections, with a maximum LCFF allocation based on average daily attendance multiplied by a per student amount. Due to high property values within the district's boundaries, the Miller Creek School District is known as a "community funded" district.

As a Community Funded District in 2023-24, the Miller Creek School District generates its income from Local sources which make up 86% of total district revenues. The Local Control Funding Formula (LCFF), Federal and other State generate the remaining 14% of the district's revenues.

The current LCFF calculator projects that the District will remain on the funding cusp between state and community funding for the next three years, moving from being state funded in 2022-23 to being community funded in 2023-24 and 2024-23 and then state funded again in 2025-26.

Federal Revenue

Federal Revenue is provided to school districts from the federal government. For Miller Creek School District, this source of income is about 1.6% of the total revenues. These funds are all categorical and are restricted in their use. In 2023-24, federal revenue is projected to be \$486,000

Other State Revenue

Other State Revenue, used to include former categorical and restricted programs. Most of these programs disappeared since the implementation of the Local Control Funding Formula. Other State Revenue now includes funding from the California Lottery Program and the State's Mandated Block Grant.

Local Revenue

Local Revenue contains all the revenues that are not derived from Federal or State sources. The two primary sources of local revenue are the parcel tax and the Can Do! Foundation, which combined, contribute \$4,640,000 to total revenue. These two revenue sources make up 16% of total District revenue, which is more than State and Federal revenues combined.

Other Financial Sources

Other Financing Sources consist of interfund transfers between two or more of the district's various Funds. The amount in Other Financing Sources consists of the transfer of funds between the General Fund and Fund 40. For 2023-24 the amount transferred into the General Fund from the lease income is \$1,300,000.

EXPENDITURES

Certificated Salaries

Certificated Salaries are salaries for services that require a credential or permit issued by the Commission on Teacher Credentialing. Included in this classification are teachers, school administrators, librarians, psychologists, nurses, and superintendent. For the 2023-24 fiscal year, certificated salaries are projected at \$13,434,000, 41.0% of General Fund expenditures.

Classified Salaries

Classified Salaries are salaries for services that do not require a credential or permit issued by the Commission on Teacher Credentialing. Included in this classification are instructional aide, administrator, clerical, maintenance, and operation positions. For the 2023-24 fiscal year, classified salaries are projected at \$4,712,000, 14.0% of General Fund expenditures.

Employee Benefits

Employee Benefits are employers' contributions to retirement plans and health and welfare benefits for employees, their dependents, and retired employees. Included in this classification are payments to the State Teachers Retirement System (STRS), Public Employees Retirement System (PERS), Social Security, medical and dental plans, State Unemployment Insurance, Workers' Compensation. In the 2023-24 fiscal year, employee benefits projected at \$8,595,000, 26.0% of General Fund expenditures.

Books and Supplies

Books and Supplies contains all expenditures for books, supplies and other non-capitalized property including taxes, freight, and handling charges. Included in this category are textbooks, books other than textbooks, supplies, food service supplies and non-capitalized equipment. In the 2023-24 fiscal year, books and supplies are projected at 873,000, 3% of General Fund expenditures.

Services and Other Operating Expenditures and Capital Outlay

Services and Other Operating Expenditures contain all expenditures for services, leases, contracts, insurance, and utilities. Included in this category are personal service contracts, travel and conference expenditures, dues and memberships, insurance, utilities, rentals, repairs, legal services, and postage.

Capital Outlay contains all expenditures for sites, buildings, equipment, and leases with option to purchase. Included in this category are improvements of old sites, buildings and improvement of buildings and equipment.

In the 2023-24 fiscal year, services and other operating expenditures, and capital outlay are projected at \$3,940,000, which is 12.0% of General Fund expenditures.

Other Outgo

Other Outgo contains expenditures for interdistrict agreements, payments to State special schools, interfund transfers out, and all other transfers out. Included in this category are tuition payments to school districts and county offices, special education excess costs or deficits, debt service and bond redemption.

In the 2023-24 fiscal year, Other Outgo is projected to be \$1,499,000, 5% of General Fund expenditures.

BUDGET ADJUSTMENTS

Part of the annual budget process includes making final adjustments to the current year budget for financial activity that was not reflected in the Second Interim Report. There are a number of factors that have shifted unfavorably for the District since the 2nd interim estimates were prepared.

Listed below is a summary of the major changes:

1. The Marin county Office of Education was alerted to an error in the FCMAT calculator relative to the calculation of proxy ADA for 2021-22 which is used in calculating the three most recent prior years average ADA. The result for the district was a slight change in ADA. This error only appeared after CDE released the P-1 exhibits and they were compared to the LCFF calculator for 2nd Interim.
2. The District receives an estimation of projected property taxes from the County of Marin tax office and their methodology focuses on secured taxes. The P1 tax file was used at 22-23 2nd interim and Marin County had used their standard method of estimating prior year tax receipts using prior year data. In this methodology, they did not pick up on the nuance that both Miller Creek had unusually high prior year tax receipts in 21-22 due to late billings for supplemental taxes owed for years the districts were eligible to receive supplemental taxes. Marin County has now updated their estimate at P2 based on actual receipts which resulted in a reduction to the estimate of \$212,000 in the current year and both subsequent years in our multi year projections, for a total reduction of \$636,000. The LCFF calculator typically uses the current year data provided by the county and keeps it flat for the outyears and as a result tax receipts were overstated. This estimation method needs to be fine tuned, especially for districts like Miller Creek, on the cusp and in and out of Basic Aid.
3. The Governor's May Budget Revision included further proposed cuts to the Arts, Music, and Instructional Materials (AMIM) Discretionary Block Grant and the Learning Recovery Emergency (LRE) Block Grant. This represents \$845,000 for the district. Those cuts were accounted for in 2022-23 and reduce the beginning balance for 2023-24.
4. The District's MYP is a snapshot in time that still reflects the blurriness of our multi-year relative to state funding or basic aid status. The projection uncertainty between the LCFF calculator projected COLA's is still too close to predict. Being on the cusp has introduced

this same uncertainty over at least the last five years. A significant factor in this uncertainty is when to predict that the district will receive supplemental taxes of approximately \$600,000.

5. The Education Revenue Augmentation Fund (ERAF) is the fund used to collect the property taxes in each county that are shifted from cities, the county, and special districts prior to their reallocation to K-14 school agencies. The county treasurer maintains the ERAF on behalf of the county auditor. If the amount in ERAF is insufficient to fund this reimbursement, county auditors are to shift property taxes from K-14 districts to ERAF to cover the difference (a process known as “negative ERAF”). We learned in April that Miller Creek is the only district in the county impacted by negative ERAF this spring, which resulted in a one-time negative revenue adjustment of \$264,000. This is accounted for in 2022-23 and reduces the beginning balance for 2023-24.
6. Voters approved Proposition 28 in November 2022, which requires the state to annually allocate 1% of the TK-12 portion of Proposition 98 funding for arts and music instruction in schools. MCOE recommends that districts exercise caution in planning for the expenditure of these funds as the level of funding is not yet known and some of the Proposition’s key provisions lack clarity, including the restriction on supplanting and the requirement to use 80% of the funding for employees. We have reduced our projected allocation by \$70,000 from \$222,000 to \$150,000. This revenue is budgeted flat at \$150,000 in our Multi-Year Projection.
7. We learned in mid-April that we should expect a benefits of 2.8% increase above the 6% that was included in the MYP at 2nd Interim. This represents an additional \$80,000.
8. We were notified in April that Can Do! was not as successful as they had hoped in their fundraising this year and would need to reduce their contribution by \$110,000. After reviewing their balance sheet and reserve records, we made a counter proposal and have been working closely with the Can Do! Foundation Board president and Executive Director to finalize an MOU for 2023-24. The anticipated donation will represent a \$67,000 reduction in funding. The new funding level of \$679,000 is planned to remain flat in the Multi Year Projection.
9. The budget shows the expansion of our TK program, with the addition of one class for 23-24, at a cost of \$200,000 each year.
10. In addition, the budget includes one additional K-5 teacher for projected enrollment. The position will not be filled if the students aren’t enrolled. We are waiting for the outcome of the IDT requests to other districts to inform this decision. Approximate cost: \$130,000
11. Special Education costs continue to increase and our projections for next year reflect that. We anticipate an increase in \$166,000 in the excess cost bill back from MCOE for our students who are in county programs and we are maintaining a high level of spending for students in non-public placements. Total of our excess costs are budgeted at \$1,230,000 in 2023-24, and flat for the Year 2 and 3.

12. The textbook adoptions made this year were anticipated and necessary. They have reduced the textbook reserve by \$240,000.
13. The District was required to purchase new chromebooks this spring for an additional grade level in order for 2nd graders to have devices with operating systems that allowed them to take the state testing. This reduced the reserve by \$74,000.

KEY BUDGET ASSUMPTIONS

Every budget is built on certain assumptions and statistical calculations.

The following Budget Assumptions are based on the Governor’s May Revise 2023-24 Proposed Budget Workshop by School Services of California (SSC), Education Coalition (California School Boards Association, Association of California School Administrators, California Association of School Business Officials), Legislative Analysts Office, State Department of Finance, Marin County Office of Education Common Message and local District specific financial factors (reserve levels, property tax distribution, enrollment, etc.).

REVENUES ASSUMPTIONS

	2022-23	2023-24	2024-25	2025-26
Property Tax	6.11%	5.41%	4.56%	4.56%
COLA	6.56% + 6.70%	8.22%	3.94%	3.29%
Actual ADA * <i>(line 159)</i>	1,725.4	1,737.1	1,775.4	1,859.2
Funded ADA <i>(line 164)</i>	1,873.3	1,796.5	1,775.46	1,859.2
Method	3-PY average	3-PY average	Current	Current
LCFF Increase YOY	+3.9%	+8.6%	+1.3%	+5.0%
Includes One-time	\$2.1M	-	-	-
Secured property taxes		\$19.1M a 5.41% increase	4.56% increase	4.56% increase
Parcel Taxes		\$3.96M a 3% increase	3% increase	3% increase
Funded UPP*		22.51%	Stable	Stable
CanDo!		\$679,000	Flat	Flat
COVID carryover		\$571,000	None	None

EXPENDITURE ASSUMPTIONS

Salaries and Benefits

	2023-24	2024-25	2025-26
Salary Increase	5%	-	-
Steps and Columns	2%	2%	2%
Salaries & Benefits	\$26,741,000	\$26,724,000	\$27,379,000
STRS	19.10%	19.10%	19.10%
PERS	26.68%	27.70%	28.30%
H&W	Close to 9%	6%	6%
Unemployment Rate	0.05%	0.05%	0.05%
Workers Comp	1.72%	1.72%	1.72%

Non Salary Accounts

	2023-24	2024-25	2025-26
Books & Supplies	\$873,000	\$809,000	\$809,000
Services	\$3,940,000	\$3,988,000	\$3,540,000
Transfers	\$1,499,000	\$1,499,000	\$1,499,000
Budget Reductions (Line 10)			-\$600,000

Lower spending level from 2022-23 due to the removal of carry overs (from pandemic extra funds) and one time expenditures. For instance, the textbook adoptions made in 2022-23 were anticipated and necessary, higher than an average year by \$240,000. Another example is the 2022-23 purchase of new chromebooks this spring for an additional grade level in order for 2nd graders to have devices with operating systems that allowed them to take the state testing. 2023-24 and out years are stable years.

The services cost swings are mainly driven by the Expanded Learning Opportunities Program we are planning to operate in 2023-24 (\$300,000), in 2024-25 (\$448,000), and no spending in 2025-26 after the Resource has been depleted. This line item also includes a special budget line in Object 5750 for ANY costs previously accounted for in one-time resources that are moving to the General Fund.

Projections include removal of one-time expenditures, including Special Ed contracts that won't be necessary as we are planning to hire staff for those services.

We anticipate an increase in \$166,000 in the excess cost bill back from MCOE for our students who are in county programs and the district expects to maintain a high level of spending for students in non-public placements.

OTHER FUNDS OVERVIEW

	Beginning Fund Balance	Budgeted Net Change	2023-24 Projected Fund Balance
Cafeteria (Fund 13)	\$55,909	\$1,500	\$57,409
Building Fund (GO Bonds)	\$38,958		\$38,958
Capital Facilities (Developer Fees)	\$0		\$0
NEW - School Facilities (Fund 35)	\$5,175,140	\$40,000	\$5,215,140
Special Reserve for Capital Outlay	\$2,751,231	-\$143,675	\$2,607,556
<i>Lease Properties (Fund 40)</i>	<i>\$537,817</i>	<i>-\$158,675</i>	<i>\$379,142</i>
<i>Ex-Dixie Foundation</i>	<i>\$2,213,414</i>	<i>\$15,000</i>	<i>\$2,228,414</i>
Bond Interest and Redemption (GO Bond Repayment)	\$1,063,992	\$20,000	\$1,083,173
Self-Insurance Fund	\$247,088		\$247,088

SUMMARY

The budget for Miller Creek School District for 2023-24 includes all known revenues and expenditures and is based on information from the County, State and District resources. The 2023-24 Proposed Budget has a projected Ending Balance of \$5,142,000. This level of ending balance provides for a Reserve for Economic Uncertainties at the State Required 3.0% of total expenditures for \$992,000. In addition, we are still maintaining a set aside "assigned" reserve of \$375,000 for Pension stabilization, Routine Restricted Maintenance and Special Ed.

This budget reflects that the District remains fiscally solvent for the budget year and two subsequent years as required for certification, with some necessary changes noted on line 10 to reduce program and operational costs based on the 3% minimum requirement at the State level.

The District will need to closely monitor any impacts on the district's budget once the state adopts its budget, including changes to the district's anticipated revenue and reserve and any change to the funding status for state funded or community funded. The District expects to bring a 45 day revision in August after the adoption of the state budget and consideration of further budget adjustments as well as a proposal for a reserve restoration plan may be included with the 1st Interim Report in December 2023.

PROPOSED BUDGET AND TWO-YEAR FORECAST

**MILLER CREEK SCHOOL DISTRICT
2023-24 BUDGET
Multi-Year Projection**

Description	2023-24 Budget			2024-25 Projected Budget			2025-26 Projected Budget		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
Revenue									
General Purpose	21,124,392		21,124,392	21,409,035		21,409,035	22,477,421		22,477,421
Federal Revenue		485,853	485,853		485,853	485,853		485,853	485,853
State Revenue	821,110	1,622,547	2,443,657	840,146	1,640,170	2,480,316	872,593	1,662,216	2,534,809
Local Revenue	422,494	4,874,888	5,297,382	422,494	4,963,719	5,386,213	422,494	5,055,215	5,477,709
Transfers in	1,300,000		1,300,000	1,300,000		1,300,000	1,300,000		1,300,000
Contributions to Restricted	(5,036,441)	5,036,441	0	(5,220,320)	5,200,222	(20,098)	(5,366,502)	5,349,774	(16,728)
Total Revenue	18,631,555	12,019,729	30,651,284	18,751,355	12,289,964	31,041,319	19,706,006	12,553,058	32,259,064
Expenditures									
Certificated Salaries	8,742,435	4,691,413	13,433,848	8,595,983	4,726,515	13,322,498	8,767,903	4,821,046	13,588,949
Classified Salaries	2,918,864	1,793,433	4,712,297	2,834,441	1,829,301	4,663,742	2,891,130	1,865,887	4,757,017
Employee Benefits	5,332,686	3,262,011	8,594,697	5,394,260	3,344,295	8,738,555	5,594,907	3,438,119	9,033,026
Books and Supplies	418,600	454,800	873,400	418,600	390,800	809,400	418,600	390,800	809,400
Other Services & Oper. Expenses	2,143,459	1,751,671	3,895,130	3,222,319	765,922	3,988,241	3,366,850	173,280	3,540,130
<i>Incl Object 5750 One-time transfers to GF</i>				<u>1,078,860</u>	<u>(1,078,860)</u>	<u>0</u>	<u>1,223,391</u>	<u>(1,223,391)</u>	<u>0</u>
Capital Outlay	5,000	40,000	45,000	5,000	40,000	45,000	5,000	40,000	45,000
Other Outgo 7xxx		1,499,254	1,499,254		1,499,254	1,499,254		1,499,254	1,499,254
Transfer of Indirect 73xx	(55,000)	55,000	0	(25,000)	25,000	0	(25,000)	25,000	0
Transfers Out									
Budget Reductions (Line 10)						0	(600,000)		(600,000)
Total Expenditures	19,506,044	13,547,582	33,053,626	20,445,603	12,621,087	33,066,690	20,419,390	12,253,386	32,672,776
Deficit/Surplus	(874,489)	(1,527,853)	(2,402,342)	(1,694,248)	(331,123)	(2,025,371)	(713,384)	299,672	(413,712)
Beginning Balance	4,980,122	2,564,798	7,544,920	4,105,633	1,036,945	5,142,578	2,411,385	705,822	3,117,207
Ending Balance	4,105,633	1,036,945	5,142,578	2,411,385	705,822	3,117,207	1,698,001	1,005,494	2,703,495

Note: The slide presentation prepared for the Board Meeting on June 13, 2023 is attached as an Appendix to this document.

Budget Narrative Appendix A

Slide presentation prepared for the Board Meeting on June 13, 2023



Budget Adoption

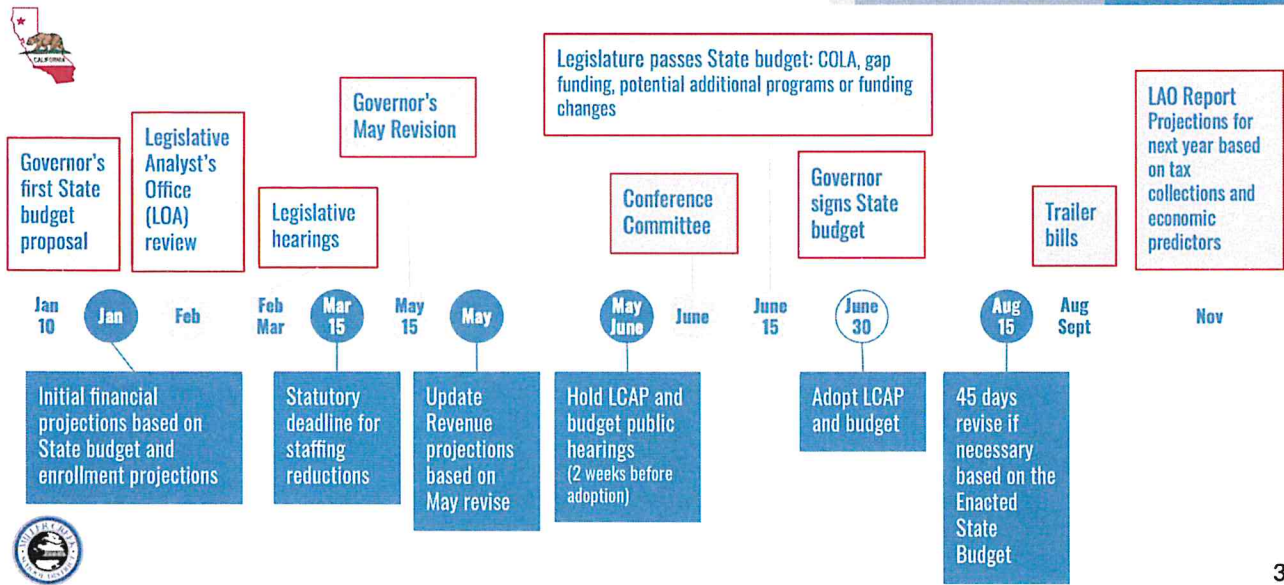
Miller Creek School District Board Meeting June 13th, 2023

1

Update from the State

2

Budget Cycle



Themes for the May Revision

	<p>Governor Gavin Newsom attempts to reach a balance of protecting existing investments while anticipating continued economic uncertainties</p>		<p>Revenues have continued to underperform, forcing the Administration to now recognize a \$31.5 billion budget shortfall</p>
	<p>Despite this uncertainty, education falls into the category of an investment to protect</p>		<p>Even within education, a tradeoff is made: Protecting the Local Control Funding Formula (LCFF) comes at the expense of one-time funds reduced in the current year, some of which have already hit local educational agency (LEA) coffers</p>
	<p>Echoing his warnings in January, the Governor's summary states "should broader economic risks materialize, deeper reductions will be necessary"</p>		<p>Still in the budgeting toolbox should revenues continue to decline: deferrals, reserve account withdrawals, and cost-of-living adjustment (COLA) deficits</p>

Governor's Budget vs. May Revision

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Item	Governor's Budget	May Revision
LCFF Funding Increase	\$5.04 billion¹	\$4.04 billion²
Proposition 98 Minimum Guarantee		
2021-22	\$110.4 billion	\$110.6 billion
2022-23	\$107.0 billion	\$106.8 billion
2023-24	\$108.8 billion	\$106.8 billion
2023-24 Statutory COLA	8.13%	8.22%
Arts, Music, and Instructional Materials Discretionary Block Grant Reduction	-\$1.2 billion	-\$1.8 billion
Learning Recovery Emergency Block Grant Reduction	No Reduction	-\$2.5 billion

¹Reflects an LCFF increase of \$4.2 billion for the 8.13% COLA and \$855 million to support TK expansion

²Reflects an LCFF increase of \$3.6 billion for the 8.22% COLA and \$460 million to support TK expansion

SSC Financial Projection Dashboard

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Planning Factors		2022-23	2023-24	2024-25	2025-26	2026-27
DOF ¹ Planning COLA		6.56%	8.22%	3.94%	3.29%	3.19%
California CPI ²		5.71%	3.54%	3.02%	2.64%	2.89%
CalSTRS ³ Employer Rate		19.10%	19.10%	19.10%	19.10%	19.10%
CalPERS ⁴ Employer Rate		25.37%	26.68%	27.70%	28.30%	28.70%
California Lottery	Unrestricted per ADA	\$170	\$170	\$170	\$170	\$170
	Restricted per ADA	\$67	\$67	\$67	\$67	\$67
Mandate Block Grant (District) ⁵	Grades K-8 per ADA	\$34.94	\$37.81	\$39.30	\$40.59	\$41.88
	Grades 9-12 per ADA	\$67.31	\$72.84	\$75.71	\$78.20	\$80.69
Mandate Block Grant (Charter)	Grades K-8 per ADA	\$18.34	\$19.85	\$20.63	\$21.31	\$21.99
	Grades 9-12 per ADA	\$50.98	\$55.17	\$57.34	\$59.23	\$61.12

¹Department of Finance (DOF), ²Consumer Price Index (CPI), ³California State Teachers' Retirement System, ⁴California Public Employees' Retirement System, ⁵COE Mandate Block Grant: \$37.81 per average daily attendance (ADA) grades K-8; \$72.84 per ADA grades 9-12; \$1.27 per ADA; \$1.27 per unit of countywide ADA

2023-24 LCFF Funding Factors

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Grade Span	TK	K-3	4-6	7-8	9-12
2022-23 Base Grant per ADA	\$9,166	\$9,166	\$9,304	\$9,580	\$11,102
8.22% COLA	\$753	\$753	\$765	\$787	\$913
2023-24 Base Grant per ADA	\$9,919	\$9,919	\$10,069	\$10,367	\$12,015
Grade Span Adjustment (GSA)	\$1,032	\$1,032	-	-	\$312
TK Add-on (inclusive of COLA)	\$3,044	-	-	-	-
2023-24 Adjusted Base Grant per ADA	\$13,995	\$10,951	\$10,069	\$10,367	\$12,327
20% Supplemental Grant per ADA ¹	-	\$2,190	\$2,014	\$2,073	\$2,465
65% Concentration Grant per ADA ²	-	\$7,118	\$6,545	\$6,739	\$8,013

¹Maximum amount per ADA—to arrive at LEA's grant amount, multiply adjusted base grant per ADA by 20% and Unduplicated Pupil Percentage (UPP)

²Maximum amount per ADA—to arrive at LEA's grant amount, multiply adjusted base grant per ADA by 65% and UPP above 55%

MYP - 4 years at a glance

Description	2022-23 Estimated Actuals			2023-24 Budget			2024-25 Projected Budget			2025-26 Projected Budget		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
Revenue												
General Purpose	19,459,214		19,459,214	21,124,392		21,124,392	21,409,035		21,409,035	22,477,421		22,477,421
Federal Revenue		1,415,203	1,415,203		485,853	485,853		485,853	485,853		485,853	485,853
State Revenue	787,565	3,616,134	4,383,719	821,110	1,622,547	2,443,657	840,146	1,640,170	2,480,316	872,593	1,662,216	2,534,809
Local Revenue	418,777	4,999,365	5,418,162	422,494	4,874,888	5,297,382	422,494	4,963,719	5,386,213	422,494	5,055,215	5,477,709
Transfers in	2,514,000		2,514,000	1,300,000		1,300,000	1,300,000		1,300,000	1,300,000		1,300,000
Contributions to Restricted	(3,953,389)	3,953,389	0	(5,036,441)	5,036,441	0	(5,220,320)	5,200,222	(20,098)	(5,395,502)	5,349,774	(16,728)
Total Revenue	19,205,187	13,984,111	33,190,298	18,631,555	12,019,729	30,651,284	18,751,355	12,289,964	31,041,319	19,706,006	12,553,058	32,259,064
Expenditures												
Certificated Salaries	7,904,223	4,248,614	12,152,837	8,742,435	4,691,413	13,433,848	8,595,903	4,726,515	13,322,418	8,767,903	4,821,046	13,588,949
Classified Salaries	2,700,495	1,701,806	4,402,301	2,918,864	1,793,433	4,712,297	2,834,441	1,829,301	4,663,742	2,891,130	1,865,887	4,757,017
Employee Benefits	4,677,439	2,897,289	7,574,728	5,332,686	3,262,011	8,594,697	5,394,260	3,344,295	8,738,555	5,594,907	3,438,119	9,033,026
Books and Supplies	534,926	775,609	1,310,735	418,600	454,800	873,400	418,600	390,800	809,400	418,600	390,800	809,400
Other Services & Oper. Expenses	2,407,937	2,110,678	4,518,615	2,143,459	1,751,671	3,895,130	3,222,319	765,922	3,988,241	3,368,850	173,280	3,542,130
<i>Incl. Object 5750 One-time transfers to GF</i>							<i>1,078,860</i>	<i>(1,078,860)</i>	0	<i>1,223,391</i>	<i>(1,223,391)</i>	0
Capital Outlay	5,101	39,745	44,846	5,000	40,000	45,000	5,000	40,000	45,000	5,000	40,000	45,000
Other Outgo 7xxx		1,259,233	1,259,233		1,499,254	1,499,254		1,499,254	1,499,254		1,499,254	1,499,254
Transfer of Indirect 73xx	(153,792)	153,792	0	(55,000)	55,000	0	(25,000)	25,000	0	(25,000)	25,000	0
Transfers Out	84,362		84,362	0		0	0		0	0		0
Budget Reductions (Line 10)										(600,000)		(600,000)
Total Expenditures	18,160,681	13,187,166	31,347,847	19,606,044	13,547,582	33,053,626	20,445,603	12,621,087	33,066,690	20,419,350	12,253,386	32,672,736
Deficit/Surplus	1,045,506	796,945	1,842,451	(874,489)	(1,527,853)	(2,402,342)	(1,694,248)	(331,123)	(2,025,371)	(713,384)	299,672	(413,712)
Beginning Balance	3,934,616	1,767,653	5,702,469	4,980,122	2,594,798	7,544,920	4,105,633	1,036,945	5,142,578	2,411,385	705,622	3,117,207
Ending Balance	4,980,122	2,564,798	7,544,920	4,105,633	1,036,945	5,142,578	2,411,385	705,822	3,117,207	1,698,001	1,005,494	2,703,495

Revenue

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Revenue Highlights



- Complicated State/Basic Aid scenarios resulting in revenue swings hard to predict
- Multiple factors:
 - State: COLA, conflicting funding priorities
 - County Treasury: property tax growth, prior year taxes, supplemental taxes, potential of commercial appeals
 - Local: demographics, impact of future development, CanDo!, new enrollment typically active during the summer

Since 2nd Interim:

- Projection of prior year taxes reduced by \$636,000 over 3 years
- Additional cuts to the Arts, Music, and Instructional Materials Discretionary Block Grant and the Learning Recovery Emergency Block Grant. Reduced by \$330K (left in ending balance at 2nd Interim), now total of \$845K, cuts all accounted for in 2022-23. Still debated in Sacramento.
- Prop 28: decided to budget for 2/3rd of allocation while waiting for trailer bills
- Applying to grants ...

=> 45 days revise might look different.

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Revenue Assumptions



	2021-22	2022-23	2023-24	2024-25	2025-26
Property Tax	6.26%	6.11%	5.41%	4.56%	4.56%
COLA	5.07%	6.56% + 6.70%	8.22%	3.94%	3.29%
Actual ADA * <small>(line 153)</small>	1,700.1	1,725.4	1,737.1	1,775.4	1,859.2
Funded ADA <small>(line 154)</small>	1,967.9	1,873.3	1,796.5	1,775.46	1,859.2
Method	Prior	3-PY average	3-PY average	Current	Current
LCFF Increase YOY	-	+3.9%	+8.6%	+1.3%	+5.0%
Includes One-time	\$1.2M	\$2.1M	-	-	-
Secured property taxes			\$19,1M a 5.41% increase	4.56% increase	4.56% increase
Parcel Taxes	-		\$3.96M a 3% increase	3% increase	3% increase
Funded UPP*			22.51%	Stable	Stable
CanDo!			\$679,000	Flat	Flat
COVID carryover			\$571,000	None	None

Revenue other assumptions (MYP notes)



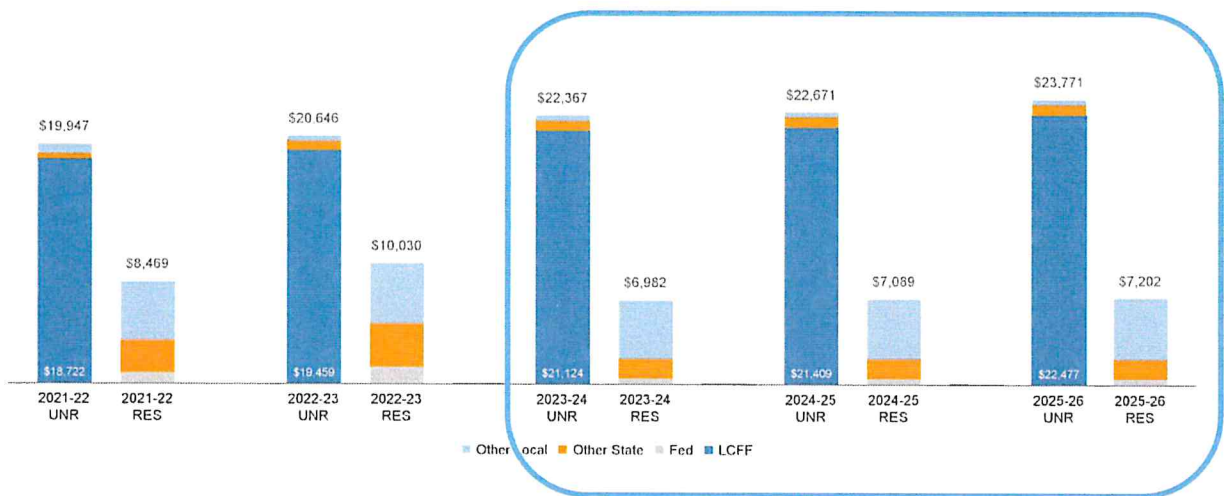
- 1: The Governor's May Budget Revision included further proposed cuts to the Arts, Music, and Instructional Materials (AMIM) Discretionary Block Grant and the Learning Recovery Emergency (LRE) Block Grant. This represents \$845,000 for the district. We recorded those cuts in 2022-23 as recommended by MCOE
- 2: We were able to apply a portion (\$1,214,000) of one time revenue we received in December from the Office of Public School Construction to reimburse some Facilities Modernization costs having impacted the General Fund in previous fiscal years.
- 3: This represents a non-recurring transfer to Fund 25 (Developers Fees) to cover some of the expenses associated with the Developer Mitigation/Facilities Strategic Planning efforts.
- 4: The projection uncertainty between the LCFF calculator projected COLA's is still too close to predict. Being on the cusp has introduced this same uncertainty over at least the last five years. A significant factor in this uncertainty is when to predict that the district will receive supplemental taxes of approximately \$600,000 (only in the years subsequent to being state funded).
- 5: Federal and State Revenue expected to decline in 23-24 due to removal one-time funding sources. We are now getting back to more predictable pre-pandemic fundings levels. Starting in 2023-24, State Revenue includes a portion of the Prop 28 funding for arts and music instruction in schools. MCOE recommends that districts exercise caution in planning for the expenditure of these funds as the level of funding is not yet known and some of the Proposition's key provisions lack clarity, including the restriction on supplanting and the requirement to use 80% of the funding for employees. We have projected an annual allocation of \$150,000 a year (State is reporting we could receive up \$222,000).
- 6: Local Revenue is expected to increase due to annual 3% renewal increase of the District's parcel tax. All other local revenues are projected flat (including CanDo!)

Enrollment Projections

	Budget 22-23	Count 05/2023	Projections 23-24				Projections 24-25				Projections 25-26			
			Cohort	New housing	Demo *	Total	Cohort	New housing	Demo *	Total	Cohort	New housing	Demo *	Total
TK	44	44	56			56	65	5	0	70	83	9	0	92
K	160	177	168			168	178	5	0	183	196	11	0	207
1	178	185	184			184	168	6	1	175	178	11	1	190
2	198	194	190			190	184	5	1	190	168	9	2	179
3	190	195	198			198	190	5	1	196	184	9	2	195
4	201	207	197			197	198	7	1	206	190	13	2	205
5	181	192	221			221	197	5	1	203	198	9	2	209
6	165	180	196			196	221	5	5	231	197	9	6	212
7	203	205	180			180	196	5	-1	200	221	9	4	234
8	229	224	207			207	180	5	-1	184	196	9	-2	203
	1,749	1,826	1,797			1,797	1,777	53	8	1,838	1,811	98	17	1,926
NPS	9	9	9			9	9			9	9			9
	1,758	1,812	1,806			1,806	1,786	53	8	1,847	1,820	98	17	1,935

*Demographic adjustments represent the recommended tuning from King Consulting after analysis of our enrollment patterns.

MYP Revenue Trend



Basic Aid or not Basic Aid?

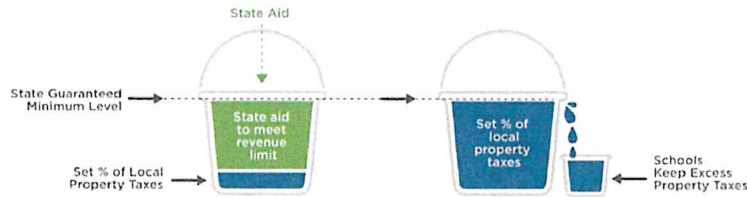
That is the question ...

State Funded, Non Basic Aid

- ▶ District is entitled to a calculated Entitlement
 - ▶ Comprised of property taxes and State Aid
 - ▶ When property taxes don't fill the bucket, the State makes up the shortfall with State Aid

Community Funded, Basic Aid

- ▶ District is entitled to a calculated Entitlement
 - ▶ Comprised of property taxes and State Aid
 - ▶ If Property taxes fill the bucket, and overflow, the district keeps the overflow \$5 and doesn't need State Aid



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Basic Aid or not Basic Aid?

Not all submissions have the same answer ...

State Funded, Non Basic Aid

Community Funded, Basic Aid

	2021-22	2022-23	2023-24	2024-25	2025-26
2022-23 Budget Adoption		\$ 19,413	\$ 20,121	\$ 20,676	
2022-23 45 days revise		\$ 19,559	\$ 20,902	\$ 20,811	
2022-23 1st Interim - DOF COLA	\$ 18,728	\$ 19,605	\$ 20,407	\$ 21,220	
2022-23 2nd Interim - DOF COLA	\$ 18,728	\$ 19,219	\$ 21,280	\$ 21,642	
2023-24 Budget Prep	\$ 18,728	\$19,459	\$20,879	\$20,803	\$22,497
	6.26%	6.11%	4.05%	4.26%	4.26%
2023-24 Budget Adoption	\$ 18,728	\$19,459	\$21,124	\$21,409	\$22,497
	6.28%	6.11%	5.41%	4.56%	4.56%

Percentages indicate the Property Taxes assumptions. Current 7 years average = 5.56%, May latest non official rate = 5.35%

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Expenses

Expenses Highlights



Additional ongoing costs:

- Employees expenses related to positions increased by 5% in 2023-24
- 2% step & column every year
- H&W benefits increased by close to 9% in budget, 6% after that
- One more elementary school counselor
- One more TK class
- Potential need of one more TK-5 teacher
- Special Ed costs

Positions/expenses paid from One-time funds will eventually be 100% funded out of

General Fund eventually:

- Impact \$1,079K in 2024-25
- \$1,223K in 2025-26

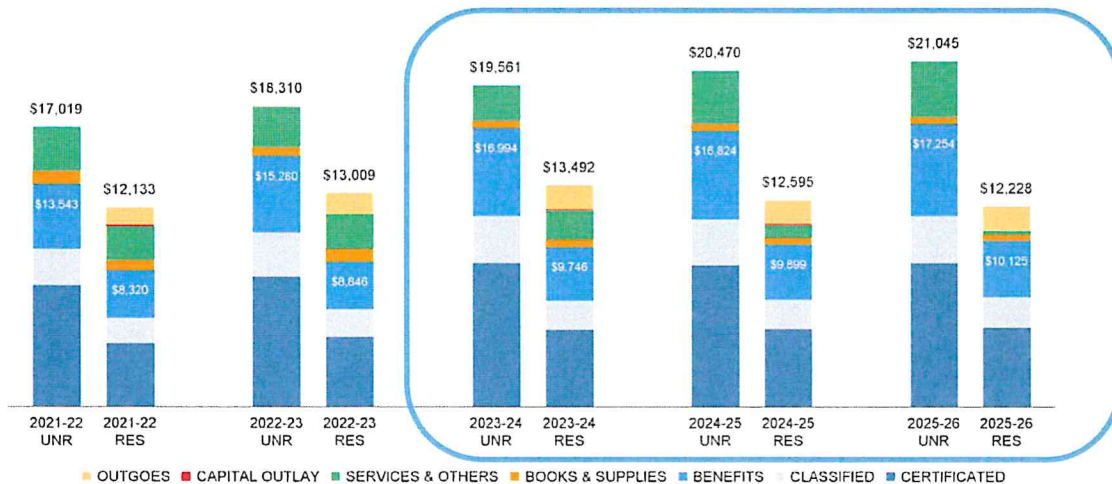
Measures already included in the budget are:

- Sunset several positions included in this LCAP cycle
- Adjust transportation program staffing
- Review sub rates for classified staff

Expenses other assumptions (MYP notes)

- 7: In 2023-24 and moving forward, the Special Ed contributions will increase as a result of the increasing staffing costs. In addition, we anticipate an increase in \$166,000 in the excess cost bill back from MCOE for our students who are in county programs and is maintaining a high level of spending for students in non-public placements.
- 8: 2023-24 Projections include step movement for eligible employees (2%), salary increase for all employees at 5% and re-activation of Special Ed positions that were outsourced in 2022-23. The budget also accounts for the expansion of our TK program, with the addition of one class for 23-24. In addition, the budget includes one additional K-5 teacher for projected enrollment. We are also planning to sunset several positions included in this LCAP cycle
- 9: Benefits projections include estimated increases in STRS & PERS, estimated 9% increase in health benefits in 2023-24, plus statutory benefits related to salary changes.
- 10: Lower spending level from 2022-23 due to the removal of carry overs (from pandemic extra funds) and one time expenditures. For instance, the textbook adoptions made in 2022-23 were anticipated and necessary, higher than an average year by \$240,000. Another example is the 2022-23 purchase of new chromebooks this spring for an additional grade level in order for 2nd graders to have devices with operating systems that allowed them to take the state testing. 2023-24 and out years are stable years.
- 11: Projections include removal of one-time expenditures, including Special Ed contracts that won't be necessary as we are planning to hire staff for those services.
- 12: Reflects an increase in \$166,000 in the Special Education Excess cost bill back from MCOE for our students who are in county programs
- 13: Includes the continuation of sunsetting several positions included in this LCAP cycle
- 14: The Services costs swings are mainly driven by the Expanded Learning Opportunities Program we are planning to operate in 2023-24 (\$300,000), in 2024-25 (\$448,000), and no spending in 2025-26 after the Resource has been depleted. This line item also includes a special budget line in Object 5750 for ANY costs previously accounted for in one-time resources that are moving to the General Fund.
- 15: Object 5750 Transfers of one time expenses to General Fund. Based on MCOE/FCMAT recommendations we are using this budget notation to capture any expense that needs to be absorbed by the General Fund after 2024-25.

MYP Expenses Trend, 81% People



General Fund only - UNR (Unrestricted) and RES (Restricted)
 Total above the column is for the entire column
 Amount indicated in white refers to Total Employees Costs

Deficit Spending

10,000 feet view

All numbers presented in thousands of dollars

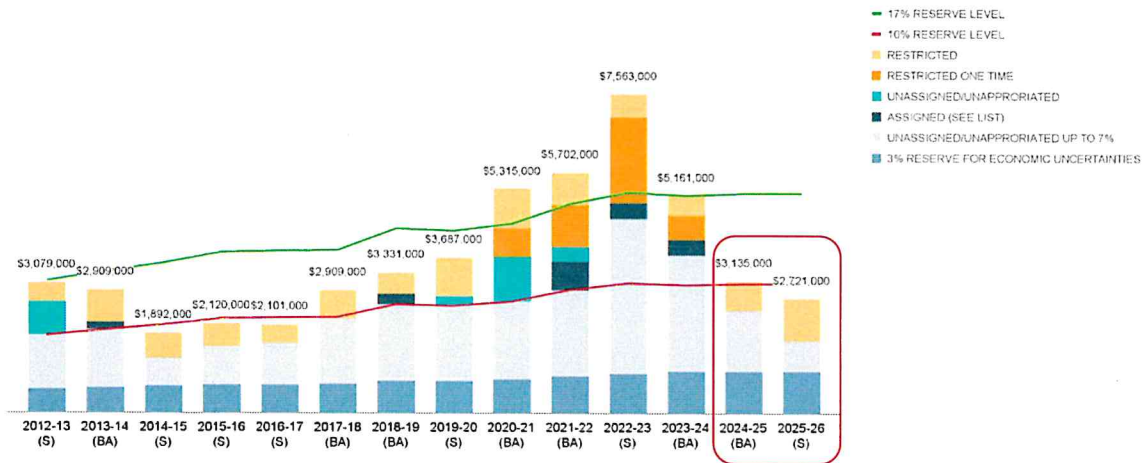


	2022-23	2023-24	2024-25	2025-26
Total Revenue	\$33,190	\$30,651	\$31,041	\$32,259
Total Expenditures	\$31,348	\$33,054	\$33,067	\$33,273
<i>After reduction since budget hearing</i>		<i>-\$553</i>	<i>-\$430</i>	<i>-\$301</i>
Deficit/Surplus	\$1,842	-\$2,402	-\$2,025	-\$1,014
		<i>-7.3%</i>	<i>-6.1%</i>	<i>-3.0%</i>
Beginning Balance	\$5,702	\$7,545	\$5,142	\$3,117
Ending Balance	\$7,545	\$5,142	\$3,117	\$2,103

	2025-26
Total Revenue	\$32,259
Total Expenditures	\$33,273
<u>Budget Reductions (Line 10)</u>	<u>-\$600</u>
Deficit/Surplus	-\$414
Beginning Balance	\$3,117
Ending Balance	\$2,703

Reserve

ENDING FUND BALANCE



(BA) Indicates years when the district was/will be Community Funded (aka Basic Aid)
 (S) Indicates years when the district was/will be State Funded

Other Funds

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OTHER FUNDS OVERVIEW 2023-24

	Beginning Fund Balance	Budgeted Net Change	2023-24 Projected Fund Balance
Cafeteria (Fund 13)	\$55,909	\$1,500	\$57,409
Building Fund (GO Bonds)	\$38,958		\$38,958
Capital Facilities (Developer Fees)	\$0		\$0
NEW - School Facilities (Fund 35)	\$5,175,140	\$40,000	\$5,215,140
Special Reserve for Capital Outlay	\$2,751,231	-\$143,675	\$2,607,556
<i>Lease Properties (Fund 40)</i>	<i>\$537,817</i>	<i>-\$158,675</i>	<i>\$379,142</i>
<i>Ex-Dixie Foundation</i>	<i>\$2,213,414</i>	<i>\$15,000</i>	<i>\$2,228,414</i>
Bond Interest and Redemption (GO Bond Repayment)	\$1,063,992	\$20,000	\$1,083,173
Self-Insurance Fund	\$247,088		\$247,088

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APPROVAL IS RECOMMENDED

ANY QUESTIONS?