



Miller Creek

Elementary School District

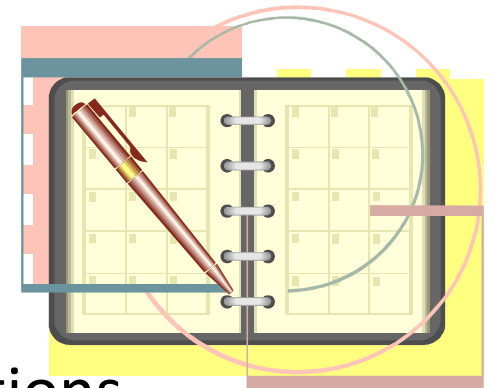
2022-23 Proposed Budget
May 31, 2022

Ryland | SCHOOL BUSINESS
CONSULTING

- ▶ Miller Creek Elementary School District

Agenda

- ▶ State Budget Cycle
- ▶ State Aid vs Basic Aid
- ▶ Key Budget Assumptions
 - ▶ Revenues and Expenditures
 - ▶ Education Protection Account
 - ▶ Parcel Tax
 - ▶ Contributions
 - ▶ Fund Balances
- ▶ Multi-Year Projection (MYP) and Assumptions
- ▶ Components of Ending Fund Balance
- ▶ Next Steps



State Budget Cycle

- ▶ January
 - ▶ Governor's proposed budget for budget year
- ▶ February
 - ▶ Legislative Analyst review with comments
- ▶ April
 - ▶ Statutory COLA recalculated
- ▶ May
 - ▶ "May Revise" reflects tax adjustments
- ▶ June 15 (or later)
 - ▶ Final adopted State budget
 - ▶ COLAs, "gap" funding
 - ▶ Potential additional programs, or funding changes
- ▶ November
 - ▶ Legislative Analyst Report (LAO Report)
 - ▶ Projections for next year based on tax collections and economic predictors
- ▶ January
 - ▶ Governor's proposed budget for next budget year...



State Funded

vs

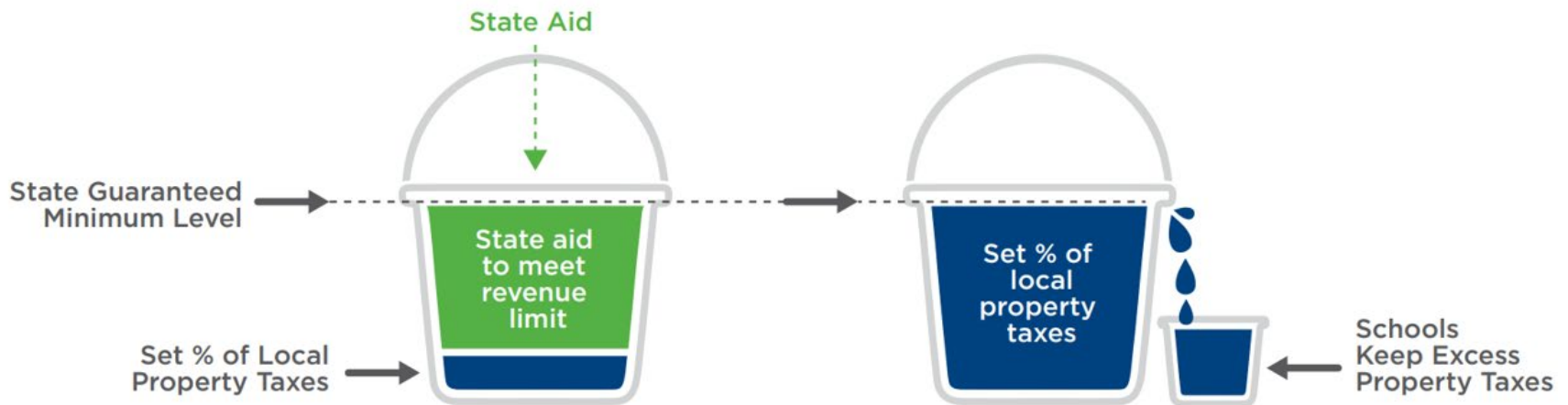
Basic Aid

▶ 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

▶ 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



Why Does Basic Aid Status Matter?

- ▶ The District will receive whichever calculation results in more funding for the District – it's not a choice
- ▶ When the District status is Basic Aid, more students does NOT mean more funding
 - ▶ Actually, more students results in LESS money per student
 - ▶ Base or COLA increases in the State Funding Formula do NOT generate more per-student revenue for the District
- ▶ Governor's NEW 3 year average ADA funding model impact
 - ▶ District is projected to remain in basic aid status

	<i>Basic Aid</i>	<i>Non-Basic Aid</i>	<i>Basic Aid</i>	<i>Basic Aid</i>	<i>Basic Aid</i>	<i>Basic Aid</i>	<i>Basic Aid</i>
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
COLA & Augmentation	3.70%	3.26%	0.00%	5.07%	9.86%	5.38%	4.02%
Total LCFF Entitlement	16,322,111	17,076,613	18,172,561	18,678,023	19,447,267	20,139,056	20,676,005
Property Tax Increase Rate	6.60%	3.75%	5.42%	5.32%	3.99%	3.00%	3.00%
Excess Taxes	\$ 60,530	\$ -	\$ 690,826	\$ 337,883	\$ 114,357	\$ 727,437	\$ 1,490,259
EPA in Excess to LCFF Funding	\$ 388,850	\$ 264,036	\$ 393,874	\$ 393,466	\$ 376,121	\$ 358,075	\$ 340,029
Excess Taxes/EPA Combined	\$ 449,380	\$ 264,036	\$ 1,084,700	\$ 731,349	\$ 490,478	\$ 1,085,512	\$ 1,830,288
TOTAL FUNDING	16,771,491	17,340,649	18,125,146	18,343,111	18,963,461	19,663,130	19,663,130

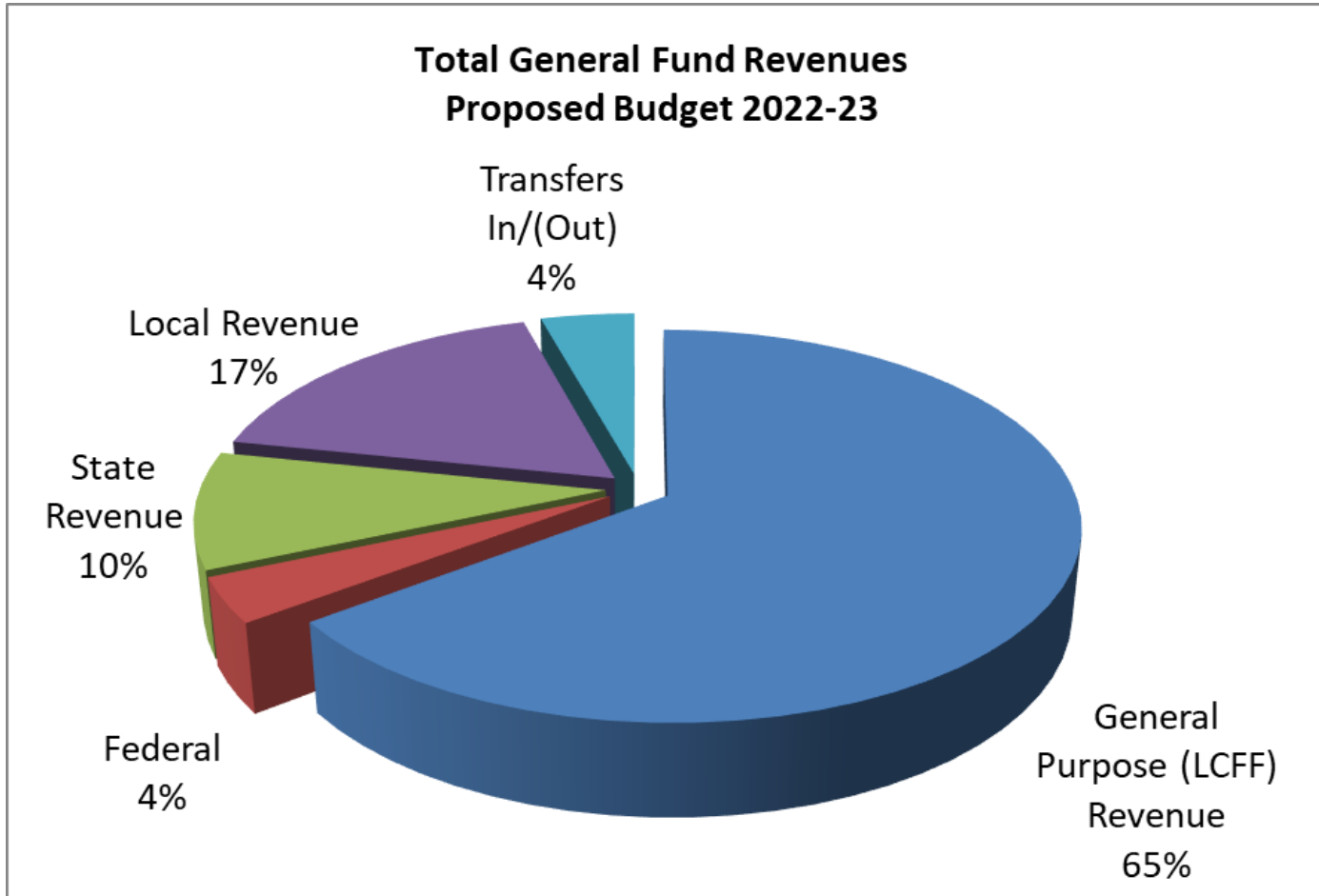
Key Budget Assumptions - Revenue

- ▶ LCFF COLA – Statutory rate of 6.56% with a 3.3% augmentation for a total of 9.86%
 - ▶ The impact of this COLA does not change the district’s basic aid status
- ▶ Unrestricted property taxes are projected to be approximately \$18.4 million
 - ▶ \$27,000 of the total property taxes are *in lieu* taxes to be transferred to the Ross Valley charter school for district students
- ▶ Average Daily Attendance (ADA) is estimated at 1,670.35 (excludes COE ADA of 28.62)
 - ▶ LCFF projections include the Governor’s 3 year average ADA proposal
 - ▶ The impact of the proposal does not change the district’s basic aid status, therefore, funded ADA has minimal impact to overall revenues
- ▶ Parcel taxes revenue projected at \$2.87 million

Key Budget Assumptions – Revenue (cont.)

- ▶ The District's estimated funded unduplicated pupil percentage for supplemental and concentration funding is 21.83%
- ▶ Lottery is estimated to be funded at \$163 per ADA for unrestricted purposes, and \$65 for restricted purposes
- ▶ Mandated Cost Block Grant projected at \$34.94 for K-8
- ▶ CAN DO contribution of approximately \$675,555
 - ▶ Funds used to support Art/Music/PE enrichment, counseling, wellness center, and school clubs and sports.
- ▶ COVID sources carryover (projected): \$706,000
- ▶ Increase in Expanded Learning Opportunity Program: \$627,000
- ▶ *Other proposals in the Governor's May Revise will be added to the budget after the State adoption*

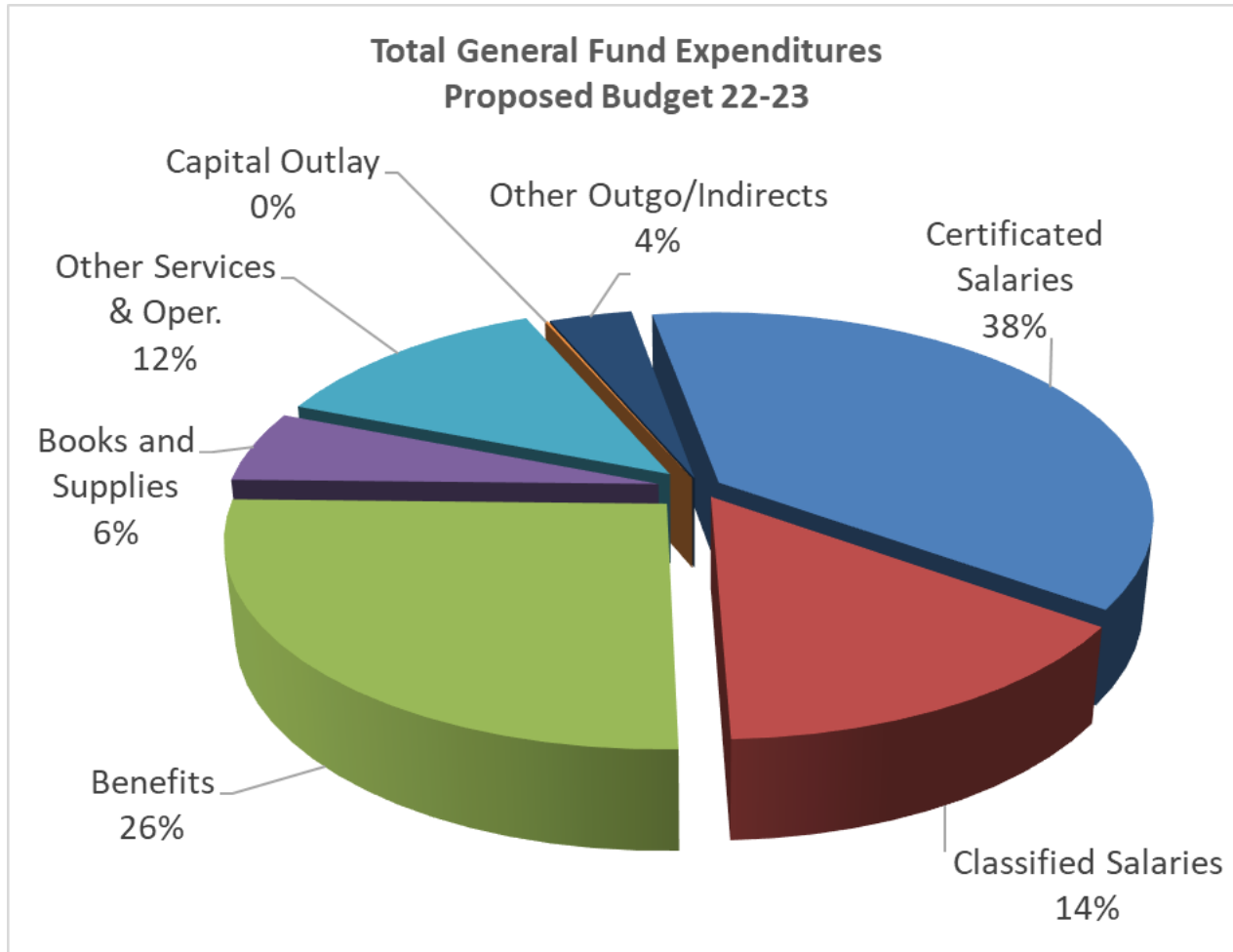
General Fund Revenue Budget (Combined)



Key Budget Assumptions - Expenditures

- ▶ STRS rate of 19.1% and PERS rate of 25.37% - increase of 2.18% and 2.46% respectively
- ▶ All Federal and State one-time revenues and related expenditures have been included
- ▶ All new ongoing revenues and related expenditures have been included
- ▶ Includes annual step advancements
- ▶ Includes actions and services identified in the LCAP
- ▶ Includes costs of providing TK
- ▶ Salaries and Benefits comprise 84% of the Unrestricted GF budget and 78% of the Combined GF

General Fund Expenditures (Combined)



Education Protection Account (EPA)

- ▶ K-14 general purpose funds must be utilized for instructional purposes
- ▶ Part of LCFF Calculation
- ▶ EPA is guaranteed funding. Basic Aid Districts receive these funds in excess of property taxes.

Education Protection Account (EPA) Budget 2022-23 Fiscal Year	
Description	Amount
BEGINNING BALANCE	\$0
BUDGETED EPA REVENUE S: <i>Estimated EPA Funds</i>	\$376,121
BUDGETED EPA EXPENDITURE S: <i>Certificated Instructional Salaries</i>	\$305,612
<i>Certificated Instructional Benefits</i>	\$70,509
TOTAL	\$376,121
ENDING BALANCE	\$0

Parcel Tax Summary

- ▶ Parcel tax renewed on May 8, 2018 for 12 years
- ▶ Renewed annual rate of \$352/parcel plus additional \$118/parcel for total \$470/parcel
- ▶ Included an annual 3% increase to ensure funding keeps pace with inflation and cost of providing instruction
- ▶ Funds used to:
 - ▶ Attract and retain qualified teachers
 - ▶ Maintain instructional materials and equipment for science
 - ▶ Support core academic programs, including math, science, technology, reading and writing
 - ▶ Maintain music programs and world language electives
 - ▶ Maintain computers and technology instruction
 - ▶ Maintain class sizes
 - ▶ Maintain library services and materials

Parcel Tax (cont.)

- ▶ Below is a 5 year summary of Parcel Tax revenue and expenditures and current year expense breakdown

Description	2018-19 Actuals	2019-20 Actuals	2020-21 Actuals	2021-22 Estimated Actuals	2022-23 Proposed Budget
Total Revenue	2,543,824	2,619,216	2,693,382	2,791,070	2,874,502
Total Expenditures	2,536,407	2,616,243	2,740,009	2,793,469	2,874,502
Difference	7,417	2,973	(46,627)	(2,399)	-

Expenditure Category	Description	22-23 Projected Budget
Certificated Staffing	15 FTE	1,663,836
Library Staff	3.9 FTE	252,768
MCMS Counseling	1.5 FTE	167,079
Music Program	3.9 FTE plus supplies	321,020
Nurse and Health Specialists	3.25 FTE	231,617
Science	Supplies	5,000
Technology Support and Instructional Coach	1.9 FTE	222,182
Other Supplies/Services		11,000
Total Expenditures		\$ 2,874,502

Contributions from the Unrestricted to Restricted

- ▶ Other than board-approved contributions, restricted programs should be self-sufficient and stay within revenues provided
- ▶ Below is a 5 year history of contributions to Special Education and Routine Restricted Maintenance Account

Description	2018-19 Actuals	2019-20 Actuals	2020-21 Actuals	2021-22 Estimated Actuals	2022-23 Proposed Budget
Special Education	1,930,476	2,321,812	2,602,517	2,981,485	3,200,863
Routine Restricted Maintenance Account	540,751	773,171	727,813	853,479	1,036,363
Total Contributions	2,471,227	3,094,983	3,330,330	3,834,964	4,237,226

Contributions to Transportation

- ▶ Home to School Transportation funding is included as an “add-on” in LCFF calculation.
- ▶ The funded amount is equal to the amount the district received in 2012-13. LEAs must spend at least the amount spent in 2012-13 each year.
- ▶ Below is a 5 year history of total Transportation Revenue/Expenditures.

Description	2018-19 Actuals	2019-20 Actuals	2020-21 Actuals	2021-22 Est. Actuals	2022-23 Proposed Budget
LCFF Add-On: Home to School	157,573	157,573	157,573	157,573	157,573
LCFF Add-On: Special Education	139,399	139,399	139,399	139,399	139,399
Local Revenue (i.e. ticket sales, field trips, etc.)	175,344	177,568	(35,856)	199,762	159,944
<i>Additional Contribution from Unrestricted for Home to School</i>	119,239	6,187	103,367	94,785	146,765
<i>Additional Contribution from Unrestricted for Special Education</i>	284,512	303,223	169,596	285,140	271,399
Total Revenue	876,067	783,950	534,079	876,659	875,080
Total Home to School Expenditures	452,156	341,328	225,084	452,120	464,282
Total Special Education Expenditures	423,911	442,622	308,995	424,539	410,798
Total Expenditures	876,067	783,950	534,079	876,659	875,080

Summary of General Fund Budget

- ▶ The unrestricted general fund is budgeted to have a surplus of \$98K.
- ▶ The restricted general fund will deficit spend \$203K as the district spends funds carried over from the prior year

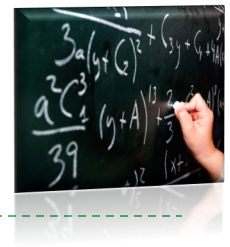
Proposed Budget 22-23			
Description	Unrestricted	Restricted	Total
Total Revenues	20,151,861	8,566,170	28,718,031
Total Expenditures	17,116,957	13,006,328	30,123,285
Excess/(Deficiency)	3,034,904	(4,440,158)	(1,405,254)
Other Sources/Uses	(2,937,226)	4,237,226	1,300,000
Net Increase/(Decrease)	97,678	(202,932)	(105,254)
Add: Beginning Fund Balance	3,644,734	418,654	4,063,388
Ending Fund Balance	3,742,412	215,722	3,958,134



2022-23 Estimated Ending Fund Balances

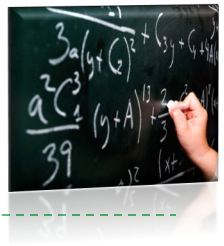
- ▶ All other funds projected to have minimal or no change in fund balance

FUND	2021-22	Est. Net Change	2022-23
GENERAL (UNRESTRICTED & RESTRICTED)	\$4,063,388	(\$105,254)	\$3,958,134
CAFETERIA FUND	\$38,994	\$0	\$38,994
BUILDING FUND	\$0	\$0	\$0
CAPITAL FACILITIES	\$30,327	\$0	\$30,327
CAPITAL OUTLAY	\$3,297,051	(\$99,504)	\$3,197,547
BOND INTEREST & REDEMPTION	\$1,701,105	\$39,181	\$1,740,286
DEBT SERVICE FUND	\$49	\$0	\$49
SELF-INSURANCE FUND	\$254,707	\$0	\$254,707
TOTAL	\$9,385,621	(\$165,577)	\$9,220,044



Multi-Year Assumptions

- ▶ Assumed flat enrollment and LCFF COLA funding factors per Department of Finance
 - ▶ Property tax increases estimated at 4% in 23-24 and 3% in 24-25
- ▶ Assumed renewal of parcel tax and annual 3% COLA increase
- ▶ Federal and state revenues are expected to decrease for 2023-24 due to removal of the COVID one-time funding, and funds carried over from 2021-22.
- ▶ Step and Column estimated cost of 1.5%
 - ▶ Approximately \$288,000 each year
- ▶ STRS is estimated to remain flat in the two subsequent years
- ▶ PERS is estimated to decrease by 0.17% in 23-24 and by 0.6% in 24-25
 - ▶ Approximately \$100,000 over 2 years



Multi-Year Assumptions

- ▶ H&W increase of 6% annually
 - ▶ Approximately \$120,000 each year
- ▶ Additional costs of one TK classroom in each subsequent year
 - ▶ Approximately \$150,000 each year
- ▶ Increase in Unrestricted certificated salaries in 24-25 due to shifting positions previously funded with COVID sources
 - ▶ Approximately \$455,000
- ▶ Cost of 1%
 - Certificated \$120,000
 - Classified \$48,000
 - Management/Confidential \$24,000

Summary General Fund MYP

- ▶ Per the MYP, the unrestricted general fund has sufficient funds to stay fiscally solvent in the current and subsequent years
- ▶ The District will continue to leverage COVID and other restricted resources to fund ongoing positions.

Description	2022-23 Projected Budget			2023-24 Projected Budget			2024-25 Projected Budget		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
Total Revenue	20,151,861	8,566,170	28,718,031	20,843,650	7,740,979	28,584,629	21,382,599	7,829,810	29,212,409
Total Expenditures	17,116,957	13,006,328	30,123,285	17,350,771	12,133,389	29,484,160	18,124,051	12,326,402	30,450,453
Deficit/Surplus	3,034,904	(4,440,158)	(1,405,254)	3,492,879	(4,392,410)	(899,531)	3,258,548	(4,496,592)	(1,238,043)
Other Sources/(uses)	0	0	0	0	0	0	0	0	0
Transfers in/(out)	1,300,000		1,300,000	1,300,000	0	1,300,000	1,300,000	0	1,300,000
Contributions to Restricted	(4,237,226)	4,237,226	0	(4,392,410)	4,392,410	0	(4,496,592)	4,496,592	0
Net increase (decrease)	97,678	(202,932)	(105,254)	400,469	0	400,469	61,956	0	61,957
Beginning Balance	3,644,734	418,654	4,063,388	3,742,412	215,722	3,958,134	4,142,881	215,722	4,358,602
Ending Balance	3,742,412	215,722	3,958,134	4,142,881	215,722	4,358,602	4,204,837	215,722	4,420,559
Revolving/Stores/Prepays	4,500		4,500	4,500		4,500	4,500		4,500
Reserve for Econ Uncertainty (3%)	903,700		903,700	884,600		884,600	913,600		913,600
Restricted Programs		215,722	215,722	0	215,722	215,722	0	215,722	215,722
Committed	0		0	0		0	0		0
Assigned	2,783,700		2,783,700	2,738,900		2,738,900	2,806,600		2,806,600
Unappropriated Fund Balance	50,512	0	50,512	514,881	0	514,881	480,137	0	480,137

District Reserves

- ▶ Minimum State Reserve is 3%
- ▶ Board Policy 3100 directs the District to carry and additional 7% reserve for a 10% total except when state limit is waived
 - ▶ Basic Aid districts and districts of less than 2500 ADA are exempt from limit

District Reserves (cont.)

- ▶ Fiscal Experts recommend reserves higher than the state minimum
 - ▶ Government Finance Officers Association recommends no less than 2 months of general fund expenditures
 - ▶ **Equates to \$4.8 million**
 - ▶ School Services of California recommends 17% of operational expenditures
 - ▶ **Equates to \$5.1 million**
- ▶ Proposed Budget includes an estimated General Fund Balance of **\$3.9 million** or 13% of total General Fund Expenditures
 - ▶ Current Reserve level does not meet either Fiscal expert recommendation

Components of Estimated Ending General Fund Balance

- ▶ Illustrated below are the components of fund balance for the current and two subsequent years in accordance with Senate Bill 858 disclosure requirements that show the amounts over the State mandated reserve of 3% percent of total General Fund outgo

Description	2022-23	2023-24	2024-25
Board Policy 3100 Additional 7% Reserve	\$2,108,700	\$2,063,900	\$2,131,600
Future Textbook Adoption	\$300,000	\$300,000	\$300,000
Special Education Reserve	\$150,000	\$150,000	\$150,000
Future Pension Obligations Reserve	\$75,000	\$75,000	\$75,000
Routine Maintenance Reserve	\$150,000	\$150,000	\$150,000
Unallocated	\$50,512	\$514,881	\$480,137
Amount Disclosed per SB 858 Requirements	\$2,834,212	\$3,253,781	\$3,286,737
Nonspendable Reserves	\$4,500	\$4,500	\$4,500
Restricted Reserves	\$215,722	\$215,722	\$215,722
Committed Reserves	\$0	\$0	\$0
State Reserve for Economic Uncertainty (REU)	\$903,700	\$884,600	\$913,600
<i>Estimated Ending Fund Balance</i>	<i>\$3,958,134</i>	<i>\$4,358,603</i>	<i>\$4,420,559</i>

Proposed Budget Certification

- ▶ Per AB 1200
 - ▶ *The Proposed Budget indicates that, as defined in AB 1200, “this district will meet its financial obligations for the current fiscal year and subsequent two fiscal years.”*
- ✓ ***The District is self-certifying as “Positive”***





Next Steps

- ▶ Board Adoption June 7, 2022
- ▶ Adopted State Budget July 1, 2022
- ▶ 2021-22 Year End Close
- ▶ 2021-22 Independent Audit



Questions

