

2022-2023 Point Arena Schools Second Interim Budget

Board Meeting Date: March 15, 2023

Point Arena Schools 2022-2023 Second Interim Revenues

		First Interim (Dec. 2022)	Second Interim (Mar. 2023)	Variance
Revenues				
	Taxes	7,401,565	7,401,565	-
	Charter Cash in Lieu	(603,420)	(603,420)	-
	LCFF/EPA	773,419	773,419	-
	Federal Revenue	917,127	946,696	29,569
	State Revenue	1,583,441	1,587,020	3,579
	Local Revenue	400,506	428,548	28,042
	Transfers In	-	-	-
	Total Revenues	10,472,638	10,533,828	61,190

+0.58%

Variance Explanations (Second Interim vs. First Interim):

- Federal Revenue (+3.22%): Supply Chain Assistance one-time funds (+18k); Title I update (+9k); SPED American Rescue Plan one-time funds update (+3k).
- State Revenue (+0.23%): Ethnic Studies Block Grant (+3.5k).
- Local Revenue (+7%): SELPA Mental Health funds update (+28k).

Overall – Total Estimated Revenues increased by ~\$61k (0.58%) since the First Interim Budget Update.

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Point Arena Schools 2022-2023 Second Interim Expenditures

	First Interim (Dec. 2022)	Second Interim (Mar. 2023)	Variance
Expenses			
Certificated Salaries	2,910,801	2,916,351	5,549
Classified Salaries	1,862,440	1,872,841	10,401
Employee Benefits	2,799,038	2,787,382	(11,656)
Books/Supplies	460,387	566,462	106,075
Services & Operations	967,618	1,049,197	81,579
Capital Outlay	-	-	-
Other Outgo	-	-	-
Transfers Out	827,921	701,343	(126,578)
Total Expenses	9,828,205	9,893,575	65,370

+0.67%

Variance Explanations (Second Interim vs. First Interim):

- Certificated Salaries (+0.19%): employee mid-year updates and added estimated sub time (+5.5k).
- Classified Salaries (+0.56%): Primarily due to Para-educator and PAHS Librarian position updated hours (+10k).
- Employee Benefits (-0.42%): Fluctuation is in tandem with salary and position changes (-12k).
- Supplies (+23%): Primarily due to higher budgeted curricula (+52k); added Supply Chain Assistance (SCA) related expenses from Cafeteria Fund 13 due to an add'l SCA revenue source (+18k); remaining based on year-to-date spending on instructional, technology, food service, athletic, custodial, and other misc. related materials and equipment (+36k).
- Services/Ops (+8.4%): Primarily due to higher instructional related program expenses (+18k), transportation services (+19k), maintenance services (+26k), athletic dues (+7k), technology and internet related services (+6k), and other misc. (+5k).
- Transfers Out (-15.3%): Lower PreK Fund 12 transfer out due to a higher revenue estimate received from MCOE and an added Early Intervention related grant (-36k); lower Cafeteria Fund 13 transfer out primarily due to higher estimated State revenue (-35k); and less transfers out for savings to FD15 (pupil transportation), and FD40 (facilities) (-55k).

Overall – Total Estimated Expenses increased by ~\$65k (+0.67%) since the First Interim Budget Update.

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

	First Interim (Dec. 2022)	Second Interim (Mar. 2023)	Multi-Year	
			2023-2024	2024-2025
Revenues				
Taxes	7,401,565	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	917,127	946,696	776,418	411,716
State Revenue	1,583,441	1,587,020	646,064	646,064
Local Revenue	400,506	428,548	413,253	413,253
Transfers In	-	-	-	-
Total Revenues	10,472,638	10,533,828	9,555,330	9,341,620
Expenses				
Certificated Salaries	2,910,801	2,916,351	2,993,665	3,038,706
Classified Salaries	1,862,440	1,872,841	1,890,452	1,930,454
Employee Benefits	2,799,038	2,787,382	2,908,063	2,955,354
Books/Supplies	460,387	566,462	478,863	502,806
Services & Operations	967,618	1,049,197	1,066,452	1,015,153
Capital Outlay	-	-	-	-
Other Outgo	-	-	-	-
Transfers Out	827,921	701,343	451,272	326,676
Total Expenses	9,828,205	9,893,575	9,788,768	9,769,150
Excess/(Deficit)	644,433	640,253	(233,437)	(427,529)
Beginning Fund Balance	1,889,342	1,889,342	2,529,595	2,296,158
Ending Fund Balance	2,533,775	2,529,595	2,296,158	1,868,628

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); less Supply Chain Assistance Funds (-18k); (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 grant (-29k); less Ethnic Studies BG (-4k).
- Local: less one-time SELPA allocation (-15k).
- 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, +\$224pp each year to benefits; plus future STRS and PERS projected updates.
- Books/Supplies: (23-24) → net of less supplies tied to certain one-time restricted funds; less e-rate related; less higher than avg. equipment; and +5% for inflation; (24-25) → est. +5%.
- Service/Ops: (23-24) → net of est. higher ELO-P services with grant funds, less lower NTN fee, and less higher than avg. maintenance & transportation services; (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.

A contributing factor to the 22-23 \$640k 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 est. 22-23 Excess/(Deficit) and/or the est. Ending Fund Balance is comprised of: LRE BG (+457k), AMIM BG (+104k), ELO-P (+188k), EEF (+100k), A-G BG (+87k).

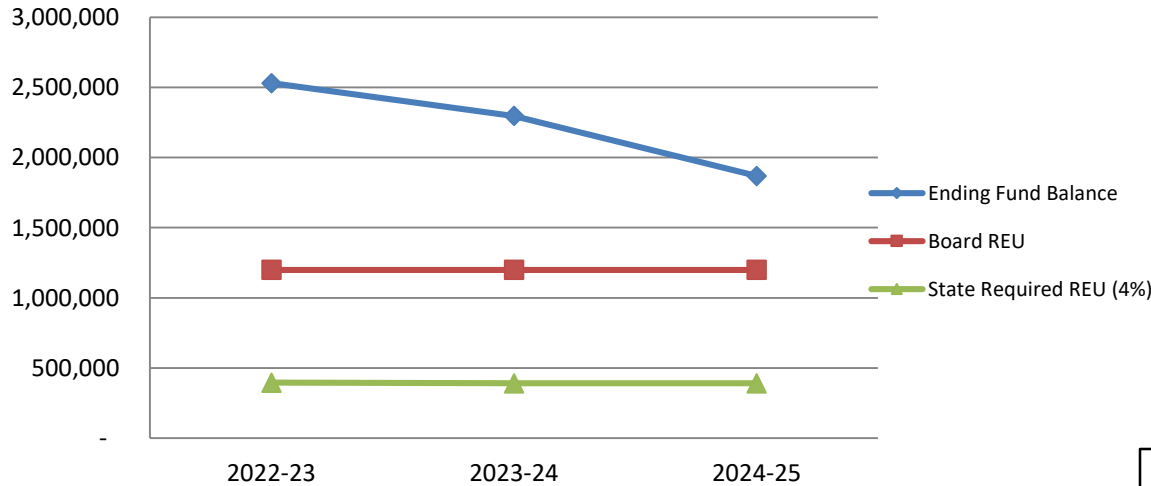
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March 15, 2023 Board Meeting

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

	First	Second	Multi-Year	
	Interim (Dec. 2022)	Interim (Mar. 2023)	2023-2024	2024-2025
<i>Components of Ending Fund Balance:</i>				
Revolving Cash	3,150	3,150	3,150	3,150
Restricted	1,091,540	1,032,013	738,381	424,564
Board Reserve-Economic Uncertainty	1,200,000	1,200,000	1,200,000	1,200,000
Lottery funds Reserve	53,804	52,804	72,804	72,804
MAA GF Reserve	107,187	107,187	107,187	107,187
Legal Reserve	39,048	67,221	87,319	30,462
Maintenance/Transportation GF Reserve	39,048	67,221	87,319	30,462
Other Assigned Reserves	-	-	-	-
Unassigned/Other	(0)	(0)	0.00	0.00
	2,533,775	2,529,595	2,296,158	1,868,628

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 = \$395,743
 2023-24 = \$391,551
 2024-25 = \$390,766

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2022-2023 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.

		2022-23	2023-24	2024-25
Total General Fund Expenditures & Other Uses		\$ 9,893,575	\$ 9,788,768	\$ 9,769,150
Minimum Reserve requirement	4%	\$ 395,743	\$ 391,551	\$ 390,766
General Fund Combined Ending Fund Balance		\$ 2,529,595	\$ 2,296,158	\$ 1,868,628
Special Reserve Fund Ending Fund Balance		\$ 296,435	\$ 336,435	\$ 356,435
Components of ending balance:				
Nonspendable (revolving, prepaid, etc.)		\$ 3,150	\$ 3,150	\$ 3,150
Restricted		\$ 1,032,013	\$ 738,381	\$ 424,564
Committed		\$ -	\$ -	\$ -
Assigned		\$ 590,868	\$ 691,062	\$ 597,349
Reserve for economic uncertainties		\$ 1,200,000	\$ 1,200,000	\$ 1,200,000
Unassigned and Unappropriated		\$ -	\$ -	\$ -
Subtotal Assigned, Unassigned & Unappropriated		\$ 1,790,868	\$ 1,891,062	\$ 1,797,349
Total Components of ending balance		\$ 2,826,030	\$ 2,632,593	\$ 2,225,064
		TRUE	TRUE	TRUE
Assigned & Unassigned balances above the minimum reserve requirement		\$ 1,395,125	\$ 1,499,511	\$ 1,406,583

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	52,804
- Fund 01: MAA General Fund Reserve	107,187
- Fund 01: Maintenance & Transportation GF Reserve	67,221
- Fund 01: Legal Reserve	67,221
- Fund 17: STRS, PERS, and H&W Special Reserve Fund Reserve	100,500
- Fund 17: Technology Reserve	195,935
	\$0
<i>Total of Substantiated Needs</i>	
	\$ 1,790,868
Remaining Unsubstantiated Balance	
	\$ (0)

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

FUND 17		2022-23	2022-23	
		First	Second	
		Interim	Interim	<i>Variance</i>
Beginning Balance - Technology		155,135	155,135	-
Beginning Balance - STRS & PERS		100,500	100,500	-
Total Beginning Balance		255,635	255,635	-
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		195,935	195,935	-
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 funding streams: LRE BG (+457k), AMIM BG (+\$104k), ELO-P (+\$188k), and ESSER III (+150k).
- 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 (+87k).
- 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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