

2022-2023 Point Arena Schools First Interim Budget

Board Meeting Date: December 14, 2022

Point Arena Schools 2022-2023 First Interim Revenues

		October Update (Oct. 2022)	First Interim (Dec. 2022)	Variance
Revenues				
	Taxes	7,086,671	7,401,565	314,894
	Charter Cash in Lieu	(603,420)	(603,420)	-
	LCFF/EPA	773,419	773,419	-
	Federal Revenue	942,899	917,127	(25,772)
	State Revenue	1,361,245	1,583,441	222,196
	Local Revenue	374,461	400,506	26,045
	Transfers In	-	-	-
	Total Revenues	9,935,275	10,472,638	537,363

+5.41%

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

- Taxes (+4.4%): Net of higher P1 tax projections combined from Mendocino & Sonoma Counties (Mendocino: +60k; Sonoma (+255k).
- Federal Revenue (-2.7%): SELPA update (including a portion moved to local revenue) (-32k); higher ESSER III revenue estimate to match higher estimated expense due to an employee benefit update (+6k).
- State Revenue (+16.3%): Arts/Music/Instructional Materials/Discretionary Block Grant (+206k); SPED Early Intervention funds received to date (+16k).
- Local Revenue (+7%): SELPA update (a portion moved to local revenue) (+26k).

Overall – Total Estimated Revenues increased by ~\$537k (5.41%) since the October Budget Update.

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Point Arena Schools 2022-2023 First Interim Expenditures

	October	First	
	Update	Interim	
	(Oct. 2022)	(Dec. 2022)	Variance
Expenses			
Certificated Salaries	2,945,580	2,910,801	(34,779)
Classified Salaries	1,842,431	1,862,440	20,008
Employee Benefits	2,815,368	2,799,038	(16,330)
Books/Supplies	419,467	460,387	40,920
Services & Operations	978,223	967,618	(10,605)
Capital Outlay	-	-	-
Other Outgo	-	-	-
Transfers Out	484,011	827,921	343,910
Total Expenses	9,485,080	9,828,205	343,126

+3.62%

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

- Certificated Salaries (-1.2%): Net of temporarily moving a 1.0 position to classified in 22-23; moving ELAC/DELAC coordinator to classified for 22-23, and step & column shifts (-35k).
- Classified Salaries (+1.1%): Net of temporarily moving a 1.0 position to classified in 22-23; SPED Para-educator position updates and hours; adding regular ASES positions; and other misc. employee changes & updates (+20k).
- Employee Benefits (-0.6%): Fluctuation is in tandem with salary and position changes (-16k).
- Supplies (+9.8%): Net of higher budgeted curricula, cleaning supplies, and technology related supplies & equipment (+41k).
- Services/Ops (-1.1%): Primarily due to a slight adjustment in ELO-P expenses associated with the services category (-10k).
- Transfers Out (+71%): Net of adding a temporary Preschool position; Food Service employee updates, and added transfers out for savings to FD17 (technology), FD 14/43 (deferred maintenance), FD15 (pupil transportation), and FD40 (facilities).

Overall – Total Estimated Expenses increased by ~\$343k (+3.62%) since the October Budget Update.

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Point Arena Schools 2022-2023 First Interim and Multi-year Projection

	October Update (Oct. 2022)	First Interim (Dec. 2022)	Multi-Year	
			2023-2024	2024-2025
Revenues				
Taxes	7,086,671	7,401,565	7,549,596	7,700,588
Charter Cash in Lieu	(603,420)	(603,420)	(603,420)	(603,420)
LCFF/EPA	773,419	773,419	773,419	773,419
Federal Revenue	942,899	917,127	786,949	422,247
State Revenue	1,361,245	1,583,441	646,064	646,064
Local Revenue	374,461	400,506	400,506	400,506
Transfers In	-	-	-	-
Total Revenues	9,935,275	10,472,638	9,553,114	9,339,404
Expenses				
Certificated Salaries	2,945,580	2,910,801	2,956,478	3,000,445
Classified Salaries	1,842,431	1,862,440	1,884,889	1,921,719
Employee Benefits	2,815,368	2,799,038	2,845,499	2,858,674
Books/Supplies	419,467	460,387	535,906	562,702
Services & Operations	978,223	967,618	1,059,906	1,008,280
Capital Outlay	-	-	-	-
Other Outgo	-	-	-	-
Transfers Out	484,011	827,921	581,000	590,860
Total Expenses	9,485,080	9,828,205	9,863,679	9,942,680
Excess/(Deficit)	450,195	644,433	(310,564)	(603,276)
Beginning Fund Balance	1,889,342	1,889,342	2,533,775	2,223,210
Ending Fund Balance	2,339,537	2,533,775	2,223,210	1,619,935

Multi-Year Assumptions:

- Taxes: +2% estimate year over year.
- LCFF/EPA, State: flat
- Federal: (23-24) → less 22-23 ESSER III funds (-495k), plus 23-24 est. ESSER III funds (+365k); (24-25) → less 23-24 est. ESSER III funds (-365k).
- State: (23-24) → less LRE BG (-508k), less AMIM BG (-206k), less ELO-P CY funds (-194k), less UPK planning grant (-29k).
- Local: flat
- Cert. Salaries: (23-24) → +2% previously negotiated, estimated step increase (~2%); (24-25) → estimated step increase (~2%).
- Class. Salaries: (23-24 and 24-25) → estimated step increase (~3%).
- Benefits: in tandem with estimated salary changes, +\$235pp each year to benefit cap; plus future STRS and PERS projected updates.
- Books/Supplies: (23-24) → add 50k for curricula and est. +5%; (24-25) → est. +5%.
- Service/Ops: (23-24) → est. higher ELO-P services with grant funds (+90k); (24-25) → less est. 23-24 ELO-P service due to related future grant funds not yet announced, and est. +5%.
- Transfers Out: Net of estimated salary & benefit changes in other funds (PreK, Cafeteria); less estimated transfers out for set-asides in order to maintain adequate reserves.

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A contributing factor to the 22-23 \$644k projected surplus is due to revenue recognition rules, where for some grant funding streams (LRE Block Grant, AMIM Block Grant, 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 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 amount is projected to be received in 22-23, with zero projected 23-24 to 27-28.

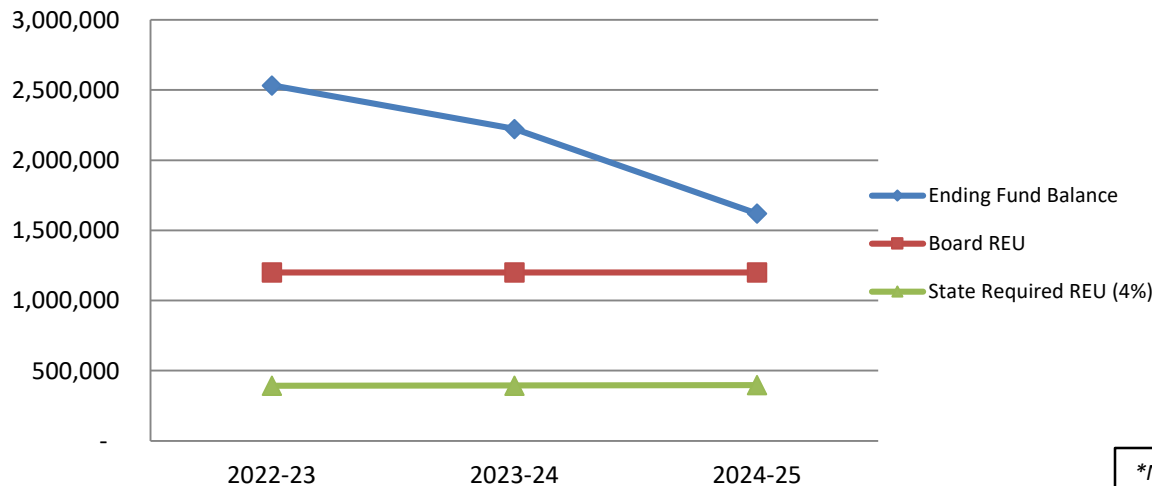
This revenue recognition rule impact on the projected 22-23 Excess/(Deficit) and Ending Fund Balance is comprised of: LRE BG (+457k), AMIM BG (+158k), UPK (+29k), ELO-P (+188k), EEF (+100k), A-G BG (+83k).

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Point Arena Schools 2022-2023 First Interim & MYP Ending Fund Balance

	October Update (Oct. 2022)	First Interim (Dec. 2022)	Multi-Year	
			2023-2024	2024-2025
<i>Components of Ending Fund Balance:</i>				
Revolving Cash	3,150	3,150	3,150	3,150
Restricted	880,234	1,091,540	764,385	214,496
Board Reserve-Economic Uncertainty	1,125,000	1,200,000	1,200,000	1,200,000
Lottery funds Reserve	61,697	53,804	43,804	43,804
MAA GF Reserve	100,633	107,187	62,187	37,187
Legal Reserve	84,412	39,048	74,843	60,649
Maintenance/Transportation GF Reserve	84,412	39,048	74,843	60,649
Other Assigned Reserves	-	-	-	-
Unassigned/Other	(0)	(0)	(0.00)	(0.00)
	2,339,537	2,533,775	2,223,210	1,619,935

Ending Fund Balance



Board REU
 2022-23 = \$1,200,000 (12%)
 2023-24 = \$1,200,000 (12%)
 2024-25 = \$1,200,000 (12%)

State Required REU (4%)
 2022-23 = \$393,128
 2023-24 = \$394,547
 2024-25 = \$397,707

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2022-2023 Projected Reserves at First 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.

		2022-23	2023-24	2024-25
Total General Fund Expenditures & Other Uses		\$ 9,828,205	\$ 9,863,679	\$ 9,942,680
Minimum Reserve requirement	4%	\$ 393,128	\$ 394,547	\$ 397,707
General Fund Combined Ending Fund Balance		\$ 2,533,775	\$ 2,223,210	\$ 1,619,935
Special Reserve Fund Ending Fund Balance		\$ 296,435	\$ 336,435	\$ 376,435
Components of ending balance:				
Nonspendable (revolving, prepaid, etc.)		\$ 3,150	\$ 3,150	\$ 3,150
Restricted		\$ 1,091,540	\$ 764,385	\$ 214,496
Committed		\$ -	\$ -	\$ -
Assigned		\$ 535,520	\$ 592,111	\$ 578,724
Reserve for economic uncertainties		\$ 1,200,000	\$ 1,200,000	\$ 1,200,000
Unassigned and Unappropriated		\$ -	\$ -	\$ -
Subtotal Assigned, Unassigned & Unappropriated		\$ 1,735,520	\$ 1,792,111	\$ 1,778,724
Total Components of ending balance		\$ 2,830,210	\$ 2,559,646	\$ 1,996,370
		TRUE	TRUE	TRUE
Assigned & Unassigned balances above the minimum reserve requirement		\$ 1,342,392	\$ 1,397,564	\$ 1,381,017

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	53,804
- Fund 01: MAA General Fund Reserve	107,187
- Fund 01: Maintenance & Transportation GF Reserve	39,048
- Fund 01: Legal Reserve	39,048
- Fund 17: STRS, PERS, and H&W Special Reserve Fund Reserve	100,500
- Fund 17: Technology Reserve	195,935
	\$0
Total of Substantiated Needs	\$ 1,735,521
Remaining Unsubstantiated Balance	\$ (0)

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Point Arena Schools Fund 17 Activity at 2022-23 First Interim

FUND 17		2022-23	2022-23	
TECHNOLOGY AND STRS & PERS		June	First	
		Adoption	Interim	<i>Variance</i>
Beginning Balance - Technology		144,600	155,135	10,536
Beginning Balance - STRS & PERS		100,500	100,500	-
Total Beginning Balance		245,100	255,635	10,536
Revenues				
Interest		800	800	-
Transfers In - for Technology		20,000	40,000	20,000
Transfers In - for STRS & PERS		-	-	-
Total Budgeted Revenues		20,800	40,800	20,000
Expenses				
none budgeted		-	-	-
Total Budgeted Expenses		-	-	-
Budgeted Excess/(Deficit)		20,800	40,800	20,000
Ending Fund Balance - Technology		165,400	195,935	30,536
Ending Fund Balance - STRS & PERS		100,500	100,500	-

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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, and causing higher MYP ending fund balance projections. 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 therefore the 22-23 Ending Fund Balance (EFB) is comprised of the following current year (CY) funding streams: LRE BG (+457k), AMIM BG (+\$158k), 22-23 ELO-P (+\$188k), 22-23 ESSER III (+150k), & UPK (+29k).
- This same impact on the projected 22-23 EFB (only) is comprised of the following prior year (PY) funding streams: EEF BG (+100k) and A-G BG (+83k).
- 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).
- Unknown if the type and amount of certain fees will be recurring, which could change current & future year estimates: transfers to other funds (ie. FD 17 – technology; FDs 14/43 – Deferred Maintenance; FD 40 – Facility; FD 15 – Pupil Transportation, etc.).

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