

2023-2024
Arena Union Elementary /
Point Arena Joint Union High
Budget Adoption

Public Hearing: June 7, 2023 Board Meeting

Adoption: June 21, 2023 Board Meeting

2023-2024 Proposed Budget

| | (A) 2022-23 2nd Interim (March 2023) | (B) 2022-23 June Update (June 2023) | (C) 2023-24 Proposed Budget | Variance = (B)-(A) | Variance = (C)-(B) |
|----------------------------|--|---|-----------------------------------|-----------------------|-----------------------|
| Revenues | | | | | |
| Taxes | 7,401,565 | 7,403,427 | 7,548,853 | 1,862 | 145,426 |
| Charter Cash in Lieu | (603,420) | (603,420) | (603,420) | - | - |
| LCFF/EPA | 773,419 | 773,419 | 773,419 | - | - |
| Federal Revenue | 946,696 | 948,076 | 783,652 | 1,380 | (164,424) |
| State Revenue | 1,587,020 | 1,745,996 | 671,130 | 158,976 | (1,074,866) |
| Local Revenue | 428,548 | 457,052 | 424,363 | 28,504 | (32,689) |
| Transfers In | - | - | - | - | - |
| Total Revenues | 10,533,828 | 10,724,550 | 9,597,997 | 190,722 | (1,126,553) |
| Expenses | | | | | |
| Certificated Salaries | 2,916,351 | 2,976,454 | 2,993,105 | 60,103 | 16,651 |
| Classified Salaries | 1,872,841 | 1,936,076 | 1,983,538 | 63,236 | 47,462 |
| Employee Benefits | 2,787,382 | 2,819,685 | 2,919,504 | 32,303 | 99,820 |
| Books/Supplies | 566,462 | 627,817 | 621,648 | 61,356 | (6,170) |
| Services & Operations | 1,049,197 | 1,217,566 | 1,060,431 | 168,369 | (157,135) |
| Capital Outlay | - | - | - | - | - |
| Other Outgo | - | - | - | - | - |
| Transfers Out | 701,343 | 336,343 | 417,365 | (365,000) | 81,022 |
| Total Expenses | 9,893,575 | 9,913,942 | 9,995,591 | 20,367 | 81,650 |
| Excess/(Deficit) | 640,253 | 810,609 | (397,594) | | |
| Beginning Fund Balance | 1,889,342 | 1,889,342 | 2,699,951 | | |
| Ending Fund Balance | 2,529,595 | 2,699,951 | 2,302,356 | | |

A contributing factor to the 22-23 \$810k projected surplus is due to revenue recognition rules, where for some funding streams (ie. LRE Block Grant), the CDE requires districts to recognize rev. in the year the funds are projected to be received, as opposed to the year funds are projected to be spent. For example, the LRE Block Grant is a 6-yr grant where it's planned for funds to be spent over 6 yrs. thru 27-28, however the full revenue amt. is projected to be received in 22-23, with zero projected 23-24 to 27-28.

This revenue recognition rule impact on the est. 22-23 Excess/(Deficit) and/or the est. End. Fund Balance is comprised of: LRE BG (+457k), AMIM BG (+63k), ELO-P (+188k), EEF (+91k), A-G BG (+86k), KIT (+227k).

*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.

| |
|---|
| <p>Revenue: 2022-23 2nd Interim to June Update <u>Taxes:</u> P-2 Mendo. & Sonoma tax update (+2k). <u>Federal:</u> add partial ARP Homeless Youth (+1). <u>State:</u> cafeteria KIT grant (+227k), lower AMIM BG est. (-69k). <u>Local:</u> SEL grant (+10k), music donations (+18k).</p> |
| <p>Expenses: 2022-23 2nd Interim to June Update <u>Salaries & Benefits:</u> two addt'l HS periods (+12k), higher addt'l duty for SPED, NTN, and Tech. (+26k), higher Maintenance & Transportation addt'l duty (+26k), higher Cert. sub duty (+22k), higher Class. Sub duty (+11k), added HS Para. (+7k), higher ASES addt'l and sub duty (+17k), benefit impact in tandem with salary change (+32k), other misc (+2k). <u>Supplies:</u> e-rate related tech. equipment (+31k), band expenses tied to donations (+18k), instructional consumables (+4k), other misc. (+8k). <u>Svcs/Ops:</u> athletic and WASC travel (+7k), AB218 insurance (+14k), heat (+24k), SPED TLC prgm (+95k), mental health services (+9k), communications related (+6k), GAMUT (+5k), misc. (+8k). <u>Trsfrs Out:</u> less facilities, deferred maintenance, tech., and pupil transportation funds trsfrs out (-365k).</p> |
| <p>Revenue: 22-23 June Update to 23-24 Proposed <u>Taxes:</u> estimated 2% increase relative to 21-22 P-2 (+145k). <u>Federal:</u> less SPED IDEA funds (-22k), less Supply Chain Assistance funds (-18k), net less ESSER III (-129k), other misc. (+5k). <u>State:</u> less Cafeteria KIT grant (-228k), less ELO-P (-194k), less LREBG (-508k), less AMIM BG (-137k), UPK diff. (+10k), SPED PreK grant (+8k), lower STRS On-Behalf (-28k) (nets to zero), other misc. (+2k). <u>Local:</u> less one-time donations (-13k), less est. SELPA related (-15k); other misc. (-4k).</p> |
| <p>Expenses: 22-23 June Update to 23-24 Proposed <u>Cert. Salaries:</u> plus 2% (+54k), est. position updates (+3k), less net of est. addt'l & sub duty (-62k), and est. step increases (+22k). <u>Class. Salaries:</u> plus 4% (+93k), full or partial year classified position changes (-42k), less addt'l/sub est. (-36k), and est. step increases (+32k). <u>Benefits:</u> net of in tandem flux w/ salary changes, PERS rate +1.31% (+25k), raise impact (+50k), plus full or partial year position changes (+53k), less STRS On-Behalf est. (nets to zero) (-28k). <u>Bks/Supplies:</u> less curricula est. (-73k), plus Cafeteria KIT (+104k); less one-time e-rate related (-26k), less SCA food (-18k), other misc. (+7k). <u>Svcs/Ops:</u> less SPED TLC (-95k), lower insurance (-9k); higher ELO-P (+92k), lower utilities (-28k), lower maintenance & transportation (-42k), less COVID related (-6k), lower NTN (-34k), less legal (-7k), less travel (-6k), less curricula related (-15k), other misc. (-7k). <u>Trsfrs Out:</u> 4% for PreK & Caf  (+30k), other PreK & Caf  updates (-18k); higher set-asides for savings (+69k).</p> |

2023-2024 Proposed Budget & Multi-Year Projections

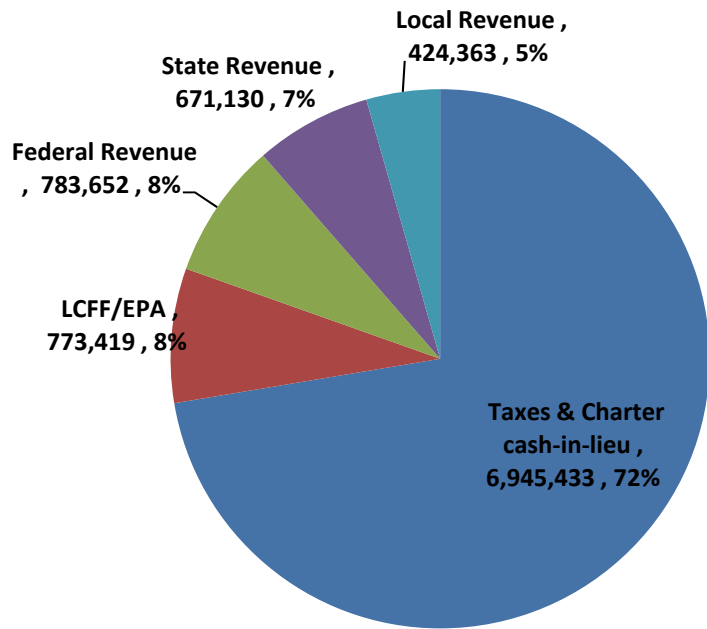
| | Proposed Budget | Multi-Year | |
|----------------------------|------------------|------------------|------------------|
| | 2023-2024 | 2024-2025 | 2025-2026 |
| Taxes | 7,548,853 | 7,699,830 | 7,853,827 |
| Charter Cash in Lieu | (603,420) | (603,420) | (603,420) |
| LCFF/EPA | 773,419 | 773,419 | 773,419 |
| Federal Revenue | 783,652 | 414,809 | 414,809 |
| State Revenue | 671,130 | 632,761 | 632,761 |
| Local Revenue | 424,363 | 414,363 | 414,363 |
| Transfers In | - | - | - |
| Total Revenues | 9,597,997 | 9,331,762 | 9,485,759 |
| Expenses | | | |
| Certificated Salaries | 2,993,105 | 3,001,462 | 3,043,326 |
| Classified Salaries | 1,983,538 | 2,024,355 | 2,066,377 |
| Employee Benefits | 2,919,504 | 2,949,120 | 2,988,153 |
| Materials & Supplies | 621,648 | 608,327 | 504,467 |
| Services & Operations | 1,060,431 | 979,640 | 999,232 |
| Capital Outlay | - | - | - |
| Other Outgo | - | - | - |
| Transfers Out | 417,365 | 258,632 | 273,984 |
| Total Expenses | 9,995,591 | 9,821,534 | 9,875,538 |
| Excess/(Deficit) | (397,594) | (489,772) | (389,780) |
| Beginning Fund Balance | 2,699,951 | 2,302,356 | 1,812,584 |
| Ending Fund Balance | 2,302,356 | 1,812,584 | 1,422,804 |

Multi-Year Assumptions:

- Taxes: +2% budgeted increase year-over-year.
- LCFF/EPA: Flat
- Federal: 24-25: est. ESSER III related funds decrease (-365k), less ARP Homeless Youth (-4k).
- State: 24-25: less UPK funds (-38k).
- Local: 24-25: less MCOE SEL funds (-10k).
- Transfers In: Flat – estimate at zero
- Salaries: 24-25: plus step increases and est. staffing adjustments
- Benefits: in tandem with salary increases plus future STRS & PERS rate changes. Note: the assumed 23-24 Work. Comp. rate is the same as the 22-23 rate of 3.747%, which will be updated in 23-24 to 3.624% once we are able to make 23-24 system budget adjustments.
- Books/Supplies: 24-25 and 25-26: less est. one-time ELO-P and ARP Homeless Youth related; plus 2% estimated increase year-over-year
- Service/Ops: 24-25 and 25-26: less est. one-time ELO-P related expenses; plus 2% estimated increase year-over-year
- Transfers Out: Estimated salary & benefit increases in other funds (ie. PreK & Cafeteria); Reduced by budgeted set-asides to other funds.

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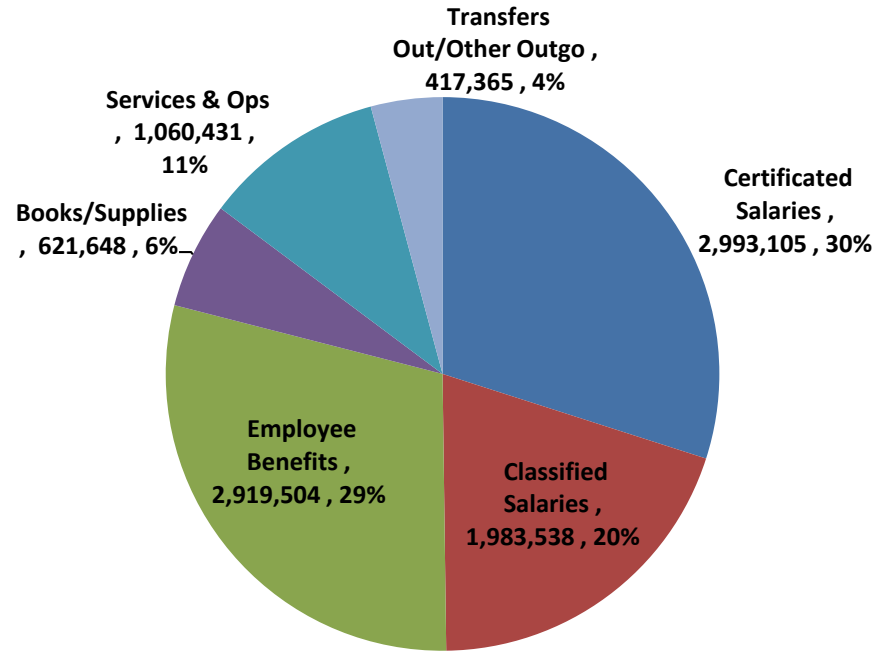
2023-2024 Projected Revenues



- Taxes & Charter cash-in-lieu
- Federal Revenue
- Local Revenue
- LCFF/EPA
- State Revenue
- Transfers In

Projected Revenues = \$9,597,997

2023-2024 Projected Expenditures



- Certified Salaries
- Employee Benefits
- Services & Ops
- Classified Salaries
- Books/Supplies
- Capital Outlay

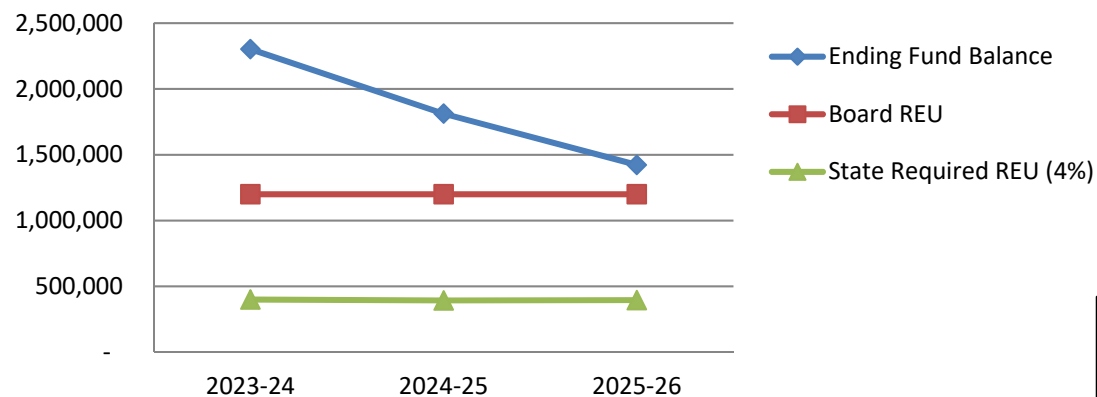
Projected Expenditures = \$9,995,591

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2023-24 Proposed Components of Ending Fund Balance

| | Proposed 2023-2024 | Multi-Year | |
|---------------------------------------|-----------------------|------------------|------------------|
| | | 2024-2025 | 2025-2026 |
| Revolving Cash | 3,150 | 3,150 | 3,150 |
| Restricted | 748,766 | 393,985 | 109,116 |
| Board Reserve-Economic Uncertainty | 1,200,000 | 1,200,000 | 1,200,000 |
| Lottery funds Reserve | 61,804 | 51,804 | 51,804 |
| MAA GF Reserve | 116,413 | 91,413 | 58,734 |
| Legal Reserve | 86,112 | 36,116 | - |
| Maintenance/Transportation GF Reserve | 86,112 | 36,116 | - |
| Other Assigned Reserves | - | - | - |
| Unassigned/Other | 0 | 0 | 0 |
| | 2,302,356 | 1,812,584 | 1,422,804 |
| Board REU (%age) = | 12% | 12% | 12% |
| State Required REU (4%) = | 399,824 | 392,861 | 395,022 |

Ending Fund Balance



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Point Arena Schools Fund 17 Activity at 2023-2024 Budget Adoption

| FUND 17 | | 2022-23 | 2023-24 | |
|--|--|----------------|----------------|-----------------|
| TECHNOLOGY AND STRS & PERS | | June | Budget | |
| | | Update | Adoption | <i>Variance</i> |
| Beginning Balance - Technology | | 155,135 | 185,935 | 30,800 |
| Beginning Balance - STRS & PERS | | 100,500 | 100,500 | - |
| Revenues | | | | |
| Interest | | 800 | 800 | - |
| Transfers In - for Technology | | 30,000 | 20,000 | (10,000) |
| Transfers In - for STRS & PERS | | - | - | - |
| Total Revenues | | 30,800 | 20,800 | (10,000) |
| Expenses | | | | |
| none currently budgeted | | - | - | - |
| Total Budgeted Expenses | | - | - | - |
| Excess/(Deficit) | | 30,800 | 20,800 | (10,000) |
| Ending Fund Balance - Technology | | 185,935 | 206,735 | 20,800 |
| Ending Fund Balance - STRS & PERS | | 100,500 | 100,500 | - |

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2023-2024 Projected Reserves at Budget Adoption

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.

| | | 2023-24 | 2024-25 | 2025-26 |
|--|----|--------------|--------------|--------------|
| Total General Fund Expenditures & Other Uses | | \$ 9,995,591 | \$ 9,821,534 | \$ 9,875,538 |
| Minimum Reserve requirement | 4% | \$ 399,824 | \$ 392,861 | \$ 395,022 |
| General Fund Combined Ending Fund Balance | | \$ 2,302,356 | \$ 1,812,584 | \$ 1,422,804 |
| Special Reserve Fund Ending Fund Balance | | \$ 307,235 | \$ 307,235 | \$ 307,235 |
| Components of ending balance: | | | | |
| Nonspendable (revolving, prepaid, etc.) | | \$ 3,150 | \$ 3,150 | \$ 3,150 |
| Restricted | | \$ 748,766 | \$ 393,985 | \$ 109,116 |
| Committed | | \$ - | \$ - | \$ - |
| Assigned | | \$ 657,676 | \$ 522,685 | \$ 417,774 |
| Reserve for economic uncertainties | | \$ 1,200,000 | \$ 1,200,000 | \$ 1,200,000 |
| Unassigned and Unappropriated | | \$ - | \$ - | \$ - |
| Subtotal Assigned, Unassigned & Unappropriated | | \$ 1,857,676 | \$ 1,722,685 | \$ 1,617,774 |
| Total Components of ending balance | | \$ 2,609,592 | \$ 2,119,819 | \$ 1,730,040 |
| | | TRUE | TRUE | TRUE |
| Assigned & Unassigned balances above the minimum reserve requirement | | \$ 1,457,852 | \$ 1,329,824 | \$ 1,222,752 |

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 2022-23 projected reserve is greater than the 4% minimum including, but not limited to, the following reasons:

| | |
|---|---------------------|
| - Fund 01: Reserve for Economic Uncertainty | \$ 1,200,000 |
| - Fund 01: Lottery Funds Reserve | 61,804 |
| - Fund 01: MAA General Fund Reserve | 116,413 |
| - Fund 01: Maintenance & Transportation GF Reserve | 86,112 |
| - Fund 01: Legal Reserve | 86,112 |
| - Fund 17: STRS, PERS, and H&W Special Reserve Fund Reserve | 100,500 |
| - Fund 17: Technology Reserve | 206,735 |
| | \$0 |
| Total of Substantiated Needs | \$ 1,857,675 |
| Remaining Unsubstantiated Balance | \$ 0 |

Includes Fund 01 and Fund 17 Projected Fund Balances

June 7, 2023 Board Meeting

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Other Considerations

- Several non-recurring funding streams that are restricted for certain purposes, have a large positive impact on 22-23 current year budget projections, causing a large increase to the 22-23 projected surplus. A contributing factor is that revenue recognition rules require districts to recognize revenue for certain funding streams in the year the funds estimated to be received, as opposed to the year funds are estimated to be spent.
- This non-recurring funding stream impact on the projected 22-23 Excess/(Deficit) and/or the 22-23 Ending Fund Balance (EFB) is comprised of the following current year and prior year funding streams: LRE BG (+457k), AMIM BG (+63k), ELO-P (+188k), EEF (+91k), A-G BG (+86k), KIT (+227k).
- Property tax revenues fluctuate throughout the year – we receive property tax updates from both Mendocino and Sonoma Counties at P-1 (Fall), P-2 (Spring), and Final (Summer).

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