

# 2017-2018 Proposed Budget

|                            | (A) 2016-17<br>2nd Interim<br>(March 2017) | (B) 2016-17<br>June Update<br>(June 2017) | (C) 2017-18<br>Proposed<br>Budget | Variance<br>= (B)-(A) | Variance<br>= (C)-(B) |
|----------------------------|--|---|-----------------------------------|-----------------------|-----------------------|
| <b>Revenues</b>            |  |   |                                   |                       |                       |
| Taxes                      | 5,624,162                                  | 5,778,584                                 | 5,846,301                         | 154,422               | 67,718                |
| Charter Cash in Lieu       | (420,634)                                  | (420,634)                                 | (442,244)                         | -                     | (21,610)              |
| LCFF/EPA                   | 780,977                                    | 780,977                                   | 780,977                           | -                     | -                     |
| Federal Revenue            | 408,359                                    | 401,909                                   | 396,324                           | (6,450)               | (5,585)               |
| State Revenue              | 716,568                                    | 716,568                                   | 518,184                           | -                     | (198,384)             |
| Local Revenue              | 524,648                                    | 519,382                                   | 515,562                           | (5,266)               | (3,820)               |
| Transfers In               | 45,170                                     | 59,069                                    | 34,123                            | 13,899                | (24,945)              |
| <b>Total Revenues</b>      | <b>7,679,250</b>                           | <b>7,835,854</b>                          | <b>7,649,227</b>                  | <b>156,604</b>        | <b>(186,627)</b>      |
| <b>Expenses</b>            |  |   |                                   |                       |                       |
| Cert Salaries              | 2,441,665                                  | 2,432,635                                 | 2,404,545                         | (9,030)               | (28,090)              |
| Class Salaries             | 1,545,131                                  | 1,560,990                                 | 1,565,442                         | 15,859                | 4,451                 |
| Emp Benefits               | 1,929,403                                  | 1,948,029                                 | 2,027,936                         | 18,626                | 79,907                |
| Books/Supplies             | 421,192                                    | 455,924                                   | 369,170                           | 34,732                | (86,755)              |
| Services & Operations      | 1,004,692                                  | 1,014,329                                 | 887,438                           | 9,637                 | (126,891)             |
| Capital Outlay             | 400,500                                    | 400,500                                   | 94,156                            | -                     | (306,344)             |
| Other Outgo                | 2,285                                      | 2,285                                     | 1,250                             | -                     | (1,035)               |
| Transfers Out              | 342,444                                    | 742,444                                   | 562,216                           | 400,000               | (180,228)             |
| <b>Total Expenses</b>      | <b>8,087,312</b>                           | <b>8,557,136</b>                          | <b>7,912,152</b>                  | <b>469,824</b>        | <b>(644,985)</b>      |
| <b>Excess/(Deficit)</b>    | <b>(408,063)</b>                           | <b>(721,282)</b>                          | <b>(262,924)</b>                  |                       |                       |
| Beginning Fund Balance     | 2,344,668                                  | 2,344,668                                 | 1,623,386                         |                       |                       |
| <b>Ending Fund Balance</b> | <b>1,936,606</b>                           | <b>1,623,386</b>                          | <b>1,360,462</b>                  |                       |                       |

*\*Note: the contents of this slide contain projected information, which are estimates at the time of preparation and subject to change based on future events and updates.*

**\$486k of the \$721k 2016-17 June Update projected deficit due set-asides  
--> adjusted deficit = -(\$235k) (721k-486k)**

## Revenue: 2016-17 2<sup>nd</sup> Interim to June Update (Total +2.04%)

Taxes: +2.8% (P-2 Mendo & Sonoma tax update)  
Federal: -1.58% (est. higher Impact Aid funds & lower MAA rev.)  
Local: -1.0% (SPED Charter reimbursement update)  
Trsfrs In: +30.77% (one OPEB retiree trsfr'd to FD 01)

## Revenue: 16-17 June Update to 17-18 Proposed (Total: -2.38%)

Taxes: +~1.25% estimated increase relative to 16-17 P-2  
Charter cash-in-lieu cost: +5.14% (LCFF calculator update)  
Federal: -1.4% (less Title I budgeted; SELPA update)  
State: -27.7% (less Mandated Cost \$, no College/Career Readiness Block Grant \$, less CTEIG grant funds)  
Local: -0.74% (less 1x surplus equipment)  
Trsfrs In: -42.23% (based on 17-18 OPEB estimates)

## Expenses: 16-17 2<sup>nd</sup> Interim to June Update (Total: +5.81%)

Salaries: +0.171% (net of employee changes)  
Benefits: +0.965% (in tandem with salary changes; plus bus driver H&W benefit lag due to employee change)  
Bks/Supplies: +8.246% (net of less curricula; with added site furniture, speaker system, maintenance, new teacher computers, and transportation equipment)  
Svcs/Ops: +0.959% (net of less AE travel/conferences, NPA counselor time, & online programs; with added rain gutter expenses, new carpet for 4 rooms, wall heat pumps, other misc. maintenance expenses)  
Trsfrs Out: +267.9% (added \$400k FD40 Facility set-aside)

## Expenses: 16-17 June Update to 17-18 Proposed (Total: -7.54%)

Salaries: -0.59% (net of added AE counselor, position adjustments, and step increases)  
Benefits: +4.1% (in tandem w/ salary changes; STRS +1.85%, PERS +1.643%, WC -0.34% rate changes; H&W +\$221pp)  
Bks/Supplies: -19.03% (less 1x costs ie. HS furniture & maintenance, less CTEIG expenses due to less grant funds)  
Svcs/Ops: -12.51% (less NPA counselor, no Interim HS Principal, less 1x costs ie. water station & maintenance, lower NTN fee, added new MCOE system cost, with other misc. adjustments)  
Capital Outlay: -76.49% (less (less) Prop39 related project costs)  
Trsfrs Out: -24.28% (net of higher PreK, Café, and OPEB with less set-asides)

**2016-17 - 'Recurring'/'Non-recurring' Detail (June Update)**

|                            | <b>2016-17<br/>Estimated<br/>Budget</b> | <b>2016-2017<br/>Estimated<br/>Recurring<br/>Activity</b> | <b>2016-2017<br/>Est. Non-Recurring<br/>and Board<br/>Discretionary Activity</b> |
|----------------------------|---|---|--|
| <b>Revenues</b>            |   |   |  |
| Taxes (A)                  | <b>5,778,584</b>                        | 5,778,584   | -  |
| Charter Cash in Lieu (A)   | <b>(420,634)</b>                        | (420,634)   | -  |
| LCFF/EPA (A)               | <b>780,977</b>                          | 780,977   | -  |
| Federal Revenue (B)        | <b>401,909</b>                          | 355,606   | 46,303   |
| State Revenue (C)          | <b>716,568</b>                          | 189,402   | 527,166  |
| Local Revenue (D)          | <b>519,382</b>                          | 439,507   | 79,875   |
| Transfers In (E)           | <b>59,069</b>                           | 59,069  | -  |
| <b>Total Revenues</b>      | <b>7,835,854</b>                        | 7,182,510   | 653,344  |
| <b>Expenses</b>            |   |   |  |
| Cert Salaries (F)          | <b>2,432,635</b>                        | 2,432,635   | -  |
| Class Salaries (F)         | <b>1,560,990</b>                        | 1,536,765   | 24,226   |
| Emp Benefits (F)           | <b>1,948,029</b>                        | 1,762,541   | 185,489  |
| Books/Supplies (G)         | <b>455,924</b>                          | 407,832   | 48,092   |
| Services & Ops (H)         | <b>1,014,329</b>                        | 795,602   | 218,727  |
| Capital Outlay (I)         | <b>400,500</b>                          | -   | 400,500  |
| Other Outgo (J)            | <b>2,285</b>                            | 2,285   | -  |
| Transfers Out (K)          | <b>742,444</b>                          | 256,444   | 486,000  |
| <b>Total Expenses</b>      | <b>8,557,136</b>                        | 7,194,103   | 1,363,033  |
|                            | <b>c = a + b</b>                        | <b>a</b>  | <b>b</b>   |
| <b>Excess/(Deficit)</b>    | <b>(721,282)</b>                        | <b>(11,593)</b>   | <b>(709,689)</b>   |
| Beginning Fund Balance (L) | <b>2,344,668</b>                        | 402,095   | 1,942,573  |
| Ending Fund Balance        | <b>1,623,386</b>                        | 390,502   | 1,232,884  |

\*Note 1: The \$486k out of the \$721k Non-recurring deficit is due to transfers out savings to other funds (Facility, Tech., Deferred Maintenance, Transportation). The deficit excluding these savings transfers out it \$235k.

\*\*Note 2: The Beginning Fund Balance break-out between 'Recurring' and 'Non-recurring' was adjusted since Second Interim.

**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.

| <b>Components of Ending Fund Balance/Reserve (Fund 01):</b> |             |               |            |
|---|-------------|---------------|------------|
| Revolving Cash  |             | \$ 3,150      |            |
| Restricted  |             | \$ 45,693     | \$ 58,131  |
| Board Reserve-Economic Uncertainty                          |             |               | \$ 943,925 |
| Legal Reserve   |             |               | \$ 112,500 |
| Other-Lottery, MAA, CTE, Misc.                              | \$ 184,917  | \$ -          |            |
| Strategic Goals   | \$ 78,842   | \$ -          |            |
| New Tech Network  | \$ -        | \$ 118,328    |            |
| Maintenance Reserve   | \$ 38,950   | \$ -          |            |
| Transportation-related Reserve                              | \$ 38,950   | \$ -          |            |
| <b>Net (check)</b>  | <b>\$ 0</b> | <b>\$ (0)</b> |            |

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## 2017-2018 Proposed Budget & Multi-Year Projections

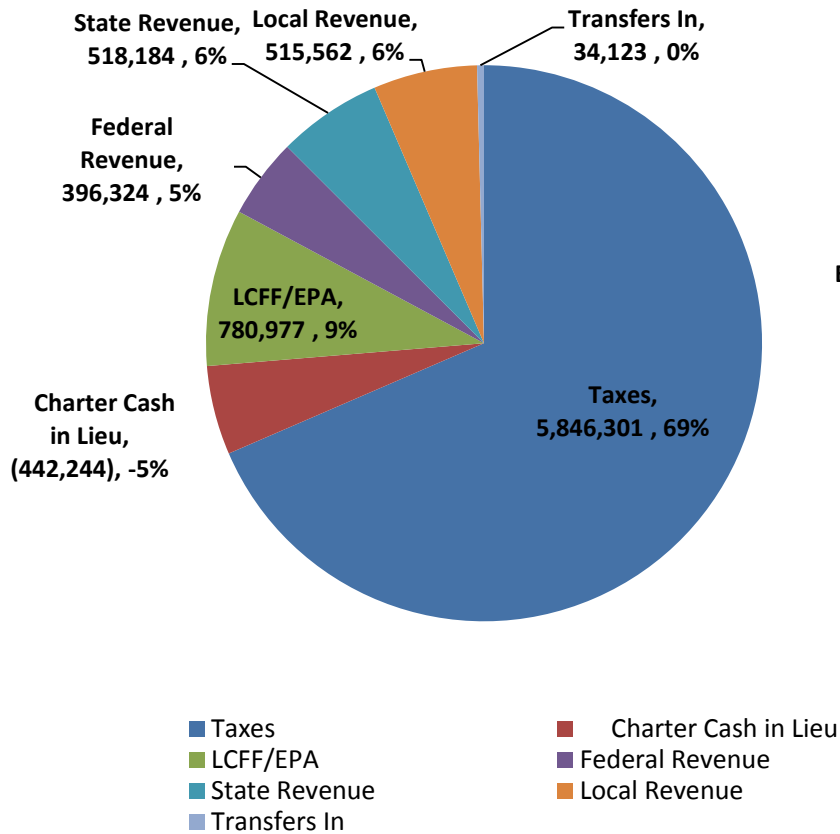
|                            | Proposed          | Multi-Year       |                  |
|----------------------------|-------------------|------------------|------------------|
|                            | Budget<br>2017-18 | 2018-19          | 2019-20          |
| Taxes                      | 5,846,301         | 5,933,996        | 6,023,006        |
| Charter Cash in Lieu       | (442,244)         | (444,362)        | (446,480)        |
| LCFF/EPA                   | 780,977           | 780,977          | 780,977          |
| Federal Revenue            | 396,324           | 396,324          | 396,324          |
| State Revenue              | 518,184           | 409,639          | 353,101          |
| Local Revenue              | 515,562           | 467,562          | 467,562          |
| Transfers In               | 34,123            | 42,360           | 63,540           |
| <b>Total Revenues</b>      | <b>7,649,227</b>  | <b>7,586,496</b> | <b>7,638,030</b> |
| <b>Expenses</b>            |                   |                  |                  |
| Cert Salaries              | 2,404,545         | 2,445,831        | 2,476,250        |
| Class Salaries             | 1,565,442         | 1,600,256        | 1,631,984        |
| Emp Benefits               | 2,027,936         | 2,141,095        | 2,239,322        |
| Books/Supplies             | 369,170           | 412,439          | 406,439          |
| Services & Ops             | 887,438           | 782,016          | 774,266          |
| Capital Outlay             | 94,156            | -                | -                |
| Other Outgo                | 1,250             | -                | -                |
| Transfers Out              | 562,216           | 361,927          | 374,873          |
| <b>Total Expenses</b>      | <b>7,912,152</b>  | <b>7,743,564</b> | <b>7,903,134</b> |
| <b>Excess/(Deficit)</b>    | <b>(262,924)</b>  | <b>(157,068)</b> | <b>(265,104)</b> |
| Beginning Fund Balance     | 1,623,386         | 1,360,462        | 1,203,394        |
| <b>Ending Fund Balance</b> | <b>1,360,462</b>  | <b>1,203,394</b> | <b>938,289</b>   |

### Multi-Year Assumptions:

- Taxes: +1.25% bdtgd increase year-over-year
- LCFF/EPA: – Flat
- Federal: – Flat
- State: – 2018-19: Less One-Time Mandated-related Funds (-\$17k), less Prop39 funds (-\$91k); 2019-20: Less CTEIG grant fund (-\$57k)
- Local: - 2018-19: Less CTE local apportionment-need to apply (-\$68k); added budgeted donations based on historical amounts (+\$20k)
- Transfers In: adjusted based on OPEB estimates
- Salaries: + step increase
- Benefits: in tandem with salary increases plus future STRS & PERS rate increases
- Books/Supplies: 18-19 Plus CTEIG grant \$2:\$1 vs. \$1.5:\$1 match (+\$28k); est. higher curricula (+\$15k); 19-20 Less College/Career Readiness (-\$6k)
- Service/Ops: 18-19 Less NTN fee (-\$100.2k); less Educator Effect. exp.s (-\$5k); 19-20 Less College/Career Readiness exp.s (-\$6k)
- Capital Outlay: Less reduction in estimated Prop39 related exp.s (-\$94k)
- Transfers Out: Salary/benefit changes in other funds (ie. PreK & Cafe); Est. higher Developer Fee income thereby reducing loan contribution; Reduced bdtgd set-asides to retain FD 01 liquidity.

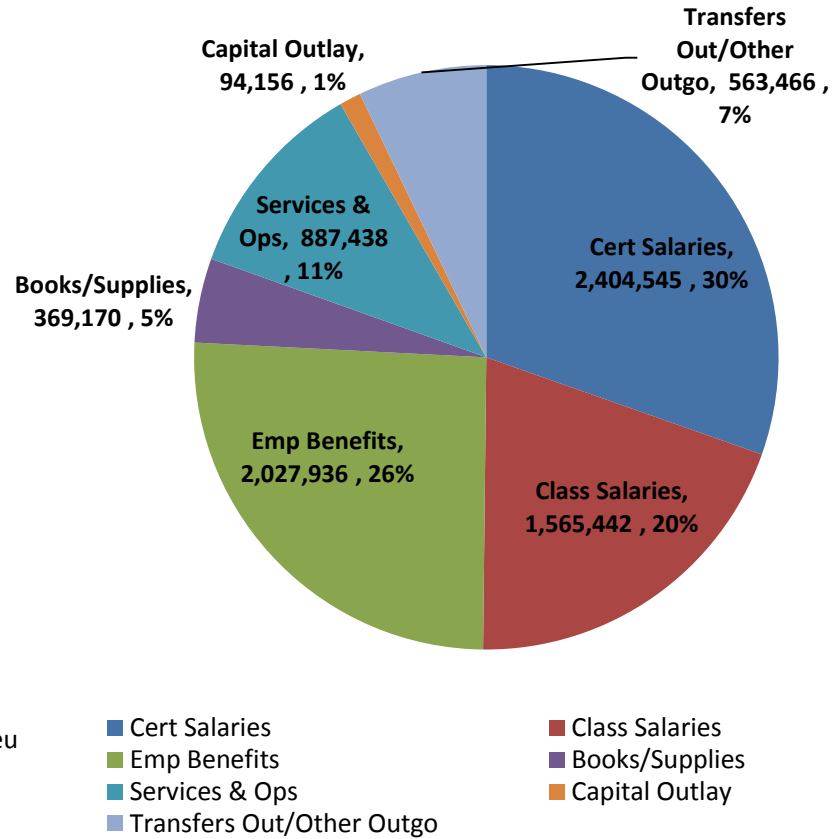
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## 2017-2018 Projected Revenues



Projected Revenues = \$7,649,227

## 2017-2018 Projected Expenditures



Projected Expenditures = \$7,912,152

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**2017-18 - 'Recurring'/'Non-recurring' Detail (June Budget Adoption)**

|                            | 2017-18<br>Estimated<br>Budget | 2017-2018<br>Estimated<br>Recurring<br>Activity | 2017-2018<br>Est. Non-Recurring<br>and Board<br>Discretionary Activity |
|----------------------------|--------------------------------|---|--|
| <b>Revenues</b>            |                                |   |  |
| Taxes (A)                  | 5,846,301                      | 5,846,301                                       | -  |
| Charter Cash in Lieu (A)   | (442,244)                      | (442,244)                                       | -  |
| LCFF/EPA (A)               | 780,977                        | 780,977   | -  |
| Federal Revenue (B)        | 396,324                        | 356,324   | 40,000   |
| State Revenue (C)          | 518,184                        | 173,759   | 344,425  |
| Local Revenue (D)          | 515,562                        | 447,562   | 68,000   |
| Transfers In (E)           | 34,123                         | 34,123  | -  |
| <b>Total Revenues</b>      | <b>7,649,227</b>               | <b>7,196,802</b>                                | <b>452,425</b>   |
| <b>Expenses</b>            |                                |   |  |
| Cert Salaries (F)          | 2,404,545                      | 2,404,545                                       | -  |
| Class Salaries (F)         | 1,565,442                      | 1,556,442                                       | 9,000  |
| Emp Benefits (F)           | 2,027,936                      | 1,846,162                                       | 181,773  |
| Books/Supplies (G)         | 369,170                        | 363,170   | 6,000  |
| Services & Ops (H)         | 887,438                        | 763,156   | 124,282  |
| Capital Outlay (I)         | 94,156                         | -   | 94,156   |
| Other Outgo (J)            | 1,250                          | 1,250   | -  |
| Transfers Out (K)          | 562,216                        | 301,216   | 261,000  |
| <b>Total Expenses</b>      | <b>7,912,152</b>               | <b>7,235,940</b>                                | <b>676,212</b>   |
|                            | <b>c = a + b</b>               | <b>a</b>  | <b>b</b>   |
| <b>Excess/(Deficit)</b>    | <b>(262,924)</b>               | <b>(39,138)</b>                                 | <b>(223,787)</b>   |
| Beginning Fund Balance (L) | 1,623,386                      | 390,502   | 1,232,884  |
| Ending Fund Balance        | 1,360,462                      | 351,364   | 1,009,097  |

**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.

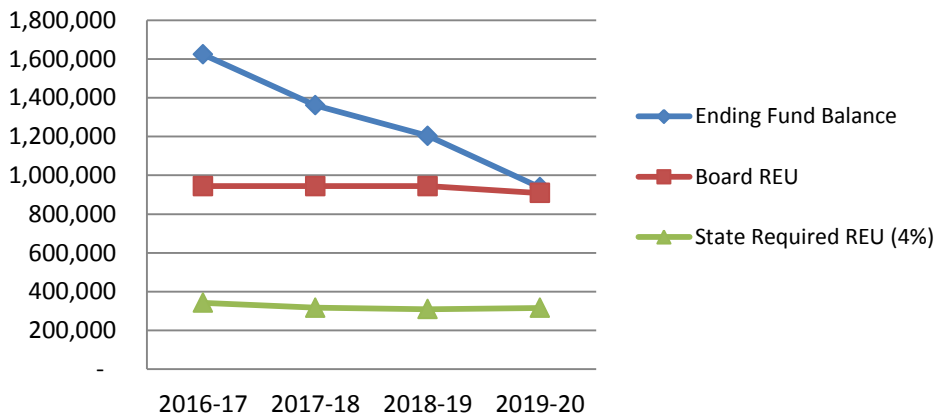
| <b>Components of Ending Fund Balance/Reserve (Fund 01):</b> |  |             |             |
|---|--|-------------|-------------|
| Revolving Cash  |  | \$ 3,150    |             |
| Restricted  |  | \$ 51,301   | \$ -        |
| Board Reserve-Economic Uncertainty                          |  | \$ -        | \$ 943,925  |
| Legal Reserve   |  | \$ 22,328   | \$ 65,172   |
| Other-Lottery, MAA, CTE, Misc.                              |  | \$ 176,759  | \$ -        |
| Strategic Goals   |  | \$ -        | \$ -        |
| New Tech Network  |  | \$ -        | \$ -        |
| Maintenance Reserve   |  | \$ 48,913   | \$ -        |
| Transportation-related Reserve                              |  | \$ 48,913   | \$ -        |
| <b>Total</b>  |  | <b>\$ 0</b> | <b>\$ 0</b> |

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## 2017-18 Proposed Components of Ending Fund Balance

|                                    | Estimated<br>2016-17 | Proposed<br>2017-18 | Multi-Year     |                |
|------------------------------------|----------------------|---------------------|----------------|----------------|
|                                    |                      |                     | 2018-19        | 2019-20        |
| Revolving Cash                     | 3,150                | 3,150               | 3,150          | 3,150          |
| Restricted                         | 103,433              | 51,301              | 26,301         | 26,301         |
| Board Reserve-Economic Uncertainty | 943,925              | 943,925             | 943,925        | 908,838        |
| Legal Reserve                      | 112,500              | 87,500              | 87,500         | -              |
| Facility Reserve                   | -                    | -                   | -              | -              |
| Strategic Goal Reserve             | 78,842               | -                   | -              | -              |
| Other (MAA, Lottery, etc.)         | 185,308              | 176,759             | 142,517        | -              |
| NTN Reserve                        | 118,328              | -                   | -              | -              |
| Maintenance GF Reserve             | 38,950               | 48,913              | -              | -              |
| Transportation GF Reserve          | 38,950               | 48,913              | -              | -              |
| Unassigned/Other                   | (0)                  | 0                   | 0              | 0              |
|                                    | 1,623,386            | 1,360,462           | 1,203,394      | 938,289        |
| <b>Board REU (%age) =</b>          | 12%                  | 12%                 | 12%            | 11%            |
| <b>State Required REU (4%) =</b>   | <b>342,285</b>       | <b>316,486</b>      | <b>309,743</b> | <b>316,125</b> |

### Ending Fund Balance



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## 2017-2018 Budget Adoption 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.

|  |    | 2017-18      | 2018-19      | 2019-20      |
|--|----|--------------|--------------|--------------|
| Total General Fund Expenditures & Other Uses                         |    | \$ 7,912,152 | \$ 7,743,564 | \$ 7,903,134 |
| Minimum Reserve requirement  | 4% | \$ 316,486   | \$ 309,743   | \$ 316,125   |
| General Fund Combined Ending Fund Balance                            |    | \$ 1,360,462 | \$ 1,203,394 | \$ 938,289   |
| Special Reserve Fund Ending Fund Balance                             |    | \$ 80,000    | \$ 120,000   | \$ 160,000   |
| Components of ending balance:  |    |              |              |              |
| Nonspendable (revolving, prepaid, etc.)                              |    | \$ 3,150     | \$ 3,150     | \$ 3,150     |
| Restricted   |    | \$ 51,301    | \$ 26,301    | \$ 26,301    |
| Committed  |    | \$ -         | \$ -         | \$ -         |
| Assigned   |    | \$ 442,085   | \$ 350,017   | \$ 160,000   |
| Reserve for economic uncertainties                                   |    | \$ 943,925   | \$ 943,925   | \$ 908,838   |
| Unassigned and Unappropriated  |    | \$ -         | \$ -         | \$ -         |
| Subtotal Assigned, Unassigned & Unappropriated                       |    | \$ 1,386,010 | \$ 1,293,942 | \$ 1,068,838 |
| Total Components of ending balance                                   |    | \$ 1,440,462 | \$ 1,323,394 | \$ 1,098,289 |
|  |    | TRUE         | TRUE         | TRUE         |
| Assigned & Unassigned balances above the minimum reserve requirement |    | \$ 1,069,524 | \$ 984,199   | \$ 752,713   |

### 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                              | \$87,500        |
| - Reserve for Economic Uncertainty           | \$943,925       |
| - Maintenance Reserve                        | \$48,913        |
| - Transportation Reserve                     | \$48,913        |
| - Other Assigned Reserves (ie. MAA, Lottery) | \$176,759       |
| - Technology Reserve                         | \$80,000        |
|  |                 |
|  |                 |
| <i>Total of Substantiated Needs</i>          | \$1,386,010.14  |
| <b>Remaining Unsubstantiated Balance</b>     | <b>(\$0.00)</b> |

June 7, 2017 Board Meeting -  
LCAP/Budget Hearing

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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 revenue may change due to our Year 5 actual apportionment amount pending from the California Department of Education.
- Local Revenue: Historically receive higher than budgeted based on unknown one-time donations/funding at budget adoption.

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