

Point Arena Schools 2016-2017 Second Interim Revenues (Fund 01)

		First Interim (Dec. 2016)	Second Interim (Mar. 2017)	Variance
Revenues				
	Taxes	5,624,162	5,624,162	-
	Charter Cash in Lieu	(420,634)	(420,634)	-
	LCFF/EPA	780,977	780,977	-
	Federal Revenue	402,303	408,359	6,056
	State Revenue	713,776	716,568	2,792
	Local Revenue	502,960	524,648	21,688
	Transfers In	59,069	45,170	(13,899)
	Total Revenues	7,662,612	7,679,250	16,637

+0.22%

Variance Explanations:

- Federal & State Revenue (+0.79%): Added CTE Perkins funds (+4k); Updated Title I funds (+2k); Updated Mandate-related funds (+3k).
- Local Revenue (+4.31%): Updated Interest revenue estimate (+4k); Net of updated SELPA transportation revenue estimate and SELPA special circumstances revenue estimate (+18k).
- Transfers In (-23.53%): Less transfer in due to OPEB where the transfer in is going to the Cafeteria fund (instead of the general fund) as the retiree is a former cafeteria employee.

Overall – Total Estimated Revenues increased by ~\$16.6k (+0.22%) since the 2016-17 First Interim Report estimate in December 2016.

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Point Arena Schools 2016-2017 Second Interim Expenditures (Fund 01)

		First Interim (Dec. 2016)	Second Interim (Mar. 2017)	Variance
Expenses				
	Certificated Salaries	2,417,538	2,441,665	24,127
	Classified Salaries	1,566,754	1,545,131	(21,623)
	Employee Benefits	1,962,612	1,929,403	(33,209)
	Books/Supplies	436,957	421,192	(15,765)
	Services & Operations	957,548	1,004,692	47,145
	Capital Outlay	400,500	400,500	-
	Other Outgo	2,285	2,285	-
	Transfers Out	264,050	342,444	78,394
	Total Expenses	8,008,244	8,087,312	79,069

+0.99%

Variance Explanations:

- Certificated Salaries (+1.0%): Includes +2% raise (+34k); position changes for ELA teacher, Math teacher, HS Principal (-36k); addition of 1.0 FTE Independent Study teacher (+26k).
- Classified Salaries (-1.38%): Includes position changes for Bilingual Liaison, Instructional Aide, Bus Driver, and two Maintenance positions (-30k); addition of College & Career Coordinator (+9k).
- Employee Benefits (-1.69%): Health & Welfare Benefit adjustments for five position changes (-30k); remaining flux moves in tandem with salary related movement (-3k).
- Books/Supplies (-3.6%): Primarily due to addition of College & Career Readiness expenses (+5k); Updated fuel estimate due to lower year-to-date fuel costs (-13k); other misc. (-6k).
- Services/Ops (+4.9%): Primarily due to addition of College & Career Readiness expenses (+8k); Add Interim HS Principal estimate (+45k); Add additional est. HS Mechanic time (+10k); remove Mandate services fee due to block grant participation (-6k); other misc. (-6k).
- Transfers Out (+29.7%): Add Technology FD17 transfer out (+40k); Less Developer Fees collected year to date, so higher est. contribution towards HS auditorium loan (+15k); Cafeteria transfer out increase due to revenues trending lower than prior year with expenses rising (+56k); Less OPEB transfer out due to lower set-aside necessary in current year (-35k); slightly lower Preschool apportionment update resulting in a higher est. transfer out to the Preschool fund (+2k).

Overall – Total Estimated Expenses increased by ~\$79k (+0.99%) since the 2016-17 First Interim Report estimate in December 2016.

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2016-17 - 'Recurring'/'Non-recurring' Detail (Budget as of 2nd Interim)

	2016-17 Estimated Budget	2016-2017 Estimated Recurring Activity	2016-2017 Est. Non-Recurring and Board Discretionary Activity
Revenues			
Taxes	5,624,162	5,624,162	-
Charter Cash in Lieu	(420,634)	(420,634)	-
LCFF/EPA	780,977	780,977	-
Federal Revenue	408,359	364,240	44,119
State Revenue	716,568	189,402	527,166
Local Revenue	524,648	448,773	75,875
Transfers In	45,170	45,170	-
Total Revenues	7,679,250	7,032,090	647,160
Expenses			
Cert Salaries	2,441,665	2,434,758	6,907
Class Salaries	1,545,131	1,503,765	41,366
Emp Benefits	1,929,403	1,738,332	191,072
Books/Supplies	421,192	358,100	63,092
Services & Ops	1,004,692	816,271	188,421
Capital Outlay	400,500	-	400,500
Other Outgo	2,285	2,285	-
Transfers Out	342,444	256,444	86,000
Total Expenses	8,087,312	7,109,954	977,359
	c = a + b	a	b
Excess/(Deficit)	(408,063)	(77,864)	(330,199)
Beginning Fund Balance	2,344,668	228,746	2,115,923
Ending Fund Balance	1,936,606	150,881	1,785,724

Recurring Activity column: Includes perceived ongoing revenues (ie. property taxes, SELPA funds, Impact Aid, Title I, II, and VI funds, etc.), and perceived ongoing expenses (materials & services site budgets, ongoing tech. expenses, ongoing maintenance & transportation expenses, utility costs, ad. fees, data line charges, insurance, expected recurring salaries & benefits, etc.).

Non-recurring Activity column: Includes perceived one-time revenues (ie. Prop39, College Readiness BG, one-time mandate related funds, CTE-related funds, sale of surplus equipment, etc.), perceived non-recurring expenses (ie. temp. positions, est. CTEIG one-time costs, Educator Effectiveness costs, etc.), and Board discretionary expenses that the Board decides to invest in (ie. New Tech. expenses, College Readiness BG expenses, transfers out to Technology Fund, Deferred Maintenance, etc.).

Note: Changes to the 'Recurring' column can happen frequently, and may occur as a result of funding updates out of the district's control, staffing adjustments, overspending or underspending within site and other program budgets such as maintenance, transportation, cafeteria, etc. Also movement between 'Recurring' and 'Non-recurring' can happen if, for example, a perceived one-time expense ends up persisting or vice-versa.

Components of Ending Fund Balance/Reserve (Fund 01):			
Revolving Cash		\$ 3,150	
Restricted		\$ 35,811	\$ 58,522
Board Reserve-Economic Uncertainty			\$ 943,925
Legal Reserve			\$ 112,500
Facility Reserve			\$ 225,000
Other-Lottery, MAA, CTE, Misc.	\$ 111,920		\$ 59,788
Strategic Goals (Academics, Health/Safety, Tech, Outreach)			\$ 135,000
New Tech Network			\$ 118,328
Maintenance Reserve			\$ 66,331
Transportation-related Reserve			\$ 66,331
Unassigned/Other		(0.00)	-
Total		\$ 150,881	\$ 1,785,724

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Point Arena Schools 2016-2017 Second Interim and MYP (Fund 01)

	First Interim (Dec. 2016)	Second Interim (Mar. 2017)	Multi-Year	
			2017-2018	2018-2019
Revenues				
Taxes	5,624,162	5,624,162	5,708,524	5,794,152
Charter Cash in Lieu	(420,634)	(420,634)	(442,244)	(444,362)
LCFF/EPA	780,977	780,977	780,977	780,977
Federal Revenue	402,303	408,359	408,359	408,359
State Revenue	713,776	716,568	524,404	433,342
Local Revenue	502,960	524,648	516,773	516,773
Transfers In	59,069	45,170	48,243	42,360
Total Revenues	7,662,612	7,679,250	7,545,036	7,531,601
Expenses				
Certificated Salaries	2,417,538	2,441,665	2,403,801	2,436,785
Classified Salaries	1,566,754	1,545,131	1,593,927	1,628,349
Employee Benefits	1,962,612	1,929,403	2,022,782	2,124,368
Books/Supplies	436,957	421,192	363,990	367,630
Services & Operations	957,548	1,004,692	936,464	844,627
Capital Outlay	400,500	400,500	117,587	-
Other Outgo	2,285	2,285	-	-
Transfers Out	264,050	342,444	355,889	368,790
Total Expenses	8,008,244	8,087,312	7,794,440	7,770,549
Excess/(Deficit)	(345,632)	(408,063)	(249,404)	(238,948)
Beginning Fund Balance	2,344,668	2,344,668	1,936,606	1,687,201
Ending Fund Balance	1,999,037	1,936,606	1,687,201	1,448,253

Multi-Year Assumptions:

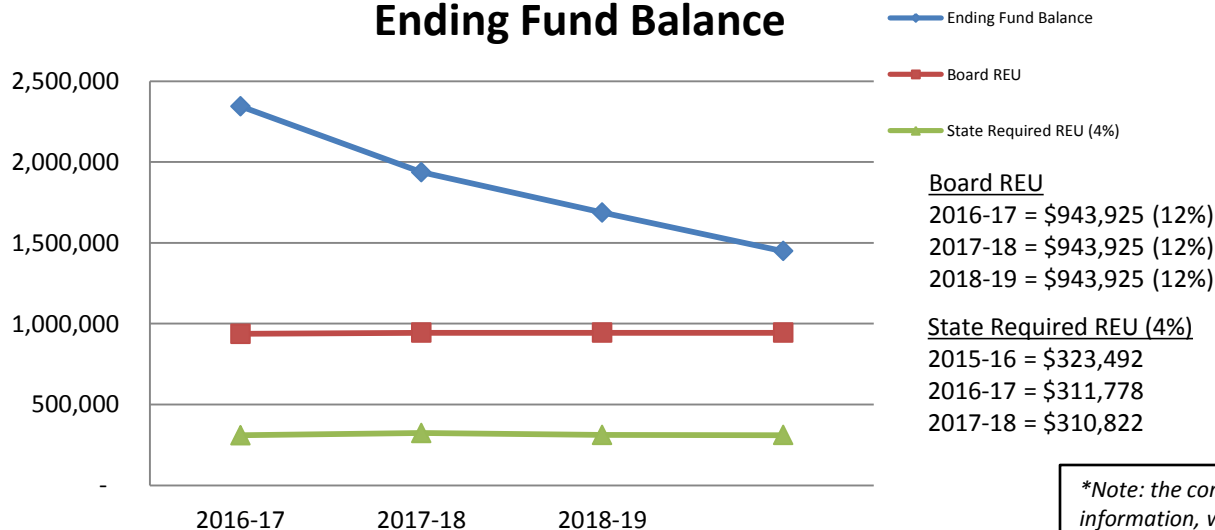
- Taxes: +1.5%.
- LCFF/EPA & Federal: Flat.
- State: (17-18): less 1x Mandated-related revenue (-72k); less 1x College/Career Readiness BG (-75k); plus Prop39 est. Yr. 5 rev. diff. (+15k); less est. CTEIG grant diff. (-60k); (18-19): less est. Prop39 rev. (-91k).
- Local: Less sale of surplus equip. (-8k).
- Transfers In: Based on OPEB estimates.
- Salaries: Projected position adjustments; Plus estimated step incr. (~2%).
- Benefits: In tandem with salary increases plus future STRS, PERS, and H&W projected increases.
- Books/Supplies: (17-18): less 1x AE laptops (-12k); less est. CTEIG diff. due to higher match but less funding (-48k); plus 1% est. incr.; (18-19): plus 1% est. incr.
- Service & Ops: (17-18): less NTN fee diff. (-7.5k); less est. CTEIG diff. due to higher match but less est. funding (-25k); less interim HS Principal (-45k); plus 2% est. incr.; (18-19): less NTN fee (-102.2k); plus 1% est. incr.
- Capital Outlay: (17-18): less Prop39 est. project cost diff. (-271k); (18-19): projected at \$0.
- Transfers Out: Estimated salary & benefit changes in other funds (PreK, Cafeteria).

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Point Arena Schools 2016-2017 Second Interim & MYP Ending Fund Balance (FD 01)

	First Interim (Dec. 2016)	Second Interim (Mar. 2017)	Multi-Year	
<i>Components of Ending Fund Balance:</i>			2017-2018	2018-2019
Revolving Cash	3,150	3,150	3,150	3,150
Restricted	44,362	94,333	85,811	78,678
Board Reserve-Economic Uncertainty	943,925	943,925	943,925	943,925
Legal Reserve	87,500	112,500	112,500	112,500
Facility Reserve	225,000	225,000	225,000	175,000
Strategic Goal #1-Academics	15,000	15,000	15,000	15,000
Strategic Goal #2-Health & Safety	15,000	15,000	15,000	15,000
Strategic Goal #3-Technology	100,000	100,000	100,000	100,000
Strategic Goal #4-Outreach	5,000	5,000	5,000	5,000
Other (MAA, Lottery, etc.)	10,022	171,708	146,708	0
NTN Reserve	-	118,328	3,128	-
Maintenance GF Reserve	-	66,331	15,990	-
Transportation GF Reserve	-	66,331	15,990	-
Unassigned/Other	550,077	-	-	-
	1,999,037	1,936,606	1,687,201	1,448,253

Ending Fund Balance



Board REU
 2016-17 = \$943,925 (12%)
 2017-18 = \$943,925 (12%)
 2018-19 = \$943,925 (12%)

State Required REU (4%)
 2015-16 = \$323,492
 2016-17 = \$311,778
 2017-18 = \$310,822

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2016-17 Second Interim Reserves

Substantiation of need for reserves greater than the state required minimum reserve for economic uncertainty

District: Point Arena Schools

CDS #: 23-76349

The governing board of a school district that proposes to adopt a budget that includes a combined assigned and unassigned ending fund balance in excess of the minimum recommended reserve for economic uncertainties, shall, at the Budget Adoption public hearing, provide:

- The minimum recommended reserve for economic uncertainties;
- The combined assigned and unassigned ending fund balances that are in excess of the minimum recommended reserve for economic uncertainties for each fiscal year identified in the budget; and
- A statement of reasons to substantiate the need for reserves that are higher than the minimum recommended reserve.

		2016-17	2017-18	2018-19
Total General Fund Expenditures & Other Uses		\$ 8,087,312	\$ 7,794,440	\$ 7,770,549
Minimum Reserve requirement	4%	\$ 323,492	\$ 311,778	\$ 310,822
General Fund Combined Ending Fund Balance		\$ 1,936,606	\$ 1,687,201	\$ 1,448,253
Special Reserve Fund Ending Fund Balance		\$ 40,000	\$ 80,000	\$ 120,000
Components of ending balance:				
Nonspendable (revolving, prepaid, etc.)		\$ 3,150	\$ 3,150	\$ 3,150
Restricted		\$ 94,333	\$ 35,811	\$ 35,811
Committed		\$ -	\$ -	\$ -
Assigned		\$ 935,197	\$ 784,315	\$ 585,367
Reserve for economic uncertainties		\$ 943,925	\$ 943,925	\$ 943,925
Unassigned and Unappropriated		\$ -	\$ -	\$ -
Subtotal Assigned, Unassigned & Unappropriated		\$ 1,879,122	\$ 1,728,240	\$ 1,529,292
Total Components of ending balance		\$ 1,976,606	\$ 1,767,201	\$ 1,568,253
		TRUE	TRUE	TRUE
Assigned & Unassigned balances above the minimum reserve requirement		\$ 1,555,630	\$ 1,416,462	\$ 1,218,470

Statement of Reasons

The District's Fund Balance includes assigned, unassigned and unappropriated components, that in total are greater than the Minimum Recommended Reserve for Economic Uncertainties because:

The proposed 2016-17 Reserve is greater than the 4% minimum including, but not limited to, the following reasons:

- Legal Reserve	\$112,500
- Facility Reserve	\$225,000
- Reserve for Economic Uncertainty (approximately 1.75 month's payroll cost)	\$943,925
- Strategic Goal #1-Academics	\$15,000
- Strategic Goal #2-Health & Safety	\$15,000
- Strategic Goal #3-Technology	\$100,000
- Strategic Goal #4-Outreach	\$5,000
- NTN Reserve	\$118,328
- Other (MAA, Lottery, etc.)	\$171,708
- future large technology purchases (FD 17)	\$40,000
- large transportation department purchases and repairs	\$66,331
- ongoing maintenance department expenditures (HVAC, floors, painting, etc.)	\$66,331
<i>Total of Substantiated Needs</i>	<i>\$1,879,122.20</i>
Remaining Unsubstantiated Balance	\$0.00

March 8, 2017 Board Meeting

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Point Arena Schools 2016-2017 Second Interim Technology Fund 17 Activity

		First Interim (Dec. 2016)	Second Interim (Mar. 2017)	Variance
Revenues				
	Transfers In	-	40,000	40,000
Total Revenues		-	40,000	40,000
Expenses		none budgeted		
Excess/(Deficit)		-	40,000	
Beginning Fund Balance		-	-	
Ending Fund Balance		-	40,000	

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Other Considerations

- Taxes: Property tax revenues may fluctuate throughout the year – we receive property tax updates from both Mendocino & Sonoma Counties at P1 (Fall), P2 (Spring), and Final (Summer).
- Timing of Prop 39 funds and expenses will vary due to pending California Department of Education cash allocation timing and amounts, as well as execution of related projects. Budgeted Prop 39 revenue and expense amounts are based on timing estimates. Some expenses may end up in other categories (ie. Materials/Supplies, Service & Operations) in addition to the current budgeted category, Capital Outlay.

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STRS / PERS Retirement

On December 21, the CalPERS Board took action to approve a 0.5% reduction in its investment return assumption, from 7.5% to 7.0%. CalPERS estimates that for every 0.25% reduction in its assumed rate of return on investments, a 1% increase in the school employer contribution rate would be required to maintain the funded level.

Fiscal Year	CalPERS Projected Employer Contribution Rate
2016-17	13.888%
2017-18	15.8%
2018-19	18.7%
2019-20	21.6%
2020-21	24.9%
2021-22	26.4%
2022-23	27.4%
2023-24 going forward	28.2%

On February 1 the CalSTRS Board lowered its earnings forecast from 7.5% to 7% following a similar action by the CalPERS Board mentioned above. Unlike the CalPERS action that raised employer contribution rates, the CalSTRS employer rates remain unchanged for Second Interim and are expected to remain unchanged until the 2020-21 fiscal year.

Year	Employer
2016-17	12.58%
2017-18	14.43%
2018-19	16.28%
2019-20	18.13%
2020-21 going forward	19.10%

STRS / PERS Retirement (cont.)

Although the governor acknowledged further deterioration to the condition of STRS and PERS in his Governor's Message on the proposed 2017-18 state budget, the governor proposes no additional revenue to offset the increased employer retirement contributions.

STRS	
2016-17 Budgeted Certificated Salaries	\$ 2,441,665
2016-17 STRS rate	12.58%
Approximate 2016-17 STRS cost	\$ 307,161.41
2017-18 STRS rate	14.43%
Hypothetical STRS cost assuming same 2016-17 Certificated salaries cost	\$ 352,332.20
Dollar Impact Diff. compared to 2016-17	\$ 45,170.79
2018-19 STRS rate	16.28%
Hypothetical STRS cost assuming same 2016-17 Certificated salaries cost	\$ 397,503.00
Dollar Impact Diff. compared to 2016-17	\$ 90,341.59

PERS	
2016-17 Budgeted Classified Salaries	\$ 1,545,131
2016-17 PERS rate	13.888%
Approximate 2016-17 PERS cost	\$ 214,587.78
2017-18 PERS rate	15.8%
Hypothetical STRS cost assuming same 2016-17 Certificated salaries cost	\$ 244,130.68
Dollar Impact Diff. compared to 2016-17	\$ 29,542.90
2018-19 PERS rate	18.7%
Hypothetical STRS cost assuming same 2016-17 Certificated salaries cost	\$ 288,939.48
Dollar Impact Diff. compared to 2016-17	\$ 74,351.70

Prop 39 Funds Summary Assumptions – 2nd Interim Update

REVENUE KEY FACTS:			
A. Total Estimated Amount of Prop 39 funds each district is eligible for:			
Arena Union Elementary	\$ 250,673	A1	
Point Arena Joint Union High School	\$ 258,045	A2	
TOTAL	\$ 508,718		
B. Of the Total Eligible Amount, the Years 1 & 2 amounts the districts are approved for are as follows (based on 12-13 ADA):			
Arena Union Elementary	\$ 106,242	B1	
Point Arena Joint Union High School	\$ 103,422	B2	
	\$ 209,664		
D. Years 3 & 4 amounts the districts are expected to be approved for:			
Arena Union Elementary	\$ 104,910	C1	
Point Arena Joint Union High School	\$ 103,082	C2	
	\$ 207,992		
C. Funds received to date (through 2015-16):			
Arena Union Elementary	\$ 134,947	D1	
Point Arena Joint Union High School	\$ 206,504	D2	
	\$ 341,451		
E. Total Funds estimated to be received for Years 1 - 4:			
Arena Union Elementary	\$ 211,152	E1=B1+C1	
Point Arena Joint Union High School	\$ 206,504	E2=B2+C2	
	\$ 417,656		
F. Amount estimated to be received for Years 1 - 4 in 2016-17:			
Arena Union Elementary	\$ 76,205	F1=E1-D1	
Point Arena Joint Union High School	\$ -	F2=E2-D2	
	\$ 76,205		
G. Amount estimated to be received for Year 5 in 2017-18:			
Arena Union Elementary	\$ 39,521	= A1-D1-F1	
Point Arena Joint Union High School	\$ 51,541	= A2-D2-F2	
	\$ 91,062		

EXPENSE KEY FACTS:			
A. Total 2014-15 and 2015-16 Prop 39 expenses to date:			
14-15 AUES Prop39 Consultant expenses	\$ 11,647	F1a	
14-15 PAHS Prop39 Consultant expenses	\$ 14,235	F1b	
Total 2014-15 expenses to date	\$ 25,882	F1=F1a+F1b	
15-16 AUES Prop39 Consultant expenses	\$ 1,194	F2a	
15-16 PAHS Prop39 Consultant expenses	\$ 1,460	F2b	
Total 2015-16 expenses to date	\$ 2,654	F2=F2a+F2b	
TOTAL 2014-15 and 2015-16 Prop 39 expenses to date:	\$ 28,536	= F1+F2	
B. Total Project Costs (per IES) & Estimated timing of future expenses:			
Arena estimated Total Project Costs	\$ 233,607	G1	
PAHS estimated Total Project Costs	\$ 280,910	G2	
	\$ 514,517		
Arena Estimated 16-17 Prop39 Expenses for project costs	\$ 198,311	H1=E1-F1a-F2a	
PAHS Estimated 16-17 Prop39 Expenses for project costs	\$ 190,809	H2=E2-F1b-F2b	
	\$ 389,120		
Amount budgeted to be spent in 2017-18 and 2018-19:	\$ 125,397	= G-H	

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