



Miller Creek

Elementary School District

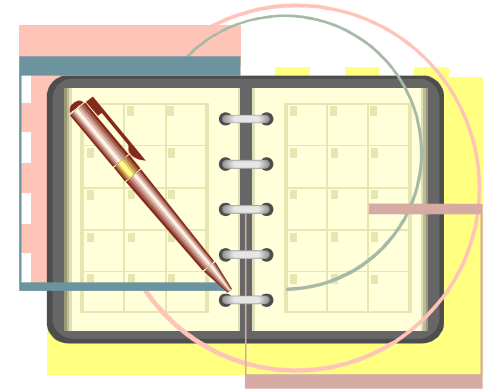
2021-22 Second Interim Report March 8, 2022

Ryland | SCHOOL BUSINESS
CONSULTING

- ▶ Miller Creek Elementary School District

Agenda

- ▶ State Budget Cycle
- ▶ Objective of 2nd Interim
- ▶ State Aid vs Basic Aid
- ▶ 2nd Interim Key Budget Assumptions
 - ▶ Revenues and Expenditures
 - ▶ Parcel Tax
 - ▶ Contributions
 - ▶ Fund Balances
- ▶ Multi-Year Projection (MYP) and Assumptions
- ▶ 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...



Objective of Interim Reports

- ▶ The Second Interim is as of January 31st
- ▶ Projects financial activity through June 30th
 - ▶ Actual activity through January 31st
- ▶ The Second 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

vs

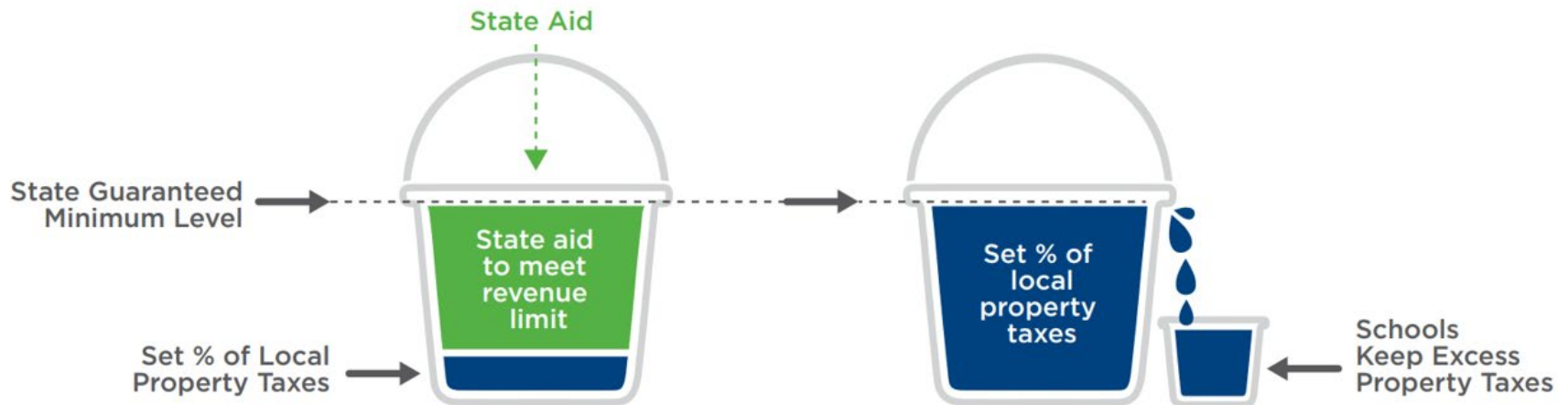
Basic Aid

▶ 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>
SECOND INTERIM	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
COLA & Augmentation	3.70%	3.26%	0.00%	5.07%	5.33%	3.61%
Total LCFF Entitlement	16,322,111	17,076,613	17,087,861	17,973,809	18,081,206	17,976,693
Property Tax Increase Rate	6.60%	3.75%	5.42%	5.82%	4.05%	3.99%
Excess Taxes	\$ 60,530	\$ -	\$ 643,411	\$ 85,425	\$ 681,261	\$ 1,490,298
EPA in Excess to LCFF Funding	\$ 388,850	\$ 264,036	\$ 393,874	\$ 394,051	\$ 375,737	\$ 359,899
TOTAL FUNDING	16,771,491	17,340,649	18,125,146	18,453,285	19,138,204	19,826,890



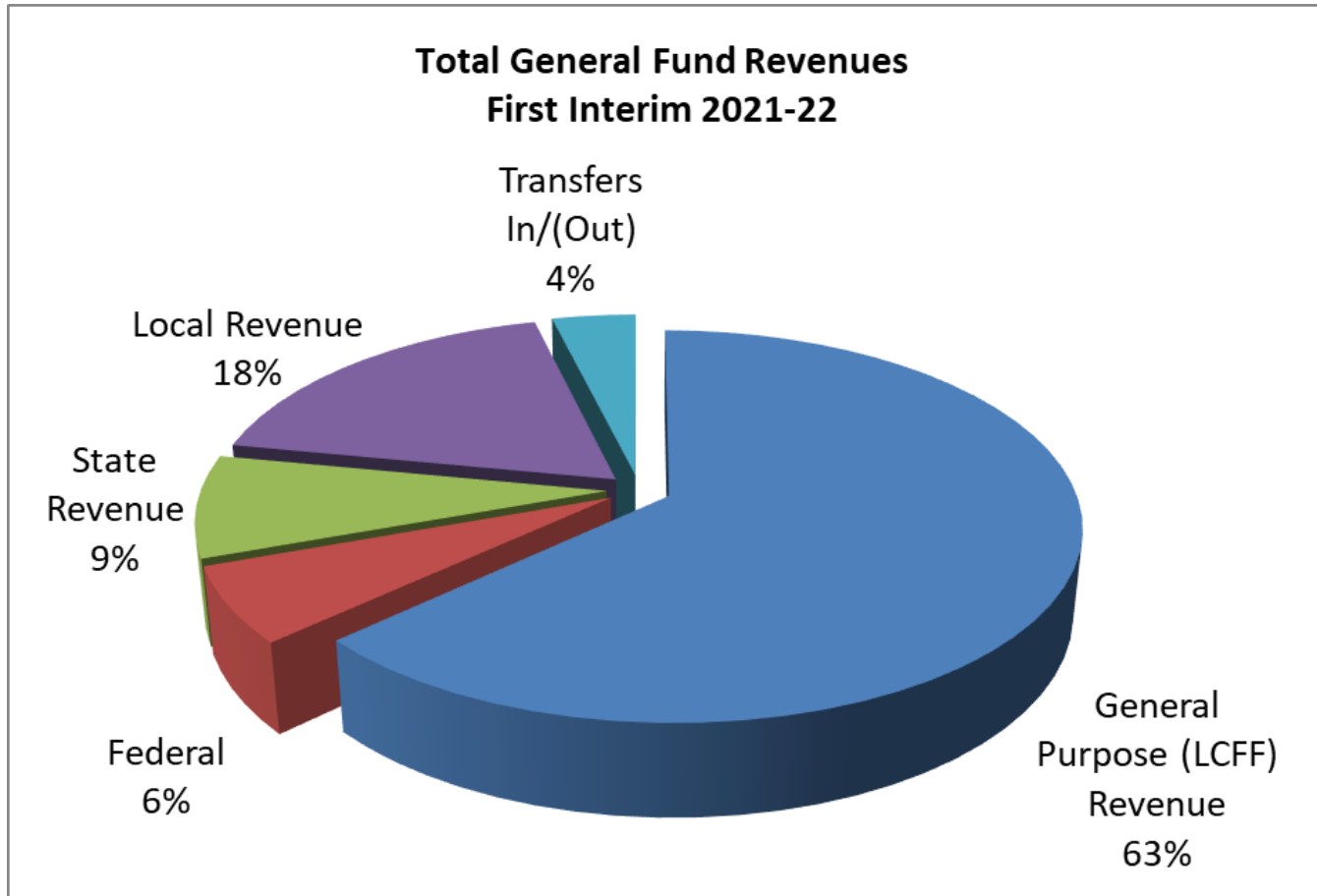
Key Budget Assumptions - Revenue

- ▶ Unrestricted property taxes are projected to be approximately \$17.35 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 1,666.91 (excludes COE ADA of 28.63)
 - ▶ The funded ADA has minimal impact to overall revenues since the District is community funded
- ▶ Parcel taxes revenue projected at \$2.79 million

Key Budget Assumptions – Revenue (cont.)

- ▶ The District's estimated funded unduplicated pupil percentage for supplemental and concentration funding is 21.22%
- ▶ 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 approximately \$619,000
 - ▶ Funds used to support Art/Music/PE enrichment, counseling, wellness center, and school clubs and sports.
- ▶ COVID sources carryover: \$1.8 million
- ▶ NEW Educator Effectiveness Program: \$581,120
- ▶ NEW Expanded Learning Opportunity Program: \$206,706
- ▶ NEW ARP Homeless Children and Youth: \$6,104

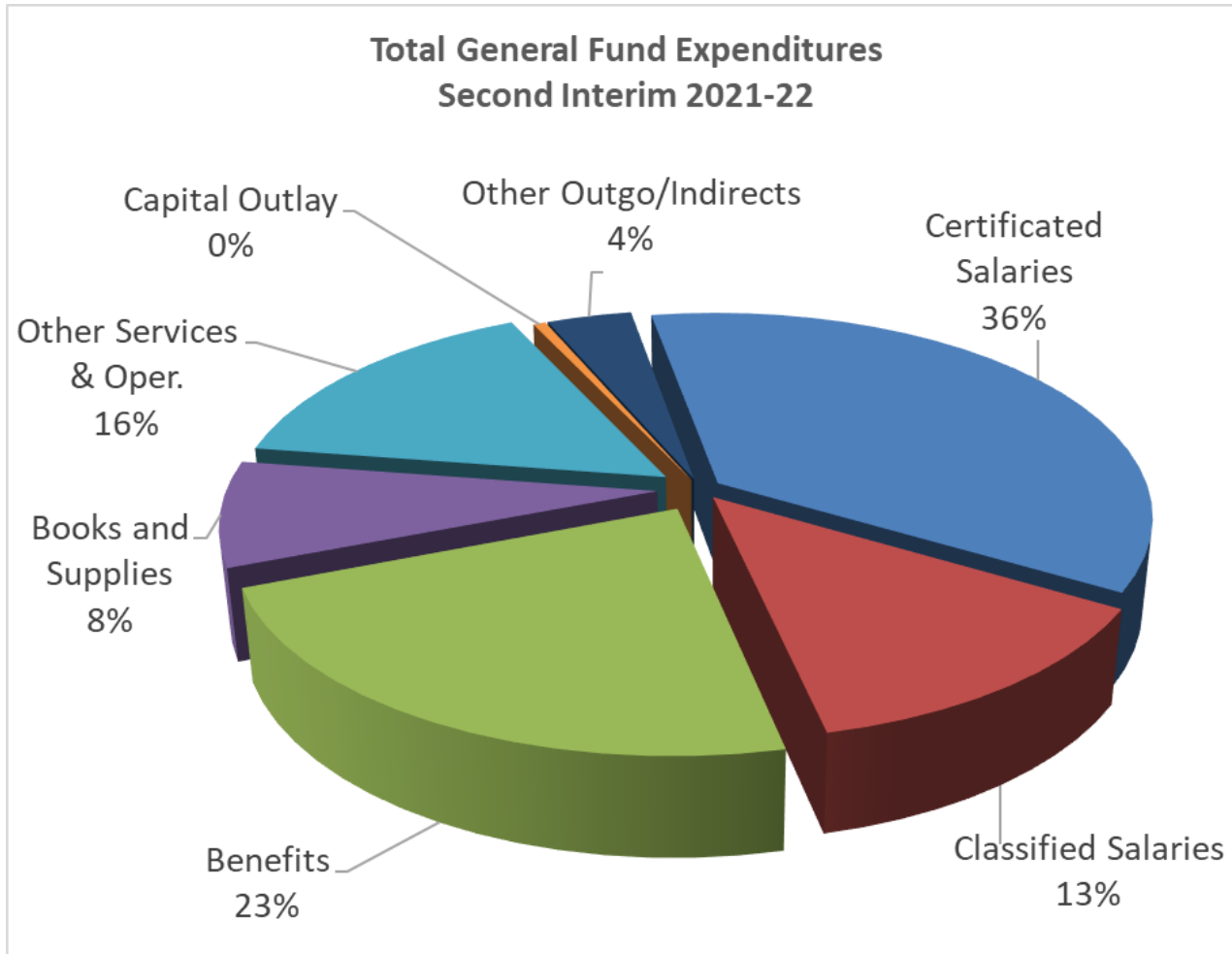
General Fund Revenue Budget (Combined)



Key Budget Assumptions - Expenditures

- ▶ 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 81% of the Unrestricted GF budget and 72% 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	
Beginning Balance	\$ -
Actual EPA Revenues:	
Estimated EPA Funds	\$ 393,874
Actual EPA Expenditures:	
Certificated Instructional Salaries	\$ 327,049
Benefits	\$ 66,825
Balance	\$ -



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 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 Second Interim
Total Revenue	1,973,925	2,543,824	2,619,216	2,693,382	2,791,070
Total Expenditures	1,960,463	2,536,407	2,616,243	2,740,009	2,793,469
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	279,178
MCMS Counseling	1.5 FTE	164,527
Music Program	3.7 FTE plus supplies	349,505
Nurse and Health Specialists	3.25 FTE	223,295
Science	Supplies	5,000
Technology Support and Instructional Coach	1.9 FTE	217,798
Other Supplies/Services		44,422
Total Expenditures		\$ 2,793,469

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 Second Interim
Special Education	1,487,370	1,930,476	2,321,812	2,602,517	3,172,221
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	4,025,700

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 Second 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)	199,762
<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	285,140
Total Revenue	721,190	876,067	783,950	534,079	876,659
Total Home to School Expenditures	361,596	452,156	341,328	225,084	452,120
Total Special Education Expenditures	359,594	423,911	442,622	308,995	424,539
Total Expenditures	721,190	876,067	783,950	534,079	876,659

Summary General Fund Budget as of 2nd Interim

- ▶ The unrestricted general fund is budgeted to deficit spend \$515,895.
 - ▶ This is an increase of approximately \$179K since 1st interim primarily due to increase in Special Ed excess cost
 - ▶ If one time expenditures are removed, deficit spending is reduced to \$200K
- ▶ The restricted general fund will deficit spend \$1.28M as the district spends funds carried over from the prior year

2nd Interim 2021-22			
Description	Unrestricted	Restricted	Total
Total Revenues	19,540,850	8,708,929	28,249,779
Total Expenditures	17,168,844	13,945,571	31,114,415
Excess/(Deficiency)	2,372,006	(5,236,642)	(2,864,636)
Other Sources/Uses	(2,887,901)	4,008,901	1,121,000
Net Increase/(Decrease)	(515,895)	(1,227,741)	(1,743,636)
Add: Beginning Fund Balance	3,696,821	1,618,055	5,314,876
Ending Fund Balance	3,180,926	390,314	3,571,240

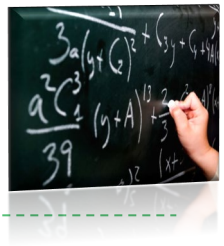
2021-22 Estimated Ending Fund Balances

Fund		Beginning Fund Balance	Budgeted Net Change	2021-22 Projected Fund Balance
01	General (Unrestricted and Restricted)	\$5,314,876	(\$1,743,636)	\$3,571,240
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	(\$30,400)	\$77,328
40	Special Reserve for Capital Outlay (Lease Property)	\$3,291,318	\$5,733	\$3,297,051
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 Second Interim		
	Unrestricted	Restricted	Combined
NONSPENDABLE			
Revolving Cash/Prepays	4,500		4,500
Other	-		-
TOTAL - NONSPENDABLE	4,500	-	4,500
RESTRICTED			
Restricted Categorical Balances		390,314	390,314
TOTAL - RESTRICTED	-	390,314	390,314
ASSIGNED			
Recommended Additional 7% reserve	1,942,926		1,942,926
Textbook Adoption	300,000		300,000
TOTAL - ASSIGNED	2,242,926	-	2,242,926
UNASSIGNED			
Economic Uncertainty (REU-3%)	933,500		933,500
Amount Above REU	(0)		(0)
TOTAL - UNASSIGNED	933,500	-	933,500
TOTAL - FUND BALANCE	3,180,926	390,314	3,571,240





Multi-Year Assumptions

- ▶ Assumed flat enrollment and LCFF COLA funding factors per Department of Finance
 - ▶ 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 of 1.5%
- ▶ STRS is estimated to increase by 2.18 percentage points in 22-23 and remain constant thereafter
- ▶ PERS is estimated to increase by 2.49 percentage points in 22-23 and by 0.2 percentage points in 23-24
- ▶ H&W anticipated to increase 6%
- ▶ Removed one-time revenues and expenses in future budget
- ▶ Additional costs of one TK classroom

Summary General Fund MYP

- ▶ Per the MYP, the unrestricted general fund has sufficient funds to stay fiscally solvent and not require any layoffs
- ▶ The District will continue to leverage COVID and other restricted resources to fund ongoing positions in the subsequent years.

Description	2021-22 2nd Interim			2022-23 Projected Budget			2023-24 Projected Budget		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
Total Revenue	19,540,850	8,708,929	28,249,779	19,969,443	6,484,483	26,453,926	20,658,129	6,570,727	27,228,856
Total Expenditures	17,168,844	13,945,571	31,114,415	16,937,233	10,806,605	27,743,838	17,124,853	10,938,669	28,063,522
Deficit/Surplus	2,372,006	(5,236,642)	(2,864,636)	3,032,210	(4,322,122)	(1,289,912)	3,533,276	(4,367,942)	(834,666)
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	1,121,000	0	1,121,000
Contributions to Restricted	(4,008,901)	4,008,901	0	(4,322,122)	4,322,122	0	(4,367,942)	4,367,942	0
Net increase (decrease)	(515,895)	(1,227,741)	(1,743,636)	(168,912)	0	(168,912)	286,334	0	286,334
Beginning Balance	3,696,821	1,618,055	5,314,876	3,180,926	390,314	3,571,240	3,012,014	390,314	3,402,328
Ending Balance	3,180,926	390,314	3,571,240	3,012,014	390,314	3,402,328	3,298,347	390,314	3,688,661
Revolving/Stores/Prepays	4,500		4,500	4,500		4,500	4,500		4,500
Reserve for Econ Uncertainty (3%)	933,500		933,500	832,400		832,400	842,000		842,000
Restricted Programs		390,314	390,314	0	390,314	390,314	0	390,314	390,314
Committed	0		0	0		0	0		0
Assigned	2,242,926		2,242,926	2,175,114		2,175,114	2,451,847		2,451,847
Unappropriated Fund Balance	(0)	0	(0)	(0)	0	(0)	0	0	0

Second Interim Certification

- ▶ 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

- ▶ Second Interim is submitted to Marin COE for review
- ▶ Continue search for permanent business office personnel
- ▶ Governor's May Revise
- ▶ Budget Development for 2022-23 in process

Questions

