

Sausalito Marin City School District

First Period Interim Report

2016-2017

Regular Board Meeting
December 13, 2016

Background

- ▶ The Board of Trustees were presented for review and recommended approval:
 - ▶ Budget Revisions #1 on November 15, 2016
 - ▶ Tentative Agreements with the District's bargaining units Sausalito District Teachers Association (SDTA) and the California School Employees Association Chapter #394 (CSEA)
- ▶ The Board of Trustees tabled both items and directed the Superintendent and Interim Chief Business Official to review the budget to recommend possible improvements to the fiscal outlook for the District for the current year and two subsequent years
- ▶ The following First Period Interim Report reflects those changes

Original Budget Revision #1 VS Revised Budget Revision #1

	Adopted Budget	Original Budget Revision	Revised Budget Revision
REVENUE	\$ 5,538,364	\$ 5,460,754	\$ 5,561,330
EXPENSES	\$ 5,215,835	\$ 5,604,573	\$ 5,587,294
REVENUE LESS EXPENSES	\$ 322,528	\$ (143,820)	\$ (25,965)
TRANSFERS OUT TO OTHER FUNDS	\$ (350,565)	\$ (300,565)	\$ (300,565)
NET INCREASE/DECREASE	\$ (28,037)	\$ (444,385)	\$ (326,530)
BEGINNING FUND BALANCE	\$ 1,383,641	\$ 1,890,945	\$ 1,890,945
Audit Adjustments	\$ -	\$ -	\$ (33,250)
TOTAL	\$ 1,383,641	\$ 1,890,945	\$ 1,857,695
ENDING FUND BALANCE	\$ 1,355,604	\$ 1,446,562	\$ 1,531,167
COMPONENTS OF FUND BALANCE			
Restricted	\$ 1,982	\$ 226,816	\$ 203,980
Revolving Cash	\$ -	\$ -	\$ 1,000
STRS On-Behalf Reserve	\$ 79,923	\$ -	\$ -
Reserve for Economic Uncertainty - 5%	\$ -	\$ 299,395	\$ 294,393
Fund 01 Unassigned Amount	\$ 1,273,699	\$ 920,352	\$ 1,031,794
Fund 17 Unassigned	\$ 173,000	\$ 173,000	\$ 173,000
TOTAL UNASSIGNED BALANCE	\$ 1,446,699	\$ 1,093,352	\$ 1,204,794

Introduction

- ▶ The First Period Interim Report reflects changes in the District's financial status for the report period of July 1, 2016 through October 31, 2016
- ▶ Review and approval by the Board in a public session by December 15, 2016 (Education Code 42131)
- ▶ The Board shall also certify that the District's financial outlook for 2016-2017, 2017-2018, and 2018-2019 is one of the following certifications:
 - ▶ Positive: District will be able to meet its financial obligations
 - ▶ Qualified: District may not be able to meet its financial obligations
 - ▶ Negative: District will be unable to meet its financial obligations
- ▶ The First Interim Report presented shows that the District will meet its obligations in the current year and two subsequent years

Revenue Changes from Adopted Budget to First Interim

(Refer to Revised Budget Revision #1 for Details)

LCFF Revenue	\$ 19,338
Federal Revenues	\$ (11,475)
Other State Revenues	\$ 16,500
Local Revenues	\$ (1,397)
Total Revenue Adjustment	\$ 22,966

2015-2016 Audit Findings Included in the First Interim Report

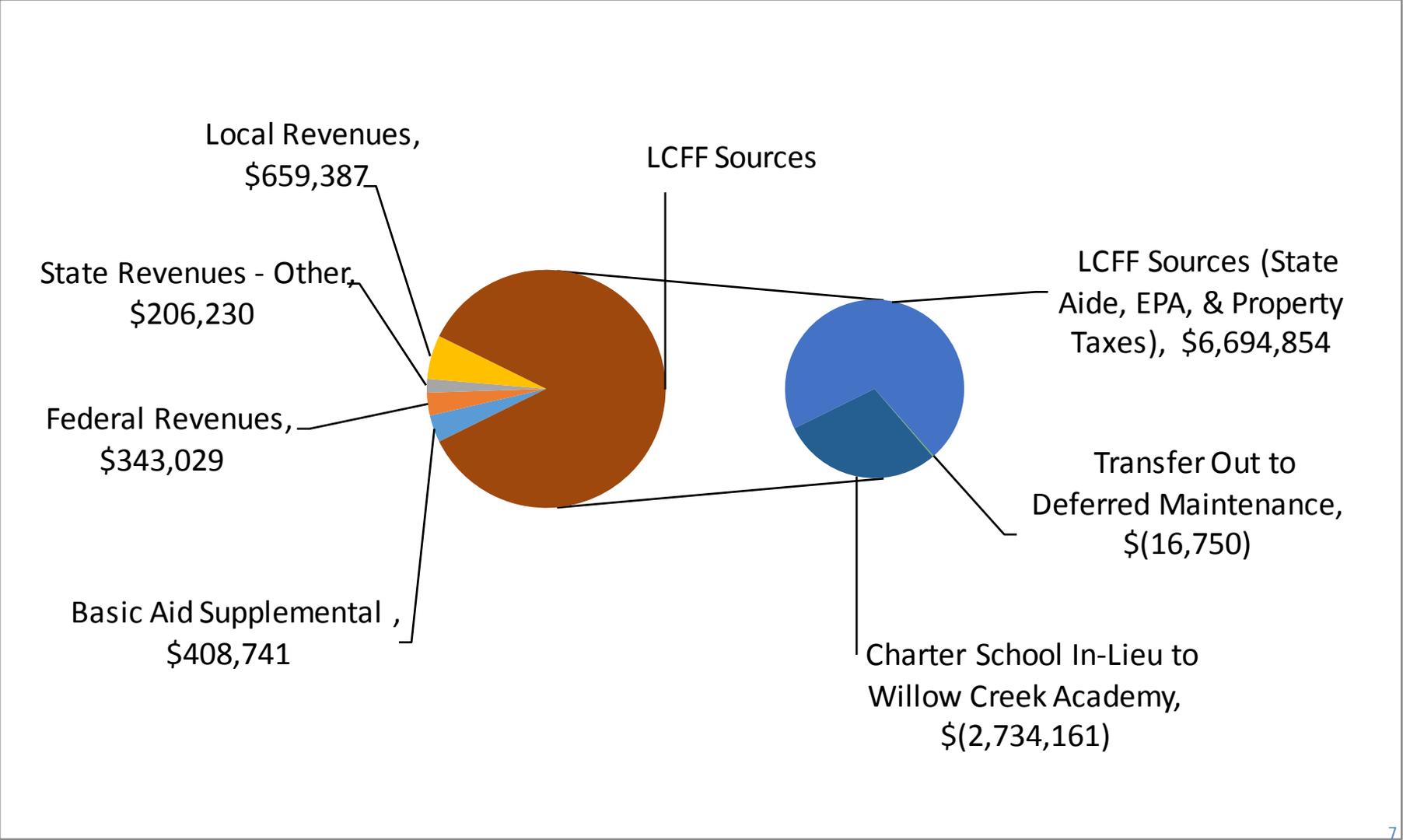
▶ Administrator to Teacher Ratio

- ▶ In 2015-2016, the District did not comply with Education Code 41402 which sets a maximum ratio of administrators to teachers in a school district
- ▶ Estimated penalty is \$37,708 and will reduce State Aide in 2016-2017
- ▶ It is anticipated that this audit finding will occur again in 2016-2017 and 2017-2018 and is estimated to reduce State Aide \$75,416 in 2017-2018 and \$37,708 in 2018-2019

▶ Beginning Balance Adjustment

- ▶ In error, the District paid an invoice out of the Deferred Maintenance Fund in 2015-2016 totaling \$33,250
- ▶ To correct, the beginning fund balance in Fund 01 was decreased and the beginning fund balance in the Deferred Maintenance Fund was increased

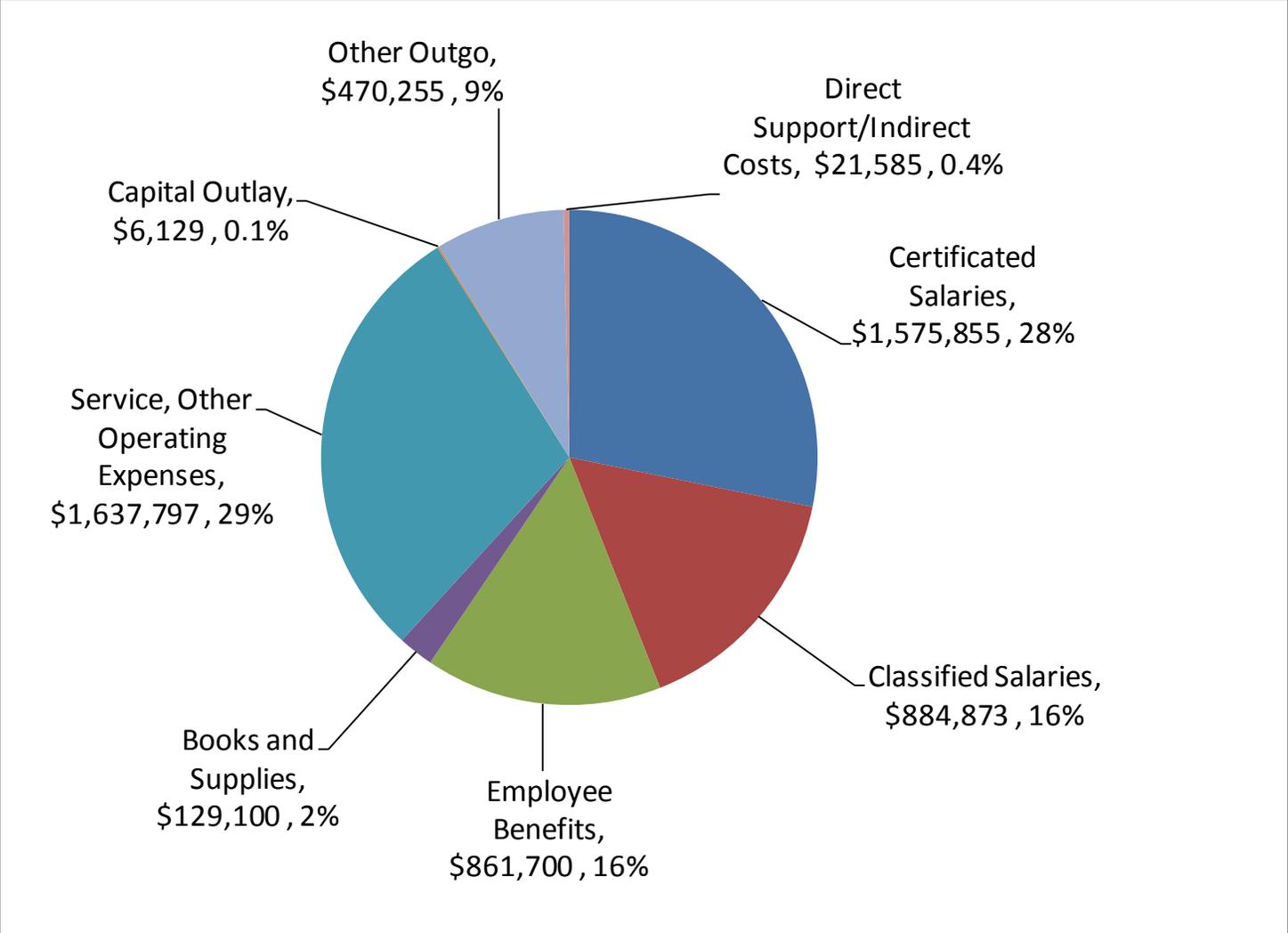
General Fund Revenues - \$5,561,330



Expense Changes from Adopted Budget to First Interim (Refer to Revised Budget Revision #1 for Details)

Certificated Salaries	\$ 48,618
Classified Salaries	\$ 12,319
Employee Benefits	\$ (167)
Books and Supplies	\$ 17,053
Services and Other Operations	\$ 287,507
Capital Outlay	\$ 6,129
Transfers Out (Less Transferred Out)	\$ 50,000
Total Expense Adjustment	\$ 321,459

General Fund Expenses - \$5,587,294



Transfers Out to Other Funds

	June 2016 Adopted Budget	1st Interim Revised Budget	Revisions
Cafeteria Fund	\$ (47,820)	\$ (47,820)	\$ -
Deferred Maintenance Fund 14	\$ (50,000)	\$ -	\$ 50,000
Special Reserve for Capital Outlay Fund 40	\$ (252,745)	\$ (252,745)	\$ -
Total Transfers Out to Other Funds	\$ (350,565)	\$ (300,565)	\$ 50,000

Contributions to Restricted Programs

Program	June 2016 Adopted Budget	1st Interim Revised Budget	Revisions
Routine Restricted Maintenance	\$ 255,697	\$ 281,065	\$ 25,368
Special Education	\$ 1,042,829	\$ 990,089	\$ (52,740)
Garden Program	\$ 20,000	\$ 20,000	\$ -
Field Trips	\$ -	\$ 10,000	\$ 10,000
Total Unrestricted General Fund Contributions	\$ 1,318,526	\$ 1,301,154	\$ (17,372)

Contribution to After School Education and Safety Program
(Accounted for as an In-Kind Service) \$ 20,250 \$ 20,250 \$ -

Increase in State Teacher Retirement System (STRS) and Public Employee Retirement System (PERS)

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
CalPERS Employer Rate	11.847%	13.888%	15.50%	17.10%	18.60%
CalSTRS Employer Rate	10.73%	12.58%	14.43%	16.28%	18.13%

Other Funds

	Beginning Balance	Revenue	Transfers In	Expenditures	Ending Balance
Cafeteria	\$ 2,128	\$ 90,914	\$ 47,820	\$ 138,734	\$ 2,128
Deferred Maintenance	\$ 96,546	\$ 18,250	\$ -	\$ 114,796	\$ -
Special Reserve	\$ 173,190	\$ -	\$ -	\$ -	\$ 173,190
Building	\$ 247	\$ -	\$ -	\$ -	\$ 247
County Schools Facilities	\$ 357,965	\$ 356,742	\$ -	\$ 356,875	\$ 357,832
Special Reserve for Capital Outlay	\$ 271,213	\$ 1,273,828	\$ 252,745	\$ 252,745	\$ 1,545,041
Capital Projects	\$ 22	\$ -	\$ -	\$ -	\$ 22
Bond Interest and Redemption	\$ 485,465	\$ -	\$ -	\$ -	\$ 485,465
Debt Service	\$ 25	\$ -	\$ -	\$ -	\$ 25
Other Post Employment Benefits	\$ 863,636	\$ -	\$ -	\$ -	\$ 863,636

Multi-Year Projection

	2016-2017	2017-2018	2018-2019
Beginning Fund Balance	\$ 1,890,945	\$ 1,531,167	\$ 1,205,210
Audit Adjustments	\$ (33,250)	\$ -	\$ -
Total Beginning Fund Balance	\$ 1,857,695	\$ 1,531,167	\$ 1,205,210
Revenue	\$ 5,561,330	\$ 5,386,111	\$ 5,509,280
Expenses	\$ 5,587,294	\$ 5,411,503	\$ 5,480,877
Transfers Out to Other Funds	\$ (300,565)	\$ (300,565)	\$ (300,565)
Net Increase/Decrease	\$ (326,530)	\$ (325,957)	\$ (272,163)
Ending Fund Balance	\$ 1,531,167	\$ 1,205,210	\$ 933,048
Components of Fund Balance			
Restricted	\$ 203,980	\$ 196,629	\$ 196,629
Revolving Cash	\$ 1,000	\$ 1,000	\$ 1,000
Reserve for Economic Uncertainty - 5%	\$ 294,393	\$ 285,603	\$ 289,072
Fund 01 Unassigned Amount	\$ 1,031,794	\$ 721,977	\$ 446,347
Fund 17 Unassigned Amount	\$ 173,000	\$ 173,000	\$ 173,000
Total Unassigned Balance	\$ 1,204,794	\$ 894,977	\$ 619,347
Unassigned Reserve Percent	20.46%	15.67%	10.71%

Multi-Year Projection Assumptions 2017-2018

Revenues

- ▶ State Aid reduced in 2017-2018 totaling (\$75,416) for Administrator-Teacher Ratio penalty (for 2016-2017)
- ▶ Basic Aid Supplemental assumed flat
- ▶ Secured property taxes estimated to increase 4% over 2016-2017
- ▶ Charter In-Lieu payment to Willow Creek Academy (WCA) increases due to increase in projected enrollment at WCA
- ▶ Federal funding flat
- ▶ State aid reduced due to one-time Mandated Costs reimbursement funds
- ▶ Local revenues decreased estimated local donations
- ▶ Reimbursement for District Office rental reimbursement due to fire in 2015-2016 (expenses also reduced)

Multi-Year Projection Assumptions 2017-2018

Salary and Employee Benefit Expenses

- ▶ Math teacher position becomes full-time beginning in the 2017-2018 school year
- ▶ Eliminate 0.50 FTE Assistant Principal position (multi-funded position)
- ▶ Move partial expense of Unrestricted Paraeducator expense to the Title I program
- ▶ Reduce (not eliminate) extra duty and overtime
- ▶ Budget for 1.0 Business Manager (reduce contracted expense for business services)
- ▶ STRS and PERS rate increases included

Multi-Year Projection Assumptions 2017-2018

Supplies and Operating Expenses

- ▶ Reduce one-time expenses for administrative/board supplies
- ▶ Reduce instructional material expenses due to carryover Lottery dollars in 2015-2016
- ▶ Reduce business services contract expense with the Marin County Office of Education (District to hire full-time business manager)
- ▶ Reduce one-time legal services expense from 2016-2017
- ▶ Eliminate Art and PE contracts (District to provide these programs in-house)
- ▶ One-time equipment expenses reduced (MERA radio purchased in 2016-2017)
- ▶ COLA increases added to supplies and operating expenses
- ▶ Contributions to Special Education and Routine Restricted Maintenance increases

Multi-Year Projection Assumptions 2018-2019

Revenues

- ▶ State Aid reduced in 2018-2019 totaling (\$37,307) for Administrator-Teacher Ratio penalty
- ▶ Basic Aid Supplemental assumed flat
- ▶ Secured property taxes estimated to increase 3% over 2017-2018
- ▶ Charter In-Lieu payment to Willow Creek Academy (WCA) slightly decreases due to small decrease in projected enrollment at WCA
- ▶ Federal funding flat
- ▶ State funds slightly increased
- ▶ Local revenue decreased due to the end of the Pre K-3 Grant on June 30, 2018 (expenses reduced as well)

Multi-Year Projection Assumptions 2018-2019

Salary and Employee Benefit Expenses

- ▶ No change in staffing with exception to the reductions in the Pre K-3 Grant program
- ▶ Step and column increases included
- ▶ STRS and PERS rate increases included

Supplies and Operating Expenses

- ▶ Small reduction in supplies due to the end of the Pre K-3 program
- ▶ Operating expenses reduced due to the end of the Pre K-3 program
- ▶ Indirect costs reduced due to the end of the Pre K-3 program
- ▶ COLA increases added to supplies and operating expenses
- ▶ Contributions to Special Education and Routine Restricted Maintenance increases

Willow Creek Academy MOU, Expenditures and Revenues at First Interim Budget Report

- ▶ Per the Memorandum of Understanding (MOU) between the Sausalito Marin City School District (District) and Willow Creek Academy (WCA)

1. Expenditures incurred on behalf of Willow Creek, per MOU included in First Interim Budget or Multiyear Projections.
1. 2% of Excess Property Tax Growth between Years 2014-2015 and 2015-2016, \$100,970, not included in First Interim Budget but owed to WCA.
1. Negative Basic Aid Excess per MOU, estimated for 2016-17 not included in First Interim Budget or Multiyear Projections. Details of estimate to follow.

- ▶ Per the MOU, "Special Education Costs, District Overhead and District Facilities Costs will be paid by the District. Notwithstanding, if Basic Aid Excess for any fiscal year is anticipated to be zero or negative (as budgeted at the first interim report) the District will work with WCA and Bayside/MLK determine ways to cover Special Education Costs, District Overhead and District Facilities Costs with the express understanding that both schools will cover these District wide expenses."

Basic Aid Excess per MOU

(Section III. B. 2. Page 3)

	1st Interim Estimates
Total District Revenue	\$ 5,578,079
Less District LCFF	\$ (2,059,101)
Less Special Education Expense	\$ (1,255,419)
Less District Overhead	\$ (1,203,710)
Less Facilities and Capital Expenses	\$ (717,799)
Less Restricted Funding Grants	\$ (1,208,654)
Total Basic Aid Excess	\$ (866,604)

Other Items for Review in Preparing for the Second Interim Budget Report

- ▶ Costs Incurred on behalf of WCA outside of MOU
 1. Liability Insurance
 2. Food Services contracts for Point of Service and Meal Planning
 3. Technology Support
 4. Aeries Hosting Service (Student Data Base)
 5. Others?

- ▶ Review of Special Education Procedures and Expenses

- ▶ Review of Facilities Procedures and Expenses

Other Future Items to Consider

- ▶ Review of 2016-2017 LCAP Goals, Actions, Expenses
- ▶ Begin Process for 2017-2108 LCAP Stakeholder Engagement and Budget Development Related to LCAP Goals
- ▶ Development of the Educator Effectiveness Plan
 - ▶ Public Hearing to review plan at the regular board meeting on January 10, 2017
 - ▶ Board action to approve the plan at the regular board meeting in February 2017 (TBD)
- ▶ Review of the food service program budget
- ▶ Review timeline for Capital Appreciation Bond future payments
- ▶ Other?