

2021-2022 Point Arena Schools Second Interim Budget

Board Meeting Date: March 16, 2022

Point Arena Schools 2021-2022 Second Interim Revenues

		First	Second	
		Interim	Interim	
		(Dec. 2021)	(Mar. 2022)	Variance
Revenues				
	Taxes	6,934,338	6,934,338	-
	Charter Cash in Lieu	(603,420)	(603,420)	-
	LCFF/EPA	777,497	777,497	-
	Federal Revenue	1,060,986	1,093,265	32,278
	State Revenue	721,967	985,704	263,737
	Local Revenue	328,008	310,434	(17,574)
	Transfers In	-	-	-
	Total Revenues	9,219,376	9,497,817	278,441

+3.02%

Variance Explanations (Second Interim vs. First Interim Budget Update):

- Federal Revenue (+3.04%): Title I update (+29k); SELPA update (+3k, net is -14k).
- State Revenue (+36.5%): Updated Educator Effectiveness revenue to include full amount (all 5 yrs.) (+145k); COVID-19 testing grant (+87k); Expanded Learning Program funds received to date (+42k); CTEIG estimate update due to one-year lag (-10k).
- Local Revenue (-5.36%): SELPA update (-17k, net is -14k)

Overall – Total Estimated Revenues increased by ~\$278k (3.02%) since the First Interim Budget Update in December 2021.

**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.*

Point Arena Schools 2021-2022 Second Interim Expenditures

		First Interim (Dec. 2021)	Second Interim (Mar. 2022)	Variance
Expenses				
	Certificated Salaries	2,929,957	2,829,961	(99,996)
	Classified Salaries	1,723,946	1,703,202	(20,744)
	Employee Benefits	2,521,870	2,450,758	(71,112)
	Books/Supplies	326,610	514,102	187,492
	Services & Operations	928,080	936,943	8,863
	Capital Outlay	311,254	302,822	(8,433)
	Other Outgo	-	-	-
	Transfers Out	574,355	596,999	22,644
	Total Expenses	9,316,072	9,334,786	18,715

+0.2%

Variance Explanations (Second Interim vs. First Interim Budget Update):

- Certificated Salaries (-3.4%): Add SPED 0.4 FTE (+14k); SPED teacher mid-year update (-30k); less open positions that remain unfilled (-74k); estimate less Learning Recovery Program add'l duty (-10k).
- Classified Salaries (-1.2%): Adjust placeholder estimates (-32k); added estimated add'l duty for COVID-19 testing (+11k).
- Employee Benefits (-2.82%): Fluctuation is in tandem with salary and position changes (-71k).
- Supplies (+57.4%): Higher curricula (+44k); COVID testing grant related expenses (+62k); technology equipment (+18k); athletics (+30k); CTE related (+18k); office supplies (+10k); other misc. (+5k).
- Services/Ops (+0.96%): Added Educator Effectiveness related expenses (+6k); AUESD Modular related (+12k); higher utilities (+8k); less travel/conferences (-20k); other misc. (+2k).
- Capital Outlay (-2.71%): ESSER II revenue estimate adjustment causing less expense in FD 01 in more in FD 40 (-8k).
- Transfers Out (+3.9%): Cafeteria position adjustments (-7k); higher transfers out to other funds for savings (ie. Deferred Maintenance, Facilities) (+30k).

Overall – Total Estimated Expenses increased by ~\$19k (+0.2%) since the First Interim Budget Update in December 2021.

**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.*

Point Arena Schools 2021-2022 Second Interim and Multi-year Projection

	First Interim (Dec. 2021)	Second Interim (Mar. 2022)	Multi-Year	
			2022-2023	2023-2024
Revenues				
Taxes	6,934,338	6,934,338	7,073,025	7,214,485
Charter Cash in Lieu	(603,420)	(603,420)	(603,420)	(603,420)
LCFF/EPA	777,497	777,497	777,497	777,497
Federal Revenue	1,060,986	1,093,265	948,018	851,020
State Revenue	721,967	985,704	562,952	562,952
Local Revenue	328,008	310,434	328,374	328,374
Transfers In	-	-	-	-
Total Revenues	9,219,376	9,497,817	9,086,446	9,130,909
Expenses				
Certificated Salaries	2,929,957	2,829,961	2,977,434	3,072,346
Classified Salaries	1,723,946	1,703,202	1,793,334	1,812,376
Employee Benefits	2,521,870	2,450,758	2,743,239	2,804,201
Books/Supplies	326,610	514,102	446,602	446,602
Services & Operations	928,080	936,943	910,943	910,943
Capital Outlay	311,254	302,822	-	-
Other Outgo	-	-	-	-
Transfers Out	574,355	596,999	387,567	304,368
Total Expenses	9,316,072	9,334,786	9,259,117	9,350,836
Excess/(Deficit)	(96,695)	163,031	(172,671)	(219,928)
Beginning Fund Balance	1,647,053	1,647,053	1,810,084	1,637,413
Ending Fund Balance	1,550,358	1,810,084	1,637,413	1,417,485

A contributing factor in the 21-22 \$163k projected surplus is due to revenue recognition rules, where for some grant funding streams (Educator Effectiveness, ELO-P, etc.), the CDE requires districts to recognize revenue in the year the funds are projected to be received, as opposed to the year funds are projected to be spent. For example, the Educator Effectiveness Block Grant is a 5-year grant where it's planned for funds to be spent over 5 yrs. thru 25-26, however the full revenue amount is projected to be received in 21-22, with zero projected 22-23 to 25-26.

This revenue recognition rule impact on the projected 21-22 Ending Fund Balance is comprised of:
 Educator Effectiveness Grant (+\$139k), ELO-P funds (+\$42k)

**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.*

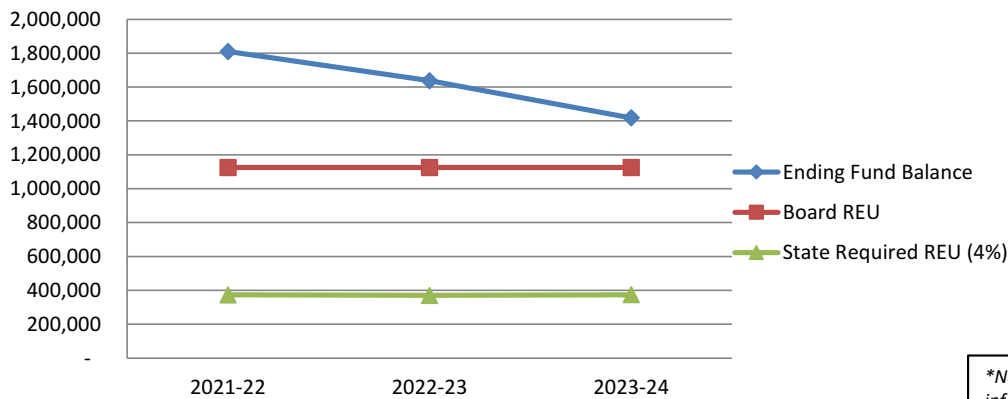
Multi-Year Assumptions:

- **Taxes:** +2% estimate year over year.
- **LCFF/EPA, State:** flat
- **Federal:** (22-23) → less 21-22 ESSER II funds (-332k), less 21-22 est. ESSER III funds (-160k), plus 22-23 est. ESSER III funds (+488k), less 21-22 ELO-G funds (-142k); (23-24) → less 22-23 est. ESSER III funds (-488k), plus 23-24 est. ESSER III funds (+392k).
- **State:** (22-23) → less Educator Effectiveness Block Grant (-181k), less In-Person Instruction grant (-130k), less COVID testing grant (-87k), less SPED Learning Recovery Program funds (-34k), plus CTEIG grant difference (+10k).
- **Local:** (22-23) → estimated local mental health funds (+18k).
- **Cert. Salaries:** (22-23) → +3% previously negotiated, estimated step increase (~2%); (23-24) → +2% previously negotiated, estimated step increase (~2%).
- **Class. Salaries:** (22-23 and 23-24) → estimated step increase (~3%).
- **Benefits:** in tandem with estimated salary changes, +\$235pp each year to benefit cap; plus future STRS and PERS projected increases.
- **Books/Supplies:** (22-23) → less ESSER II related (-5k); less COVID testing grant related (-60k), less est. SPED LRP related (-2.5k).
- **Service/Ops:** (22-23) → less ESSER II related (-12k); less COVID testing grant related (-10k), less estimated SPED LRP related (-4k).
- **Capital Outlay:** less 21-22 ESSER II AUESD Modularity and HS Library Roof projects (-303k).
- **Transfers Out:** Net of estimated salary & benefit changes in other funds (PreK, Café); less estimated transfers out for set-asides in order to maintain adequate reserves.

Point Arena Schools 2021-2022 Second Interim & MYP Ending Fund Balance

	First Interim (Dec. 2021)	Second Interim (Mar. 2022)	Multi-Year	
			2022-2023	2023-2024
<i>Components of Ending Fund Balance:</i>				
Revolving Cash	3,150	3,150	3,150	3,150
Restricted	78,053	243,417	176,510	105,669
Board Reserve-Economic Uncertainty	1,015,000	1,125,000	1,125,000	1,125,000
Lottery funds Reserve	85,879	75,379	65,379	65,379
MAA GF Reserve	88,023	86,043	51,043	45,543
Legal Reserve	133,236	138,547	108,166	36,372
Maintenance/Transportation GF Reserve	133,236	138,547	108,166	36,372
Other Assigned Reserves	-	-	-	-
Unassigned/Other	13,781	(0)	(0)	(0)
	1,550,358	1,810,084	1,637,413	1,417,485

Ending Fund Balance



Board REU

2021-22 = \$1,125,000 (12%)
 2022-23 = \$1,125,000 (12%)
 2023-24 = \$1,125,000 (12%)

State Required REU (4%)

2021-22 = \$373,391
 2022-23 = \$370,365
 2023-24 = \$374,033

**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.*

March 16, 2022 Board Meeting

2021-2022 Projected Reserves at Second Interim

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

District: Arena Union Elementary / Point Arena Joint Union High

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.

		2021-22	2022-23	2023-24
Total General Fund Expenditures & Other Uses		\$ 9,334,786	\$ 9,259,117	\$ 9,350,836
Minimum Reserve requirement	4%	\$ 373,391	\$ 370,365	\$ 374,033
General Fund Combined Ending Fund Balance		\$ 1,810,084	\$ 1,637,413	\$ 1,417,485
Special Reserve Fund Ending Fund Balance		\$ 276,487	\$ 296,487	\$ 296,487
Components of ending balance:				
Nonspendable (revolving, prepaid, etc.)		\$ 3,150	\$ 3,150	\$ 3,150
Restricted		\$ 243,417	\$ 176,510	\$ 105,669
Committed		\$ -	\$ -	\$ -
Assigned		\$ 715,004	\$ 629,239	\$ 480,153
Reserve for economic uncertainties		\$ 1,125,000	\$ 1,125,000	\$ 1,125,000
Unassigned and Unappropriated		\$ -	\$ -	\$ -
Subtotal Assigned, Unassigned & Unappropriated		\$ 1,840,004	\$ 1,754,239	\$ 1,605,153
Total Components of ending balance		\$ 2,086,571	\$ 1,933,899	\$ 1,713,972
		TRUE	TRUE	TRUE
Assigned & Unassigned balances above the minimum reserve requirement		\$ 1,466,613	\$ 1,383,874	\$ 1,231,120

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 2021-22 projected reserve is greater than the 4% minimum including, but not limited to, the following reasons:

- Fund 01: Reserve for Economic Uncertainty	\$1,125,000
- Fund 01: Lottery Funds Reserve	\$75,379
- Fund 01: MAA General Fund Reserve	\$86,043
- Fund 01: Maintenance & Transportation GF Reserve	\$138,548
- Fund 01: Legal Reserve	\$138,548
- Fund 17: STRS, PERS, and H&W Special Reserve Fund Reserve	\$100,500
- Fund 17: Technology Reserve	\$175,987
	\$0
Total of Substantiated Needs	\$1,840,004
Remaining Unsubstantiated Balance	(\$0.00)

March 16, 2022 Board Meeting

**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.*

Point Arena Schools Fund 17 Activity at 2021-22 Second Interim

FUND 17		2021-22	2021-22	
TECHNOLOGY AND STRS & PERS		First	Second	
		Interim	Interim	<i>Variance</i>
Beginning Balance - Technology		135,187	135,187	-
Beginning Balance - STRS & PERS		100,500	100,500	-
Total Beginning Balance		235,687	235,687	-
Revenues				
Interest		800	800	-
Transfers In - for Technology		40,000	40,000	-
Transfers In - for STRS & PERS		-	-	-
Total Budgeted Revenues		40,800	40,800	-
Expenses				
none budgeted		-	-	-
Total Budgeted Expenses		-	-	-
Budgeted Excess/(Deficit)		40,800	40,800	-
Ending Fund Balance - Technology		175,987	175,987	-
Ending Fund Balance - STRS & PERS		100,500	100,500	-

**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.*

March 16, 2022 Board Meeting

Other Considerations

- Temporary COVID-19 related funds have a large positive impact on 2021-2022 budget projections, and the multi-year projection through 2023-2024. At this time, the majority of these temporary COVID-19 related funds are not announced to persist beyond 2024.
- A contributing factor in the current year \$163k projected surplus is due to revenue recognition rules, where for some grant funding streams (Educator Effectiveness, ELO-P, etc.), the CDE requires districts to recognize revenue in the year the funds are projected to be received, as opposed to the year funds are projected to be spent. This revenue recognition rule impact on the projected 21-22 Ending Fund Balance is comprised of: Educator Effectiveness Grant (+\$139k), ELO-P funds (+\$42k).
- Property tax revenues fluctuate throughout the year – we receive property tax updates from both Mendocino & Sonoma Counties at P1 (Fall), P2 (Spring), and Final (Summer).
- Unknown if the type and amount of certain fees will be recurring, which could change current and future year estimates: transfers to other funds (ie. FD 17 – technology; FDs 14/43 – Deferred Maintenance; FD 40 – Facility; FD 15 – Pupil Transportation, etc.).

**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.*

March 16, 2022 Board Meeting