

Sausalito Marin City School District

Second Period Interim Report 2016-2017

Regular Board Meeting
March 14, 2017

Background

- First Interim Report in December
- Marin County Office of Education Qualified Budget
 - District Must Submit Plan to Correct Structural Deficit Over Time
 - Address Key Fiscal Indicator Outlined in AB 1200 Review
- Tentative Agreements Approved with Footnotes
 - Restructure Certificated Administration Beginning 2017-18
 - Basic Aid Negative Excess amounts owed to District by Willow Creek Academy
- February Discussions: Administrative Restructure, Revenue and Payments to/from Willow Creek Academy per MOU
- Budget Advisory Committee Created
- Proposed Revisions Incorporated into Second Interim Report
- The Second Interim Report is Qualified pending recommendations from Budget Advisory Committee and County Office Approval

Second Interim Budget VS First Interim

	First Interim	Second Interim	Revisions 1/31/2017
Beginning Balance	\$ 1,857,695	\$ 1,857,695	\$ -
Revenue	\$ 5,561,329	\$ 5,778,441	\$ 217,112
Expenses	\$ 5,587,294	\$ 6,154,428	\$ 567,134
Transfers Out	\$ 300,565	304,829	\$ 4,264
Net Decrease	\$ (326,531)	\$ (680,817)	\$ (354,286)
Ending Fund Balance	\$ 1,531,166	\$ 1,176,881	\$ (354,285)
Components of Fund Balance			\$ -
Restricted	\$ 203,979	\$ 201,807	\$ (2,172)
Revolving	\$ 1,000	\$ -	\$ (1,000)
5% Reserve	\$ 294,393	\$ 322,963	\$ 28,570
Unassigned Fund 01	\$ 1,031,794	\$ 652,110	\$ (379,684)
Unassigned Fund 17	173,000	173,000	\$ -
Total Unassigned	\$ 1,204,794	\$ 825,110	\$ (379,684)

Revenue Changes - First Interim to Second Interim

- **Local Control Funding Formula (LCFF) Funding – Increase \$67,444**
 - Increase in Basic Aid Supplemental Funding
 - Decrease In-Lieu Payment to Willow Creek
(based on slightly lower Average Daily Attendance Projections)
- **Federal Revenue – Increase \$2,961**
 - Adjust Federal Programs to New Estimates
- **State Revenue – Increase \$10,443**
 - Increase One-Time Mandated Costs Revenue
 - Increase Medical Billing Option
 - Decrease Lottery (Both Current and Prior Year)
- **Local Revenue – Increase \$136,264**
 - Accounting correction of 3% Fee Paid by Willow Creek Academy (WCA) of \$89,578
 - 1% for Oversight, 2% Provision for Facilities per Education Code 47613
 - Include Estimated Basic Aid Negative due from Willow Creek Academy (WCA) - \$196,419
 - Estimate Only – The District and WCA are Currently in Negotiations Regarding this Calculation

Expense Changes - First Interim to Second Interim

- ***Certificated Salaries – Increase \$82,612***
 - Salary Increases per Tentative Agreement
 - Increase Hourly Extra Duty Pay
 - Adjust Math Teacher Expense to Actual
 - Adjust Interim Superintendent Expense to Actual
- ***Classified Salaries – Increase \$22,923***
 - Salary Increases per Tentative Agreement
 - Decrease Extra Duty and Overtime Pay
 - Increase Classified Substitute
- ***Employee Benefits – Increase \$44,475***
 - Increase Mandatory Employee Benefits
 - Increase Health and Welfare Benefits Based on New Cap for Certificated
- ***Supplies – Increase \$6,923***
 - Increase for Textbooks, Instructional Materials, Administration and Board Supplies
 - Decrease Equipment

Expense Changes - First Interim to Second Interim

- ***Operating Expenses – Increase \$155,982***

- Increase

- Administration and Maintenance Staff Development
- Instructional Staff Development
- Utilities
- Legal Fees (\$100,000)
- Elections
- Special Education Services
- Contracts for Bayside/MLK: PLAN, Instructional Coach (from Fall 2016), Math Teacher from TUHSD

- Decrease

- Dues and Memberships
- WCA Technology Services (Accounting for Reimbursement Corrected)
- WCA Liability Insurance (Accounting for Reimbursement Corrected)

- ***Contribution to Food Service Program – Increase \$4,264***

Basic Aid Negative Excess Calculation per MOU – DRAFT

	2016-2017	2017-2018	2018-2019
Total District Revenue	\$ 5,578,079	\$ 5,436,111	\$ 5,559,280
Less Bayside/MLK LCFF Revenue	\$ (2,059,101)	\$ (2,082,269)	\$ (2,101,117)
Less Restricted Funding Grant Revenues	\$ (497,270)	\$ (471,516)	\$ (384,316)
	\$ (2,556,371)	\$ (2,553,785)	\$ (2,485,433)
<i>Total District Revenue per MOU</i>	\$ 3,021,708	\$ 2,882,326	\$ 3,073,847
Less Special Education Expense	\$ (1,383,550)	\$ (1,418,246)	\$ (1,457,151)
Less District Overhead	\$ (1,328,258)	\$ (1,098,258)	\$ (1,103,258)
Less Facilities and Capital Expenses	\$ (586,547)	\$ (598,278)	\$ (599,451)
<i>Total Shared Program Expenses</i>	\$ (3,298,355)	\$ (3,114,782)	\$ (3,159,860)
<i>Total Basic Aid Excess</i>	\$ (276,647)	\$ (232,456)	\$ (86,013)

Proposed Share of the Basic Aid Negative Excess:

WCA Enrollment - 400 Students, 71%	\$ (196,419)	\$ (165,044)	\$ (61,069)
SMCSD Enrollment - 160 Students, 29%	\$ (80,228)	\$ (67,412)	\$ (24,944)
	\$ (276,647)	\$ (232,456)	\$ (86,013)

2015-2016 Audit Findings Included in the First Interim

- Administrator to Teacher Ratio Penalty In 2015-2016 per Education Code 41402
- At First Interim Estimated Across 3 years, \$150,832:
 - 2016-2017: \$37,708 (Actual)
 - 2017-2018: \$75,416 (Estimated)
 - 2018-2019: \$37,708 (Estimated)
- At Second Interim Estimated Across 3 years, \$83,518:
 - Based on Proposed Restructure of Certificated Administrative Structure
 - Based on Elective Classes Taught by Certificated Teachers rather than Contracted Services
 - 2016-2017: \$37,708 (Actual)
 - 2017-2018: \$45,810 (Estimated)
 - 2018-2019: \$ 0 (Estimated)

Transfers Out to Other Funds and Debt Service Payments

Transfers Out to Other Funds:

• Cafeteria Program	\$ 47,820
• Deferred Maintenance Program	\$ 16,750
• Debt Service Payment	<u>\$252,745</u>
Total	\$304,796

Debt Service Payments:

- Capital Lease
 - Facility Upgrades in 2002
 - Final Payment of \$55,766 in 2017/2018

- Certificates of Participation
 - For the Bayside/MLK Classroom Construction Project in 2012
 - Payments (Principal/Interest Combined) Each Year through 2042 Approximately \$195,000
 - No balloon payment
 - Funds Transferred from General Fund 01 to Special Reserve 40

Multi-Year Projection

	2016-2017	2017-2018	2018-2019
Beginning Balance	\$ 1,857,695	\$ 1,176,879	\$ 988,183
Revenue	\$ 5,778,441	\$ 5,643,793	\$ 5,671,478
Expenses	\$ 6,154,428	\$ 5,526,877	\$ 5,533,766
Transfers Out	\$ 304,829	305,610	\$ 250,032
Net Decrease	\$ (680,817)	\$ (188,696)	\$ (112,926)
Ending Fund Balance	\$ 1,176,881	\$ 988,183	\$ 875,257
Components of Fund Balance			
Restricted	\$ 201,807	\$ 166,926	\$ 166,927
5% Reserve	\$ 322,963	\$ 291,623	\$ 289,218
Unassigned Fund 01	\$ 652,110	\$ 529,634	\$ 419,113
Unassigned Fund 17	173,000	173,000	173,000
Total Unassigned	\$ 825,110	\$ 702,634	\$ 592,113

Unassigned Reserve Percent 12.77% 12.05% 10.24%

Multi-Year Projection Changes

<u>REVENUE</u>	2017-2018	2018-2019
Property Taxes	Increase 4%	Increase 4%
Basic Aid Supplemental	No Change	No Change
Admn-Teacher Ratio Penalty	Increased Penalty from 16/17	No Penalty from 17/18
Charter In-Lieu	WCA Increased Enrollment	WCA Decreased Enrollment
Federal Funding	No Change	No Change
State Funding	No One-Time Mandated Costs	No Change
Local Funding	No Lottery Prior Year Adjustment No Fire Reimbursement Decreased Basic Aid Negative Excess	No Change No Change Decreased Basic Aid Negative Excess Pre K-3 Grant Ends 6/30/18

Multi-Year Projection Changes

<u>EXPENSES</u>	2017-2018	2018-2019
Personnel Expenses	Administrative Restructure Increase STRS and PERS Built in Salary Increases	Pre K-3 Grant Ends 6/30/18 Increase STRS and PERS Built in Salary Increases
Operating Expenses	Slight Inflation Increase No District Office Rental Decrease Legal Fees Remove One-Time Contracts	Slight Inflation Increase Pre K-3 Grant Ends 6/30/18 No Capital Lease
Other Expenses	No 2% Property Tax to WCA	

Other Future Items to Consider

- Alignment from 2017-18 LCAP Updates
- Ad Hoc Committee Recommendations
- Other Items as Identified