



# Miller Creek

Elementary School District

## 2021-22 First Interim Report December 14, 2021

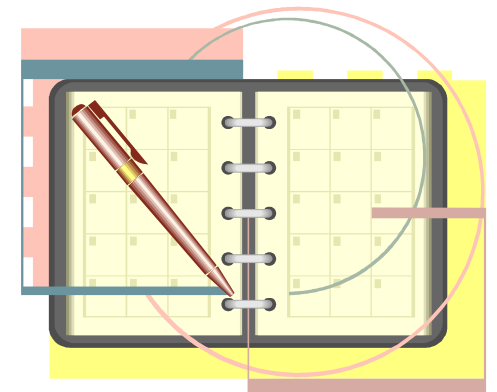
Ryland | SCHOOL BUSINESS  
CONSULTING

- ▶ Miller Creek Elementary School District

# Agenda

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- ▶ State Budget Cycle
- ▶ Objective of First Interim
- ▶ Budget and Multi-Year Projection (MYP)
  - ▶ Current Year Assumptions
  - ▶ Multi-Year Assumptions
- ▶ Next Steps



# State Budget Cycle

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- ▶ 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...



# Objective of Interim Reports

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- ▶ The First Interim is as of October 31<sup>st</sup>
- ▶ Projects financial activity through June 30<sup>th</sup>
  - ▶ Actual activity through October 31<sup>st</sup>
- ▶ The First Interim Report contains the following:
  - ▶ Detailed Budget
  - ▶ Multi-Year Projections
- ▶ Board must approve certification of financial condition
  - ▶ **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

# State Funded

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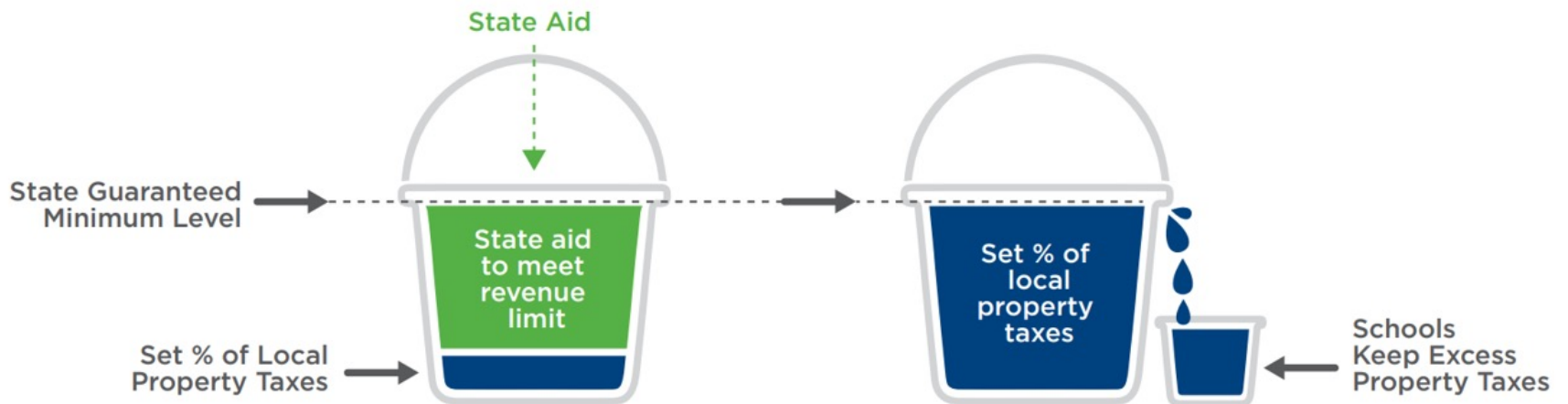
# Basic Aid

## ▶ 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

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>SUMMARY OF FUNDING</b>						
<b>General Assumptions</b>						
COLA & Augmentation	3.70%	3.26%	0.00%	5.07%	2.48%	3.11%
<b>TOTAL FUNDING</b>	<b>16,771,491</b>	<b>17,340,649</b>	<b>18,125,146</b>	<b>18,343,111</b>	<b>18,964,874</b>	<b>19,664,857</b>
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>
Excess Taxes	\$ 60,530	\$ -	\$ 643,411	\$ 55,480	\$ 2,667,025	\$ 2,935,204
EPA in Excess to LCFF Funding	\$ 388,850	\$ 264,036	\$ 393,874	\$ 393,874	\$ 342,226	\$ 342,226
<b>Total LCFF Entitlement</b>	<b>16,322,111</b>	<b>17,076,613</b>	<b>17,087,861</b>	<b>17,893,757</b>	<b>15,955,623</b>	<b>16,387,427</b>



# Key Budget Assumptions - Revenue

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- ▶ Unrestricted property taxes are projected to be approximately \$17.3 million
  - ▶ \$50,000 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 1,680.6 (excludes COE ADA of 30.55)
  - ▶ The funded ADA has minimal impact to overall revenues since the District is community funded
- ▶ Parcel taxes revenue remain at \$2.735 million

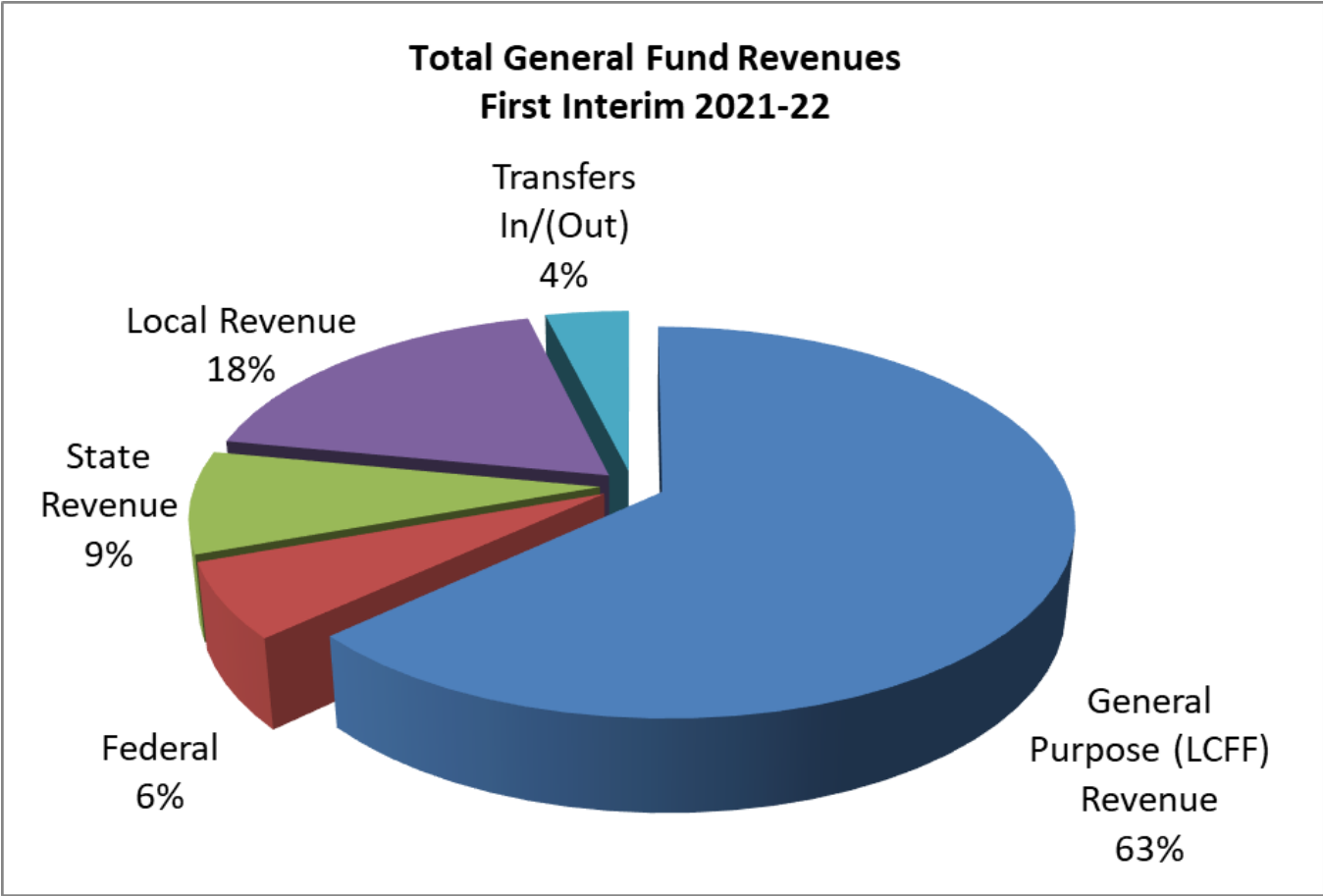
# Key Budget Assumptions – Revenue (cont.)

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- ▶ The District's estimated funded unduplicated pupil percentage for supplemental and concentration funding is 15.85%
- ▶ Lottery is estimated to be funded at \$163 per ADA for unrestricted purposes, and \$65 for restricted purposes
- ▶ Mandated Cost Block Grant remains at \$32.79 for K-8
- ▶ CAN DO contribution of \$550,000
  - ▶ Funds used to support Art/Music/PE enrichment, counseling, wellness center, and school clubs and sports.
- ▶ NEW Educator Effectiveness Program: \$581,120
- ▶ NEW Expanded Learning Opportunity Program: \$206,706
- ▶ NEW ARP Homeless Children and Youth: \$6,104



# General Fund Revenue Budget (Combined)

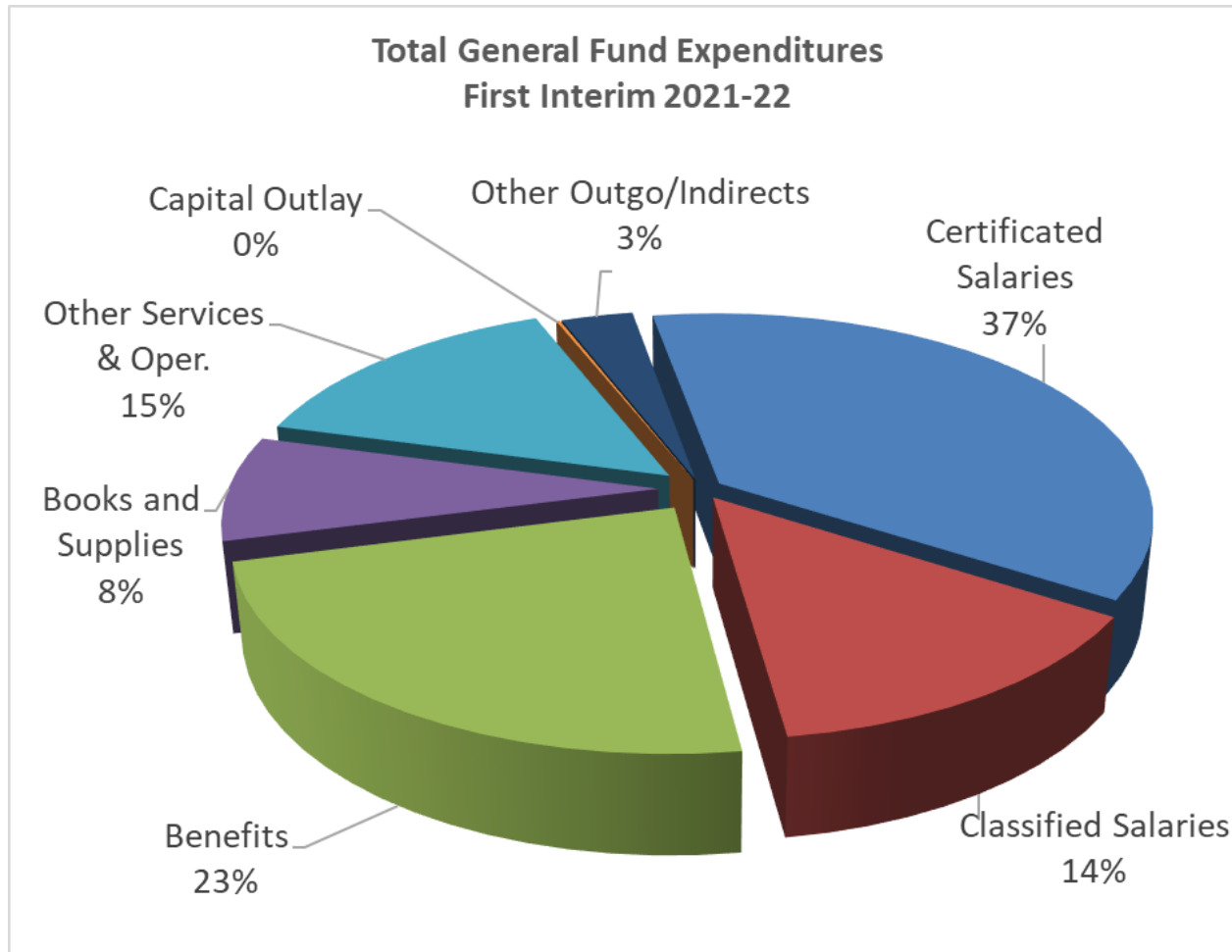


# Key Budget Assumptions - Expenditures

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- ▶ STRS rate of 16.92% and PERS rate of 22.91%
- ▶ All new Federal and State one-time revenues and related expenditures have been included
- ▶ All new ongoing revenues and related expenditures have been included
- ▶ Includes negotiated salary increases
- ▶ Includes actions and services identified in the LCAP
- ▶ Salaries and Benefits comprise 83% of the Unrestricted GF budget and 74% of the Combined GF

# General Fund Expenditures (Combined)



# Education Protection Account (EPA)

- ▶ K-14 general purpose funds must be utilized for instructional purposes

Education Protection Account (EPA) Fiscal Year Ending June 30, 2022	
<b>Beginning Balance</b>	\$ -
<b>Actual EPA Revenues:</b>	
Estimated EPA Funds	\$ 393,874
<b>Actual EPA Expenditures:</b>	
Certificated Instructional Salaries	\$ 327,049
Benefits	\$ 66,825
<b>Balance</b>	<b>\$ -</b>



# Parcel Tax Summary

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- ▶ 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 and 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	2017-18 Actuals	2018-19 Actuals	2019-20 Actuals	2020-21 Actuals	2021-22 First Interim
Total Revenue	1,973,925	2,543,824	2,619,216	2,693,382	2,736,875
Total Expenditures	1,960,463	2,536,407	2,616,243	2,740,009	2,739,274
Difference	13,462	7,417	2,973	(46,627)	(2,399)

Expenditure Category	Description	21-22 Projected Budget
Certificated Staffing	14 FTE	1,509,744
Library Staff	3.9 FTE	278,859
MCMS Counseling	1.5 FTE	164,527
Music Program	3.7 FTE plus supplies	344,623
Nurse and Health Specialists	3.25 FTE	218,723
Science	Supplies	5,000
Technology Support and Instructional Coach	1.9 FTE	217,798
Total Expenditures		\$ 2,739,274



# 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	2017-18 Actuals	2018-19 Actuals	2019-20 Actuals	2020-21 Actuals	2021-22 First Interim
Special Education	1,487,370	1,930,476	2,321,812	2,602,517	3,096,599
Routine Restricted Maintenance Account	540,751	540,751	773,171	727,813	853,479
Total Contributions	2,028,121	2,471,227	3,094,983	3,330,330	3,950,078

# 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	2017-18 Actuals	2018-19 Actuals	2019-20 Actuals	2020-21 Actuals	2021-22 First Interim
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.)	170,484	175,344	177,568	(35,856)	216,080
<i>Additional Contribution from Unrestricted for Home to School</i>	33,539	119,239	6,187	103,367	94,785
<i>Additional Contribution from Unrestricted for Special Education</i>	220,195	284,512	303,223	169,596	267,755
<b>Total Revenue</b>	<b>721,190</b>	<b>876,067</b>	<b>783,950</b>	<b>534,079</b>	<b>875,592</b>
Total Home to School Expenditures	361,596	452,156	341,328	225,084	451,053
Total Special Education Expenditures	359,594	423,911	442,622	308,995	424,539
<b>Total Expenditures</b>	<b>721,190</b>	<b>876,067</b>	<b>783,950</b>	<b>534,079</b>	<b>875,592</b>



# Summary General Fund Budget as of 1<sup>st</sup> Interim

- ▶ The unrestricted general fund is budgeted to deficit spend \$336,745
- ▶ The restricted general fund will deficit spend \$1.28M as the district spends funds carried over from the prior year

1st Interim 2021-22			
Description	Unrestricted	Restricted	Total
Total Revenues	19,448,370	8,454,132	27,902,502
Total Expenditures	16,972,836	13,664,442	30,637,278
Excess/(Deficiency)	2,475,534	(5,210,310)	(2,734,776)
Other Sources/Uses	(2,812,279)	3,933,279	1,121,000
<b>Net Increase/(Decrease)</b>	<b>(336,745)</b>	<b>(1,277,031)</b>	<b>(1,613,776)</b>
Add: Beginning Fund Balance	3,696,821	1,618,055	5,314,876
<b>Ending Fund Balance</b>	<b>3,360,076</b>	<b>341,024</b>	<b>3,701,100</b>

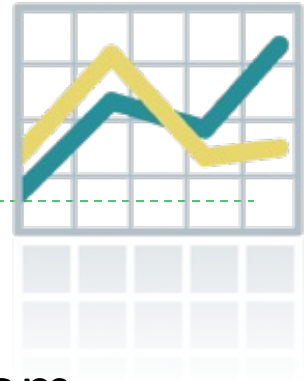
# Adopted Budget Compared to 1st Interim General Fund

	Adopted Budget 2021-22			1st Interim 2020-21			Change Between Adopted & 1st Interim		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
<b>Revenue</b>									
General Purpose	18,349,252	0	18,349,252	18,343,111	0	18,343,111	(6,141)	0	(6,141)
Federal Revenue	0	434,361	434,361	0	1,831,079	1,831,079	0	1,396,718	1,396,718
State Revenue	363,674	2,189,327	2,553,001	363,674	2,110,444	2,474,118	0	(78,883)	(78,883)
Local Revenue	346,643	4,352,070	4,698,713	741,585	4,512,609	5,254,194	394,942	160,539	555,481
<b>Total Revenue</b>	<b>19,059,569</b>	<b>6,975,758</b>	<b>26,035,327</b>	<b>19,448,370</b>	<b>8,454,132</b>	<b>27,902,502</b>	<b>388,801</b>	<b>1,478,374</b>	<b>1,867,175</b>
<b>Expenditures</b>									
Certificated Salaries	7,434,753	3,721,580	11,156,333	7,352,744	3,937,153	11,289,897	(82,009)	215,573	133,564
Classified Salaries	2,506,944	1,617,893	4,124,837	2,510,923	1,685,234	4,196,157	3,979	67,341	71,320
Benefits	3,883,807	3,140,902	7,024,709	4,190,765	2,906,728	7,097,493	306,958	(234,174)	72,784
Books and Supplies	456,618	625,972	1,082,590	923,841	1,617,499	2,541,340	467,223	991,527	1,458,750
Other Services & Oper. Expenses	2,018,485	1,283,633	3,302,118	2,064,047	2,438,033	4,502,080	45,562	1,154,400	1,199,962
Capital Outlay	0	0	0	0	50,162	50,162	0	50,162	50,162
Other Outgo 7xxx	165,280	862,781	1,028,061	0	960,149	960,149	(165,280)	97,368	(67,912)
Transfer of Indirect 73xx	(58,760)	58,760	0	(69,484)	69,484	0	(10,724)	10,724	0
<b>Total Expenditures</b>	<b>16,407,127</b>	<b>11,311,521</b>	<b>27,718,648</b>	<b>16,972,836</b>	<b>13,664,442</b>	<b>30,637,278</b>	<b>565,709</b>	<b>2,352,921</b>	<b>2,918,630</b>
Deficit/Surplus	2,652,442	(4,335,763)	(1,683,321)	2,475,534	(5,210,310)	(2,734,776)	(176,908)	(874,547)	(1,051,455)
Other Sources/(uses)	0	0	0	0	0	0	0	0	0
Transfers in/(out)	1,121,000		1,121,000	1,121,000	0	1,121,000	0	0	0
Contributions to Restricted	(3,973,178)	3,973,178	0	(3,933,279)	3,933,279	0	39,899	(39,899)	0
<b>Net increase (decrease) in Fund Balance</b>	<b>(199,736)</b>	<b>(362,585)</b>	<b>(562,321)</b>	<b>(336,745)</b>	<b>(1,277,031)</b>	<b>(1,613,776)</b>	<b>(137,009)</b>	<b>(914,446)</b>	<b>(1,051,455)</b>



# What Were the Changes to the Budget?

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1. All COVID funding was included as of 1<sup>st</sup> Interim
2. Other Local Revenue includes one time funds from Emergency Connectivity Fund and E-Rate
3. Aligned salaries and benefits to actual hiring and shifted some to COVID and carryover funding
4. Balanced COVID resources so that all revenues were fully budgeted
5. Site discretionary carryover of \$110,000
6. Other Outgo eliminated

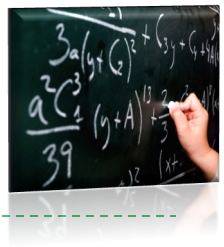
# 2021-22 Estimated Ending Fund Balances

Fund		Beginning Fund Balance	Budgeted Net Change	2021-22 Projected Fund Balance
01	General (Unrestricted and Restricted)	\$5,314,876	(\$1,613,776)	\$3,701,100
13	Cafeteria	\$6,733	\$0	\$6,733
21	Building Fund (GO Bonds)	\$60,986	(\$58,684)	\$2,302
25	Capital Facilities (Developer Fees)	\$107,728	\$0	\$107,728
40	Special Reserve for Capital Outlay (Lease Property)	\$3,291,318	\$5,469	\$3,296,787
51	Bond Interest and Redemption (GO Bond Repayment)	\$1,661,924	\$39,181	\$1,701,105
56	Debt Service Fund (Energy Bonds)	\$49	\$0	\$49
67	Self-Insurance Fund	\$254,707	\$0	\$254,707



# Components of Estimated Ending General Fund Balance

Description	2021-22 First Interim		
	Unrestricted	Restricted	Combined
<b>NONSPENDABLE</b>			
Revolving Cash/Prepays	3,000		3,000
Other	-		-
<b>TOTAL - NONSPENDABLE</b>	<b>3,000</b>	<b>-</b>	<b>3,000</b>
<b>RESTRICTED</b>			
Restricted Categorical Balances		341,024	341,024
<b>TOTAL - RESTRICTED</b>	<b>-</b>	<b>341,024</b>	<b>341,024</b>
<b>ASSIGNED</b>			
Recommended Additional 7% reserve	2,066,139		2,066,139
Textbook Adoption	300,000		300,000
<b>TOTAL - ASSIGNED</b>	<b>2,366,139</b>	<b>-</b>	<b>2,366,139</b>
<b>UNASSIGNED</b>			
Economic Uncertainty (REU-3%)	885,488		885,488
Amount Above REU	105,448		105,448
<b>TOTAL - UNASSIGNED</b>	<b>990,937</b>	<b>-</b>	<b>990,937</b>
<b>TOTAL - FUND BALANCE</b>	<b>3,360,076</b>	<b>341,024</b>	<b>3,701,100</b>



# Multi-Year Assumptions

- ▶ Assumed flat enrollment and LCFF COLA funding factors
  - ▶ Property tax increases estimated at 4% annually
- ▶ Assumed renewal of parcel tax and annual 3% COLA increase
- ▶ Federal and state revenues are expected to decrease for 2022-23 due to removal of the COVID one-time funding, and funds carried over from 2020-21.
- ▶ Step and Column estimated cost increases included
- ▶ STRS is estimated to increase by 2.18 percentage points in 22-23 and remain constant thereafter
- ▶ PERS is estimated to increase by 3.19 percentage points in 22-23 and by one percentage point in 23-24
- ▶ H&W anticipated to increase 6%
- ▶ Removed one-time revenues and costs in future budget

# Summary General Fund MYP

Multi-Year Projection (Total GF)			
Description	Adopted Budget 2021-22	Projected 2022-23	Projected 2023-24
Total Revenues	27,902,502	26,756,202	27,537,259
Total Expenditures	30,637,278	27,790,056	28,122,575
Excess/(Deficiency)	(2,734,776)	(1,033,854)	(585,316)
Other Sources/Uses	1,121,000	1,121,000	1,121,000
<b>Net Increase/(Decrease)</b>	<b>(1,613,776)</b>	<b>87,146</b>	<b>535,684</b>
Add: Beginning Fund Balance	5,314,876	3,701,100	3,788,246
<b>Ending Fund Balance</b>	<b>3,701,100</b>	<b>3,788,246</b>	<b>4,323,930</b>
	12.1%	13.6%	15.4%

# First Interim Certification

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- ▶ Per AB 1200
- ▶ *The First Interim projection 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

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- ▶ First Interim is submitted to Marin COE for review
- ▶ Continue search for permanent business office personnel
- ▶ Governor's budget proposal for 2022-23 is rolled out next month
- ▶ Second Interim Report as of January 31<sup>st</sup>
- ▶ Budget Development for 2022-23
  - ▶ Updated property tax estimates for next year available in the spring

# Questions

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