

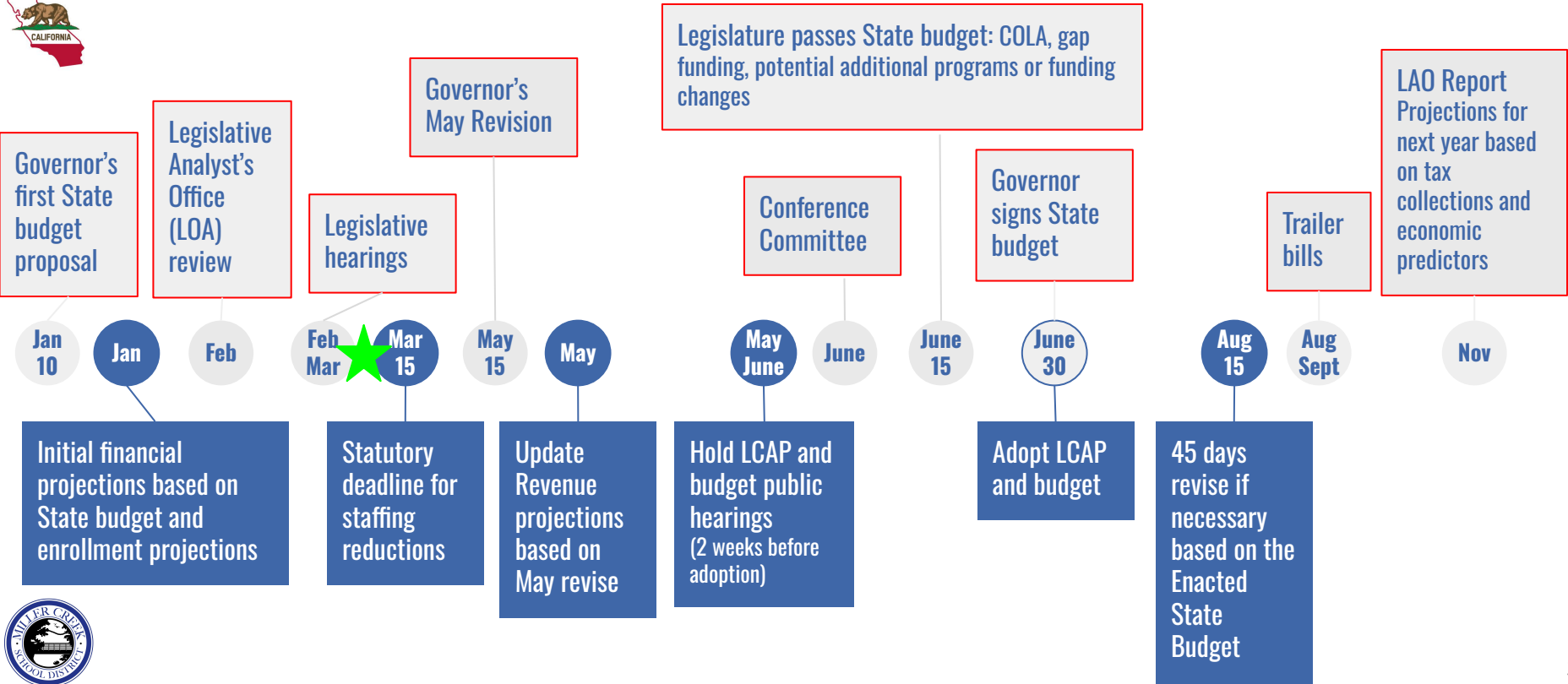


2nd Interim 2023-24

Miller Creek School District Board Meeting March 12th, 2024

Introduction

Budget Cycle



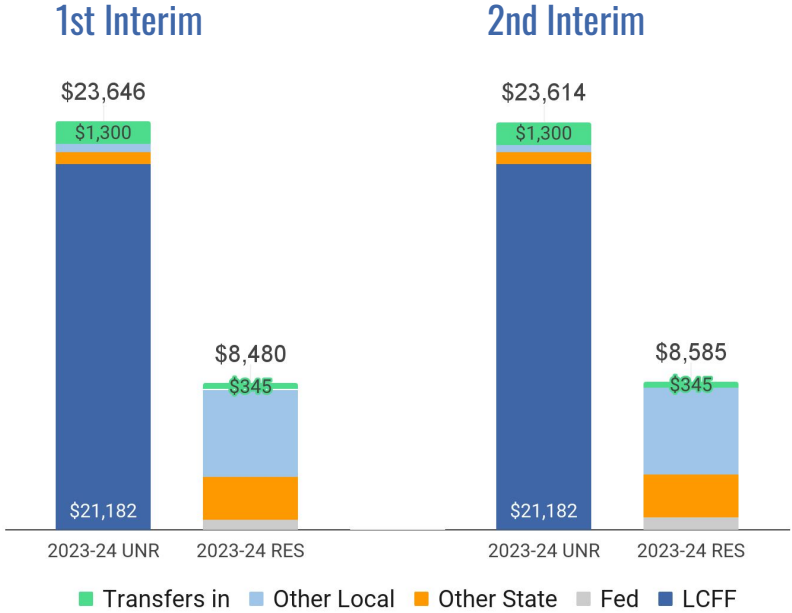
Objective of Interim Reports

- The Second Interim is as of January 31st for actuals
- Projects financial activity through June 30th
- Contains: Detailed projection for current year + Multi-Year Projections

- Board must approve certification of financial condition (per AB 1200)
 - ✓ Positive: Able to meet financial obligations for the current and two subsequent fiscal years
 - Qualified: May not be able to meet its financial obligations for the current fiscal year or two subsequent fiscal years
 - Negative: Unable to meet its financial obligations for the current fiscal year or two subsequent fiscal years

Budget Update (2023-24)

2023-24 Revenue Projection



LCFF

- No change in LCFF assumptions
- Remaining in Basic Aid Funded status

OTHERS

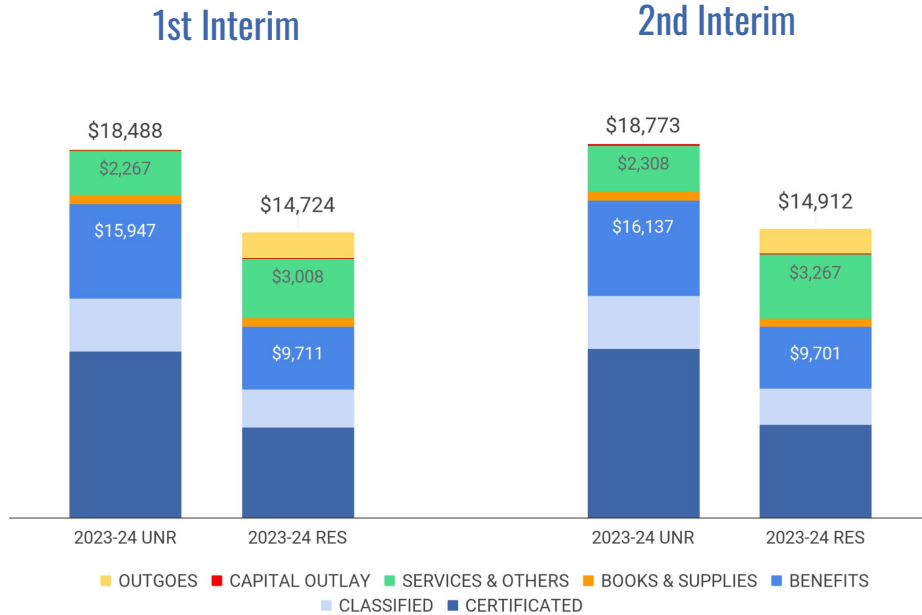
- Updated revenue for Title 1 based on most recent Federal Census data
- Updated Lottery revenue based on 2023-24 rates
- Various prior year adjustments

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

2023-24 Expenses Projection



- **Employees expenses:**
 - Increase mainly related to Unrestricted certificated staff “non-position”: subs, long term subs, extra duties
 - Decrease on the classified side due to the lower sub pay rate for the classified instructional staff that was paid at the certificated sub rate last year
- **Outsourced Services:**
 - Special Ed for additional assessments
 - Special Ed Transportation (MPTA and Happy Cab) high run rate



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

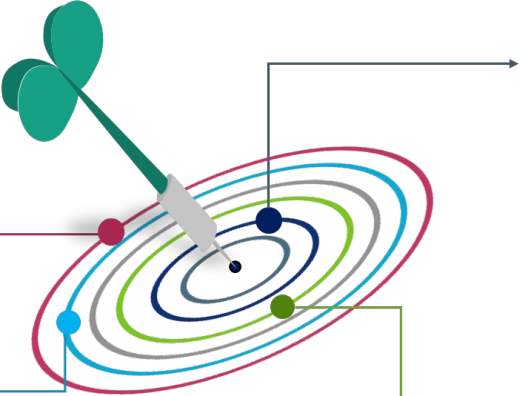
Review of changes since 1st Interim

Description	2023-24 Budget				2023-24 1st INTERIM				2023-24 2nd INTERIM			
	Unrestricted	Restricted	Combined		Unrestricted	Restricted	Combined		Unrestricted	Restricted	Combined	
Revenue	18,631,555	12,019,729	30,651,284		18,385,402	13,743,902	32,129,304		18,297,300	13,901,529	32,198,829	
Expenditures	19,506,044	13,547,582	33,053,626		18,492,445	14,724,598	33,217,043		18,773,528	14,911,793	33,685,321	
Deficit/Surplus	(874,489)	(1,527,853)	(2,402,342)		(107,043)	(980,696)	(1,087,739)		(476,228)	(1,010,264)	(1,486,492)	
Beginning Balance	4,980,122	2,564,798	7,544,920		3,962,632	3,200,105	7,162,737		3,962,632	3,200,105	7,162,737	
Ending Balance	4,105,633	1,036,945	5,142,578	15.6%	3,855,589	2,219,409	6,074,998	18.3%	3,486,404	2,189,841	5,676,245	16.9%
Revolving Cash (non spendable)	3,000		3,000		3,000		3,000		3,000		3,000	
Restricted Programs	0	1,036,945	1,036,945	3.1%	0	2,219,409	2,219,409	6.7%	0	2,189,841	2,189,841	6.5%
Assigned	525,000		525,000	1.6%	1,217,697	345,670	1,563,367	4.7%	1,215,000	345,670	1,560,670	4.7%
<i>Routine Restricted Maintenance</i>	150,000				225,000				225,000			
<i>Special Ed</i>	150,000				150,000				150,000			
<i>Excess Taxes Basic Aid</i>					842,697				840,000			
<i>OPEB (from closing Fund 68)</i>	150,000					345,670						
Available Reserves	3,577,633		3,577,633	10.8%	2,634,892		2,634,892	7.9%	2,268,404		2,268,404	6.7%
<i>Reserve for Economic Uncertainties</i>	992,000		992,000	3.0%	997,000		997,000	3.0%	1,011,000		1,011,000	3.0%
<i>Unassigned/Unappropriated Amount</i>	2,585,633		2,585,633	7.8%	1,637,892		1,637,892	4.9%	1,257,404		1,257,404	3.7%

Multi Year Projection (MYP)

Multi Year Projections aka MYP

Multiyear projections are required by Assembly Bill (AB) 1200 and AB 2756



Projections are anchored in reliable information as of the date of the projection

Projections will change any time the underlying factors change

Projections must be documented, because they will change

Basic Aid or not Basic Aid?

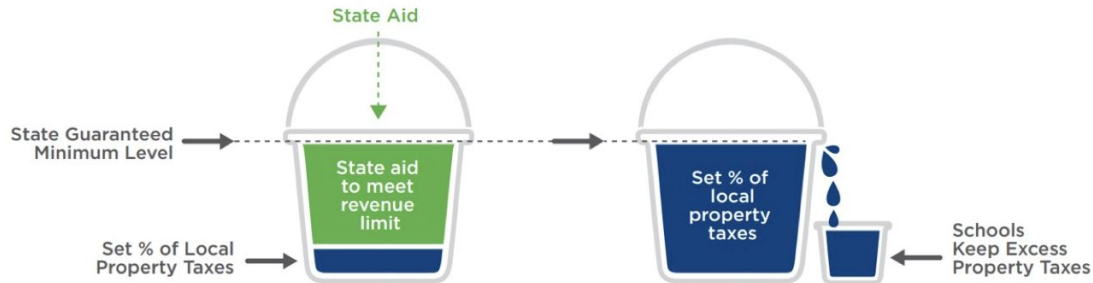
That is the question ...

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 \$\$ and doesn't need State Aid



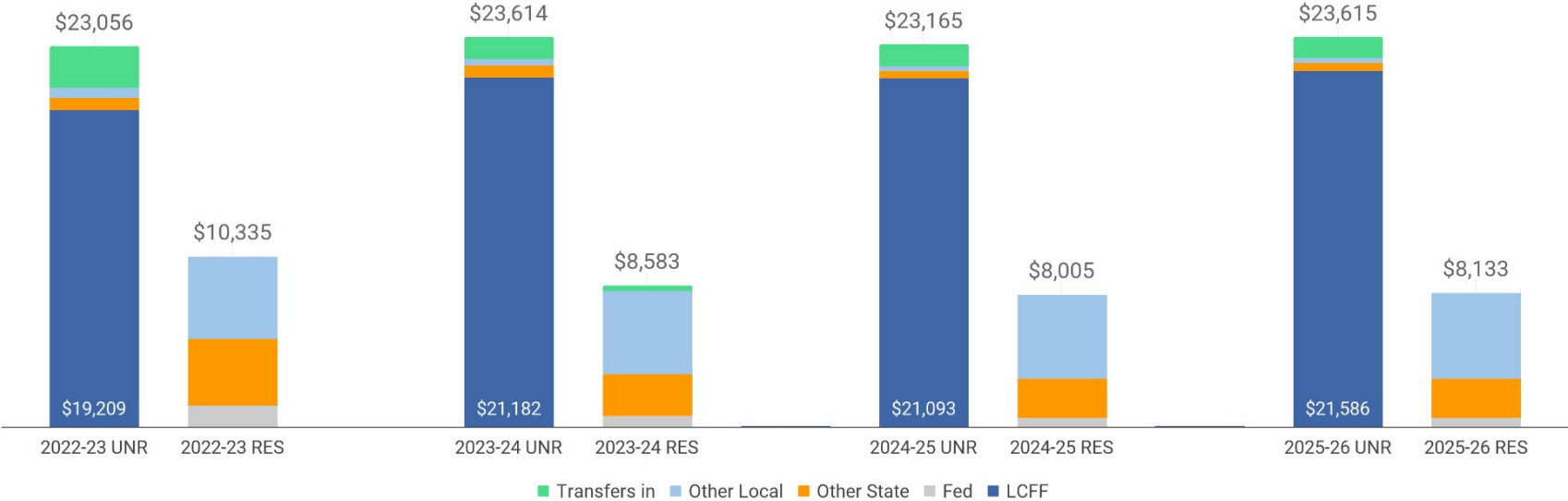
Revenue Assumptions



	2023-24	2024-25	2025-26
Funding	Basic Aid <i>(Community Funded)</i>	Basic Aid <i>(Community Funded)</i>	Basic Aid <i>(Community Funded)</i> State Funded
Secured Property Tax	5.41% ↘ 4.12%	4.56% ↘ 4.31% ↘ <u>3.70%</u>	4.56% ↘ 4.31% ↘ <u>3.70%</u>
COLA	8.22%	3.94% ↘ 1.50% ↘ <u>0.76%</u>	3.29% ↘ 2.00% ↗ <u>2.73%</u>
Actual ADA <small>(line 149, LCFF Calculator)</small>	1,737 ↘ 1,731	1,775 ↘ 1,758	1,859 ↘ 1,812
Funded ADA <small>(line 155, LCFF Calculator)</small>	1,796 → 1,797	1,775 ↘ 1,758	1,859 ↘ 1,812
Method	3-PY average	Current	Current
Includes One-time	-	-	-
Parcel Taxes	\$3.96M + \$70K	3% increase	3% increase
Funded UPP <small>(Unduplicated Pupil Count)</small>	22.51% ↗ 22.63% ↗ 23.67%	Formula driven	Formula driven
Other Federal and State Revenue	Per entitlement	Flat	Flat
CanDo!	\$679,000	Flat	Flat
Interest Earnings <small>(Interest Rate Trend for 10-Year Treasuries)</small>	\$72,000 + \$5K	2.98% ↗ 3.68%	2.90% ↗ 3.50%

Changes of assumption since Budget Adoption indicated in each cell if appropriate

MYP Revenue Projections (4Y)



Excludes Contributions from UNR to RES:
 2022-23: 2023-24: \$5,036,000 2024-25: \$5,261,000 2025-26: \$5,317,000

MYP Expenses Projection (4Y)



SAME:

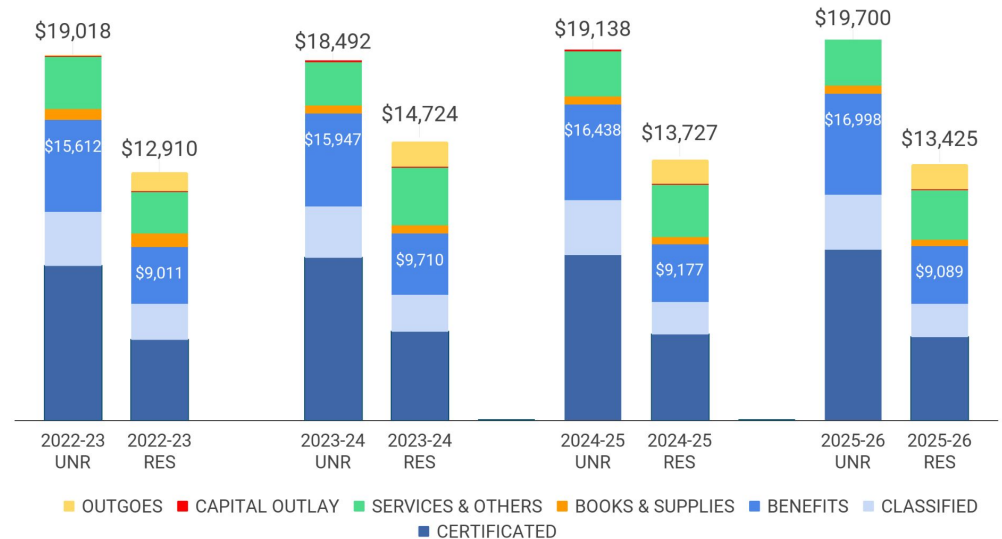
- Step & column + H&W benefits increase
- All Unrestricted non employee other expenses will remain at the same level as 2023-24 + California Consumer Price Index (CPI) on Service fees
- Sunset of non staff expenses paid from One-time funds in 2024-25

CANCELED:

- Music certificated position will be created in 2024-25 with the Prop 28 funds
- Sunset of positions paid from One-time funds in 2024-25

NEW:

- Adjustment of \$1,351,000 following board direction



MYP - 3 years at a glance

Description	2023-24 45 2nd INTERIM			2024-25 Projected Budget			2025-26 Projected Budget		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
Revenue									
General Purpose	21,182,495		21,182,495	21,092,576		21,092,576	21,586,022		21,586,022
Federal Revenue		686,936	686,936		570,897	570,897		570,897	570,897
State Revenue	709,000	2,521,231	3,230,231	448,068	2,328,058	2,776,126	451,015	2,362,390	2,813,405
Local Revenue	423,354	5,030,143	5,453,497	324,220	5,106,104	5,430,324	278,888	5,199,794	5,478,682
Transfers in	1,300,000	345,670	1,645,670	1,300,000		1,300,000	1,300,000		1,300,000
Contributions to Restricted	(5,317,549)	5,317,549	0	(5,252,772)	5,252,772	0	(5,274,909)	5,274,909	0
Total Revenue	18,297,300	13,901,529	32,198,829	17,912,092	13,257,831	31,169,923	18,341,016	13,407,990	31,749,006
Expenditures									
Certificated Salaries	8,594,950	4,720,767	13,315,717	8,991,620	4,463,718	13,455,338	9,281,211	4,351,899	13,633,110
Classified Salaries	2,684,665	1,835,982	4,520,647	2,948,123	1,620,194	4,568,317	2,994,633	1,628,504	4,623,137
Employee Benefits	4,856,703	3,143,966	8,000,669	5,187,080	2,998,723	8,185,803	5,440,824	3,012,605	8,453,429
Books and Supplies	455,650	400,529	856,179	452,760	340,729	793,489	454,425	267,809	722,234
Other Services & Oper. Expenses	2,308,878	3,266,813	5,575,691	2,267,353	2,913,603	5,180,956	2,317,250	2,844,102	5,161,352
Capital Outlay	84,682	40,000	124,682	64,390	130,000	194,390	5,000	40,000	45,000
Other Outgo 7xxx	4,000	1,287,736	1,291,736		1,287,736	1,287,736		1,287,736	1,287,736
Transfer of Indirect 73xx	(216,000)	216,000	0	(150,000)	150,000	0	(107,000)	107,000	0
Other Adjustments				(1,241,000)	(110,000)	(1,351,000)	(1,241,000)	(110,000)	(1,351,000)
Total Expenditures	18,773,528	14,911,793	33,685,321	18,520,326	13,794,703	32,315,029	19,145,343	13,429,655	32,574,998
Deficit/Surplus	(476,228)	(1,010,264)	(1,486,492)	(608,234)	(536,872)	(1,145,106)	(804,327)	(21,665)	(825,992)

Other Adjustments

The blue line Other Adjustments (also reported in Expenditures Item 10 in the SACS form) refers to the sum of all recommendations the LCAP /Budget Advisory committee and reduction in staff based on annual planning using enrollment which will be presented to the board for consideration on March 12th, 2024.



- \$1,061,000 = Immediate actionable recommendations (including \$110,000 in a Restricted Resource, Prop 28)
- \$290,000 = Additional Administrative recommendations based on annual planning
- TOTAL \$1,351,000

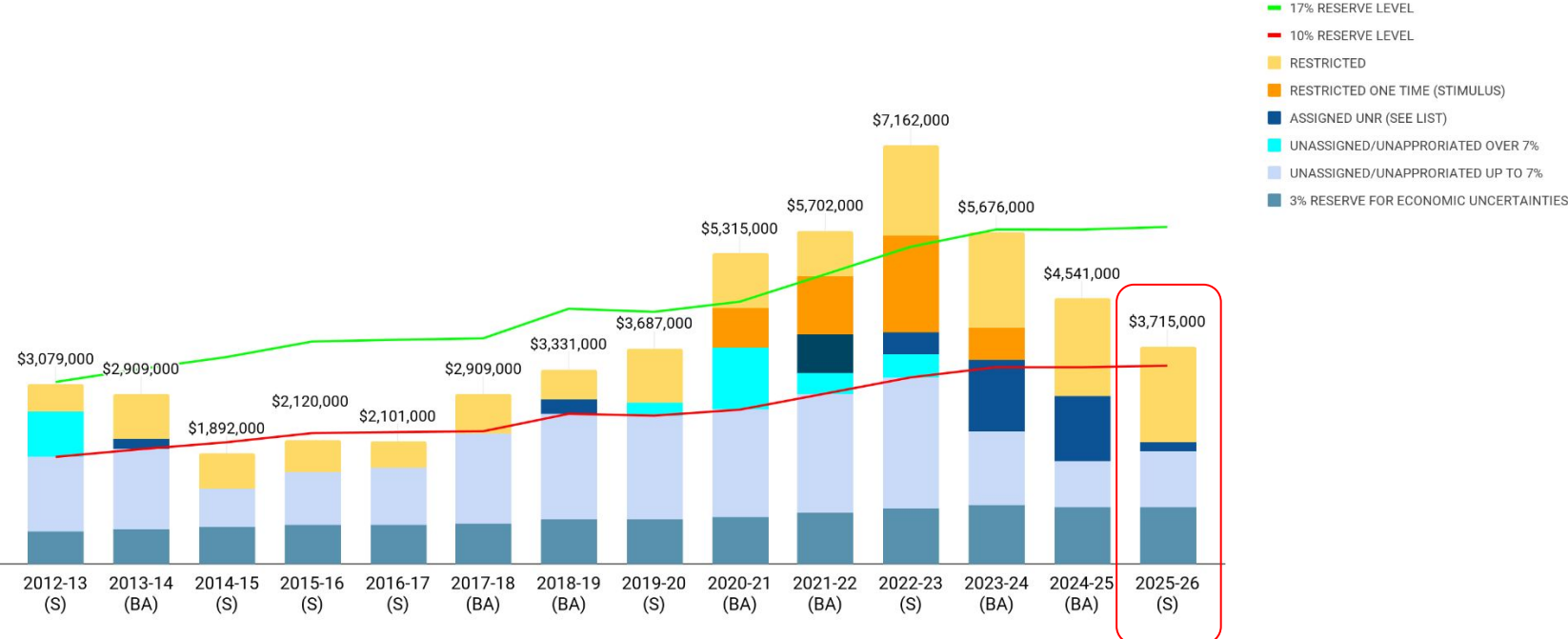
Deficit Spending & Ending Fund Balance

MYP - Deficit Spending & Reserve Level

Description	2023-24 45 2nd INTERIM				2024-25 Projected Budget				2025-26 Projected Budget			
	Unrestricted	Restricted	Combined		Unrestricted	Restricted	Combined		Unrestricted	Restricted	Combined	
Total Expenditures	18,773,528	14,911,793	33,685,321		18,521,326	13,783,307	32,304,633		19,145,343	13,429,655	32,574,998	
Deficit/Surplus (Incl \$1,351,000 adj)	(476,228)	(1,010,264)	(1,486,492)		(609,234)	(525,476)	(1,134,710)		(804,327)	(21,665)	(825,992)	
Beginning Balance	3,962,632	3,200,105	7,162,737		3,486,404	2,189,841	5,676,245		2,877,170	1,664,365	4,541,535	
Ending Balance	3,486,404	2,189,841	5,676,245	16.9%	2,877,170	1,664,365	4,541,535	14.1%	2,072,843	1,642,700	3,715,543	11.4%
Revolving Cash (non spendable)	3,000		3,000		3,000		3,000		3,000		3,000	
Restricted Programs	0	1,844,171	1,844,171	5.5%	0	1,318,695	1,318,695	4.1%	0	1,297,030	1,297,030	4.0%
Assigned	1,215,000	345,670	1,560,670	4.6%	1,125,000	345,670	1,470,670	4.6%	150,000	345,670	495,670	1.5%
<i>Routine Restricted Maintenance</i>	225,000				225,000							
<i>Special Ed</i>	150,000				150,000				150,000			
<i>Excess Taxes Basic Aid</i>	840,000			2.5%	750,000			2.3%				
<i>OPEB (from closing Fund 68)</i>		345,670		1.0%		345,670		1.1%		345,670		1.1%
Available Reserves (1)	2,268,404		2,268,404	6.7%	1,749,170		1,749,170	5.4%	1,919,843		1,919,843	5.9%
<i>Reserve for Economic Uncertainties</i>	1,011,000		1,011,000	3.0%	970,000		970,000	3.0%	978,000		978,000	3.0%
<i>Unassigned/Unappropriated Amount</i>	1,257,404		1,257,404	3.7%	779,170		779,170	2.4%	941,843		941,843	2.9%

Was 3.1% at 1st Interim

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

Deficit Spending & Reserve Level

At First Interim, the available reserve in Year 3 was at \$1,015,000 (3.1%). At Second Interim, with the annual adjustment of \$1,351,000 in Year 2, compounding in Year 3, the reserve level goes up to \$1,920,000 (5.9%).

Once the Minimum reserve for Economic Uncertainties is set aside, it leaves the District with \$942,000. At First Interim that extra amount was \$22,000.

Although we are still projecting deficit spending in all the 3 years of the MYP, we are currently expecting to go from a deficit of \$1,486,000 this year to \$826,000 in Year 3, which is a 44% reduction over 2 years.

This trend is encouraging and additional work will be required to meet the goal of 17% reserve.

APPROVAL IS RECOMMENDED

ANY QUESTIONS?