

Budget Advisory & Parcel Tax Oversight Committee (BAC/PTO)

FY 2020-2021
Business Services



*Inspiring our community with opportunities to learn and thrive, we are committed to a shared purpose that guarantees each student a strong academic foundation while ensuring **equity** through **access** and opportunity for all.*

OVERSIGHT COMMITTEES

Presented by:
Dr. Conny Santa Cruz
Chief Business Official
Denice LaCroix
Supervisor of Business
March 24, 2021

Budget Advisory Committee

The goal of the committee is to *inform* stakeholders on how the District's budget works, budget assumptions, LCFF and LCAP process, and provide a forum to answer questions.

Parcel Tax Oversight Committee

To *assist the Board* in fulfilling its fiduciary duties to review expenditures of Measure N revenue to ensure its use in accordance with the voter approved tax ballot measure.

Agenda



Phase I

- ❖ **Budget Workshop**
 - **Definitions**
 - **Budget**
 - **Cash**
 - **Parcel Tax**

Phase II

- ❖ **Measure N Parcel Tax Report**
- ❖ **Second Interim Report**
- ❖ **Questions**

PHASE I

Budget Workshop



What is a Budget?

Definition:

A budget is a financial plan used to estimate revenues and expenditures for a specific period of time. It is a management and planning tool, not just an accounting document. It assists in the allocation of resources.

- ❖ **Budget Allocation**
- ❖ **Budget Category Allocations**
- ❖ **Adjusting Budgetary Allocations**

Reference:

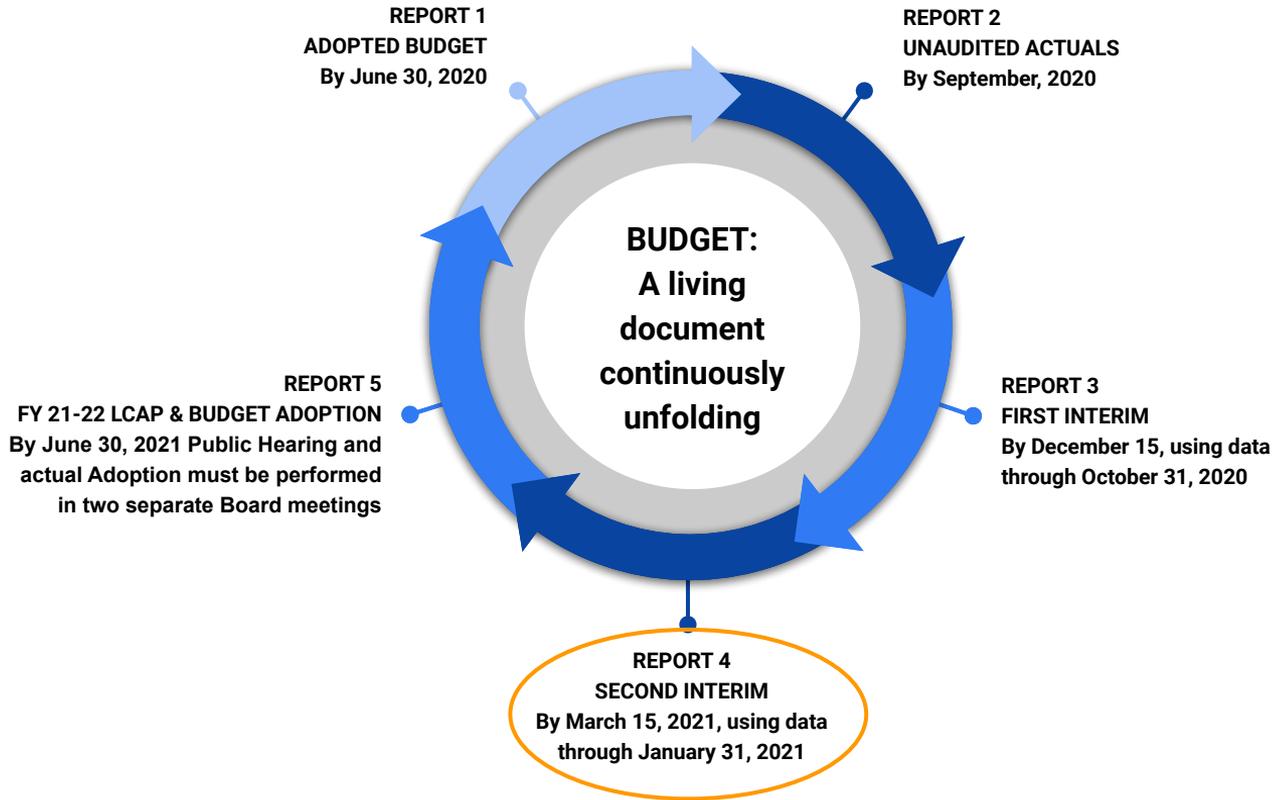
<https://www.investopedia.com>

<https://smallbusiness.chron.com/budgetary-allocation>

Purpose:

Creating this spending plan allows you to determine in advance whether you will have enough money to do the things you need to do or would like to do. than they earn and slowly sink deeper into debt every year.

- An example of budget is how much Revenues are we expecting to receive on a given Fiscal Year (FY).
- An example of budget is how much our Food Service department is “estimating to expend” to operate in a given FY.



Budget Reporting Calendar



How is MESD Funded?

Local Control Funding Formula (LCFF)

Grade	ADA (based on Attendance)	x Base Grant Allocation	+ Grade Span	+ Supplemental 37.69% Unduplicated	= LCFF Funding
TK-3	991.18	\$7702	\$801	\$641	\$9,063,306
4-6	739.31	\$7818		\$589	\$6,215,616
7-8	536.69	\$8050		\$607	\$4,646,023
Total	2267.18				\$19,924,947

COLA Increase - Applied to the Base grant & CSR
 Unduplicated Percentage - Percent of Free/Reduced, English Learners & foster youth

Average Daily Attendance (ADA) & Funding

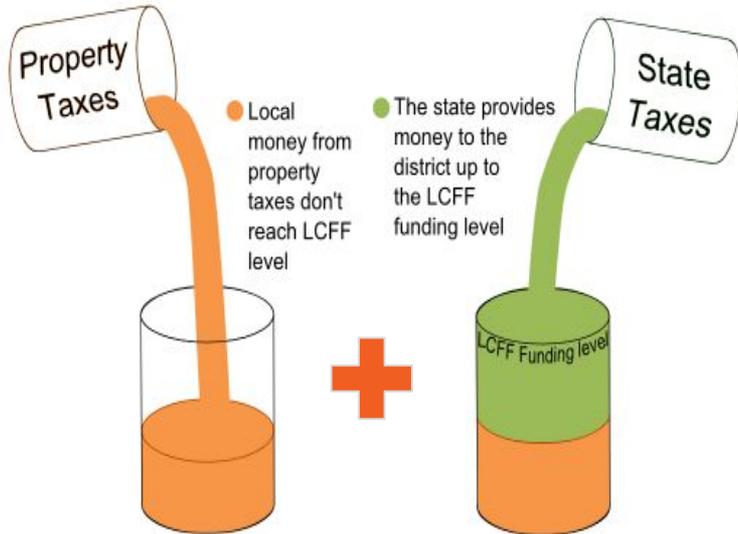


	Actuals		Projections		
	18/19	19/20	20/21	21/22	22/23
Enrollment				2171	2125
<u>P2 ADA Grade Span</u>					
TK-3	1001.33	989.3	989.3	931.23	898.42
4-6	746.01	739.11	739.11	694.8	702.52
7-8	550.03	531.07	531.07	468.99	449.69
Subtotal	2297.37	2259.48	2259.48	2095.02	2050.63
NPS	3.49	4.09	4.09	3.88	2.91
COE	1.43	3.61	3.61	0.97	0.97
Total Current year ADA	2302.29	2267.18	2267.18	2099.87	2054.51
<u>ADA calculation for Funding</u>					
(A) Current Year	2302.29	2267.18	2267.18	2099.87	2054.51
(B) Prior year with current year NPS/COE	2363.48	2305.07	2267.18	2264.33	2098.9
Funded: Higher of A or B	2363.48	2305.07	2267.18	2264.33	2098.90

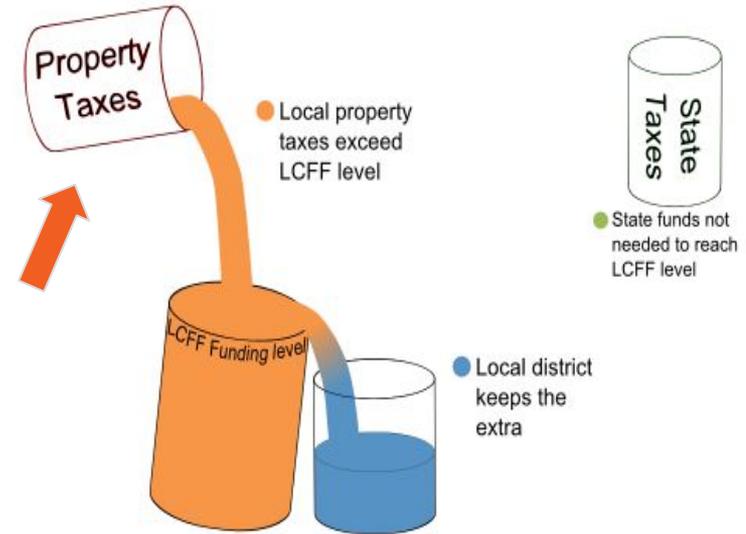
Difference between LCFF & Basic Aid



District Funding Under LCFF =



"Basic Aid" District Funding





LCFF vs Basic Aid Calculation - Estimates

	19/20	20/21	21/22	22/23
Current Estimated LCFF Allocation	\$ 20,308,193.00	\$ 19,927,072.00	\$ 20,633,707.00	\$ 19,359,188.00
State Aid	\$ 1,427,238.00	\$ 1,427,238.00	\$ 1,427,238.00	\$ 1,427,238.00
Min guarantee (\$200/ADA) - based on enrollment	\$ 453,436.00	\$ 452,866.00	\$ 452,866.00	\$ 419,780.00
Total State	\$ 1,880,674.00	\$ 1,880,104.00	\$ 1,880,104.00	\$ 1,847,018.00
Property Tax must exceed	\$ 18,046,398.00	\$ 18,753,603.00	\$ 18,753,603.00	\$ 17,512,170.00
Estimated Property tax allocation (2% increase with supplemental Estimates)	\$ 16,894,057.97	\$ 18,631,939.13	\$ 18,631,939.13	\$ 18,976,577.91
Property Tax short/over	\$ (1,152,340.03)	\$ (121,663.87)	\$ (121,663.87)	\$ 1,464,407.91

LCFF & Property Tax Variables:

- LCFF COLA/ADA \$ 18,976,577.91 Property Tax
 - Property Tax Allocation/Supplemental Property Tax \$ 1,427,238.00 Categoricals
 - Estimates for illustration only (budget based on LCFF) \$ 419,780.00 Min guarantee
- \$ 20,823,595.91** LCFF vs BA

What is Cash Flow?



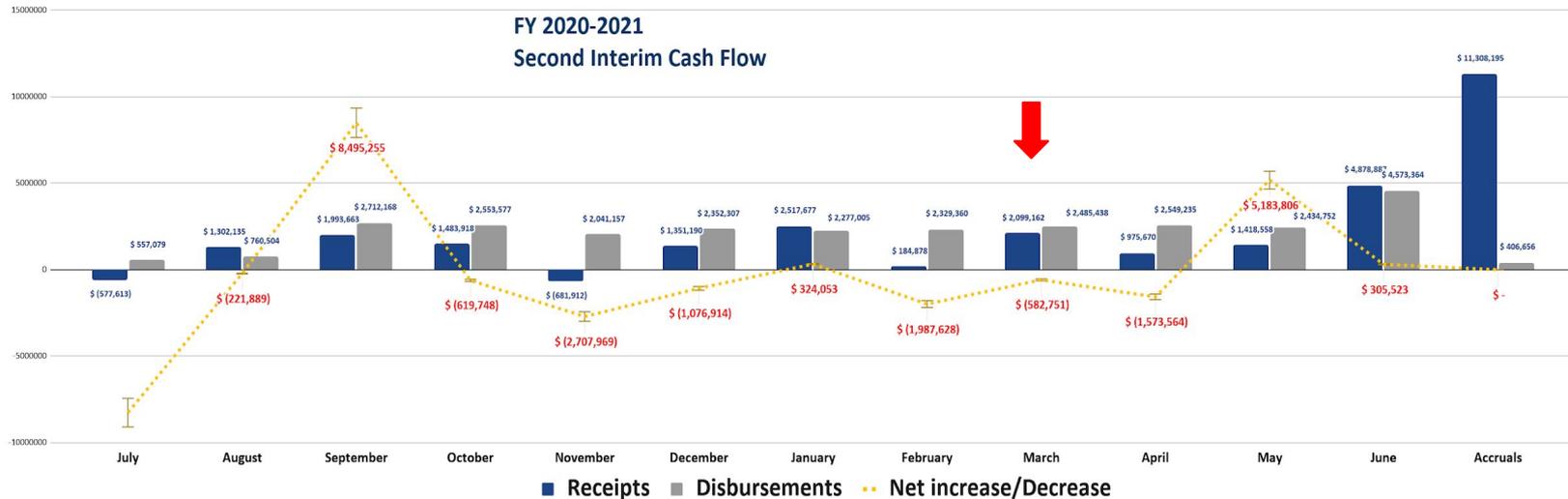
Cash flow is not the same as a budget. A budget is estimates based on a set of assumptions for revenues and expenditures, essentially planning for the whole fiscal year at one time.

Cash flow primarily represents the budgeted revenues and expenditures that become *actual cash inflows and outflows* during each month, week, or day of the year.

Cash Flow Analysis



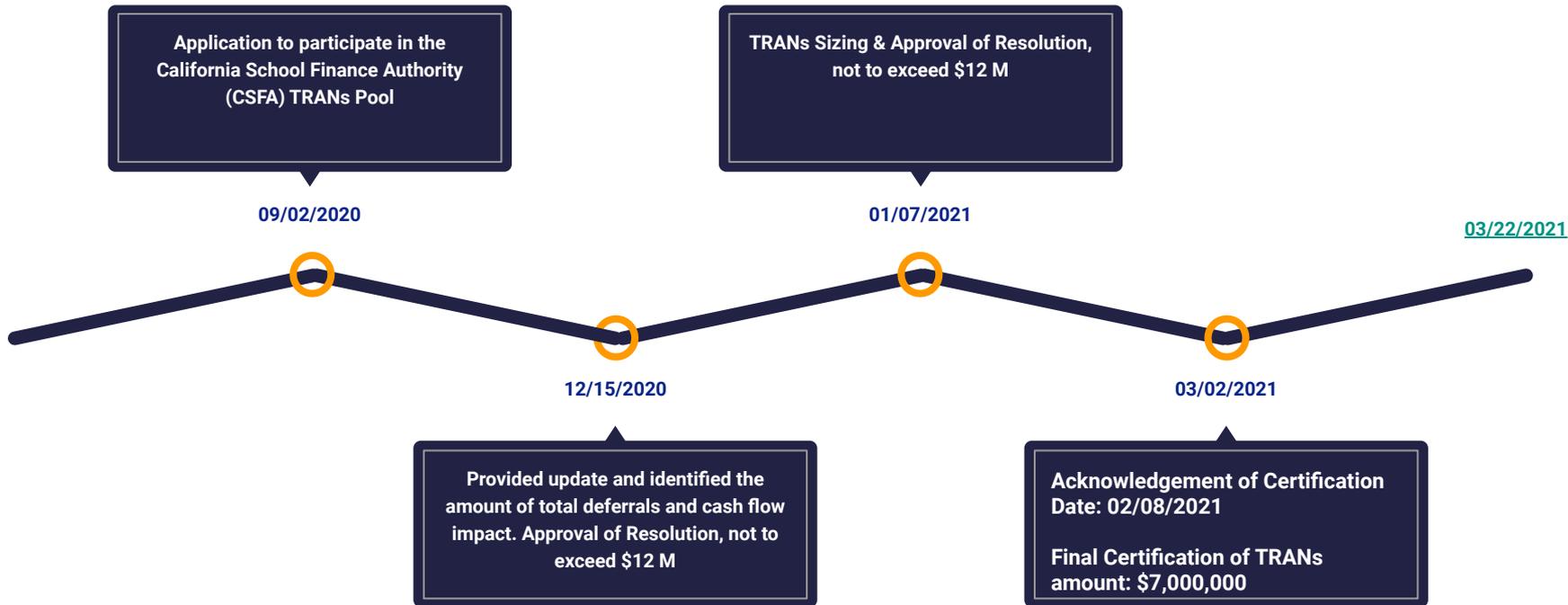
Beginning balance	\$ 3,334,779.75	\$ (4,930,434)	\$ (5,152,323)	\$ 3,342,932	\$ 2,723,184	\$ 15,215	\$ (1,061,699)	\$ (737,646)	\$ (2,725,274)	\$ (3,308,025)	\$ (4,881,589)	\$ 302,217
Month	July	August	September	October	November	December	January	February	March	April	May	June
Receipts	\$ (577,613)	\$ 1,302,135	\$ 1,993,663	\$ 1,483,918	\$ (681,912)	\$ 1,351,190	\$ 2,517,677	\$ 184,878	\$ 2,099,162	\$ 975,670	\$ 1,418,558	\$ 4,878,887
Disbursements	\$ 557,079	\$ 760,504	\$ 2,712,168	\$ 2,553,577	\$ 2,041,157	\$ 2,352,307	\$ 2,277,005	\$ 2,329,360	\$ 2,485,438	\$ 2,549,235	\$ 2,434,752	\$ 4,573,364
Total Balance Sheet Items	\$ (7,130,522)	\$ (763,520)	\$ 9,213,761	\$ 449,911	\$ 15,100	\$ (75,797)	\$ 83,381	\$ 156,854	\$ (196,474)	\$ -	\$ 6,200,000	\$ -
Net increase/Decrease	\$ (8,265,214)	\$ (221,889)	\$ 8,495,255	\$ (619,748)	\$ (2,707,969)	\$ (1,076,914)	\$ 324,053	\$ (1,987,628)	\$ (582,751)	\$ (1,573,564)	\$ 5,183,806	\$ 305,523
ENDING CASH	\$ (4,930,434)	\$ (5,152,323)	\$ 3,342,932	\$ 2,723,184	\$ 15,215	\$ (1,061,699)	\$ (737,646)	\$ (2,725,274)	\$ (3,308,025)	\$ (4,881,589)	\$ 302,217	\$ 607,739



Deferrals Update



Month	LCFF monthly Apportionment	Deferral Amount	Amount Received	Repayment Month
February	\$2,909,535.00	\$1,404,406.00	\$1,505,129.00	Nov 2021
March	\$2,909,535.00	\$2,172,501.00	\$737,034.00	Oct 2021
April	\$2,909,535.00	\$2,199,862.00	\$709,673.00	Sept 2021
May	\$2,909,535.00	\$2,209,077.00	\$700,458.00	Aug 2021
June (estimated)	\$2,909,535.00	\$2,909,534.00	\$0.00	July 2021
Total	\$14,547,675.00	\$10,895,380.00	\$3,652,295.00	



TRAN Timeline

Measure N Parcel Tax



To maintain high-quality education in Millbrae schools, on February 6, 2018, the Millbrae School District Board of Trustees voted to place a local parcel tax measure on the June 5, 2018 ballot to provide locally-controlled funding that could not be taken away by the State.

Measure N was approved reflecting a cost of \$97 per parcel and generating approximately \$700,000 per year, for five years, for our schools.

No changes to report from previous update provided on 12/14/2020

Measure N Parcel Tax



Estimated Revenue:	2020-21
Parcels	7,382
Less: Exemptions	(719)
Remaining Parcels	6,663
Amount Per Parcel	\$97.00
Parcel Tax Revenue	\$646,311.00
Less: Admin Fee (\$1.42/Parcel)	-\$9461.46
Total Parcel Tax Revenue Available	\$636,849.54

PHASE II

Measure N

Second Interim Report

Second Interim Report

Board Approved on
03/16/2021



Overview of our District



Total Enrollment	2221
Estimated Funded ADA	2263.57
Unduplicated Pupil	37.69%
Total Certificated Employees (non-management)	124.8 FTEs
Total Classified Employees (non-management)	57.9 FTEs
Total of Management & Supervisor	16.0

Current trends and variables:

- ❖ Enrollment
- ❖ COLA changes to LCFF funding
- ❖ Property Tax Increases
- ❖ Supplemental Property Tax Funding

Budget Development Assumptions



Planning Factors	2020-21	2021-22	2022-23
LCFF			
Statutory COLA	2.31%	1.50%	2.98%
COLA Suspension	- 2.31%	0.00%	0.00%
Funded LCFF COLA	0.00%	3.84%	0.00%
School Services of California Estimated COLA	0.00%	3.84%	1.28%
STRS Employer Rates	16.15%	15.92%	18.00%
PERS Employer Rates (May 2020)	20.70%	23.00%	26.3%
Lottery – Unrestricted per ADA	\$150.00	\$150.00	\$150.00
Lottery – Prop. 20 per ADA	\$49.00	\$49.00	\$49.00
Mandated Block Grant for Districts K-8 per ADA	\$32.18	\$32.66	\$38
Routine Restricted Maintenance Account (Flexibility for calculation to exclude STRS and PERS on behalf payments)	3%	3%	3%

Revenues



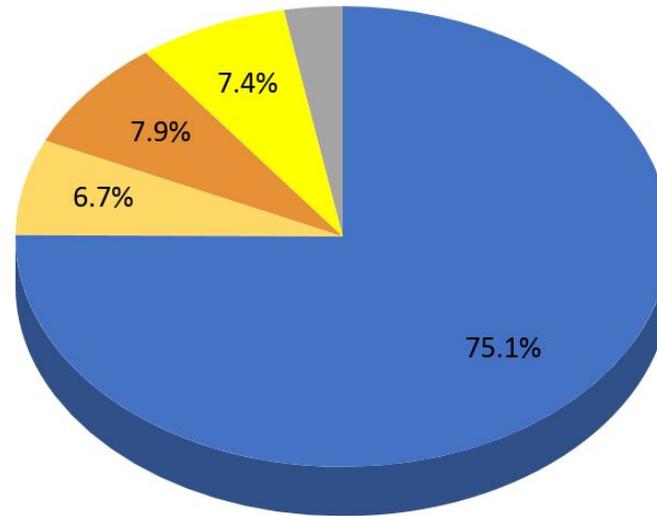
General Fund Revenues: \$28,254,408
 (Unrestricted \$17,898,662; Restricted \$10,355,746)

Revenues		Unrestricted	Restricted	Total
LCFF Sources	8010-8099	\$19,927,072.00	\$1,290,337.00	\$21,217,409.00
Federal Revenue	8100-8299	\$0.00	\$1,903,677.00	\$1,903,677.00
Other State Revenue	8300-8599	\$427,133.00	\$1,798,709.00	\$2,225,842.00
Other Local Revenue	8600-8799	\$571,103.00	\$1,520,382.00	\$2,091,485.00
Transfers In	8900-8929	\$815,995.00	\$0.00	\$815,995.00
Contributions		-\$3,842,641.00	\$3,842,641.00	\$0.00
Total Revenues		\$17,898,662.00	\$10,355,746.00	\$28,254,408.00

Revenues



Unrestricted + Restricted



● LCFF Sources ● Federal revenues ● State Revenues ● Local Revenue ● Transfers In

Restricted Funding



Program	ESSER II	In-Person	Expanded Learning Opportunity Grant
Allocation	\$485,285	\$654,254	\$1,387,068
Spending Deadline	9/30/23	8/30/22	8/30/22 Board approved plan by 6/1/21
		Offer in person instruction to TK-2 and prioritized pupil groups	<ul style="list-style-type: none"> ● Provide supplemental instruction ● Support social emotional well being ● Meals to specified pupil groups

Expenditures



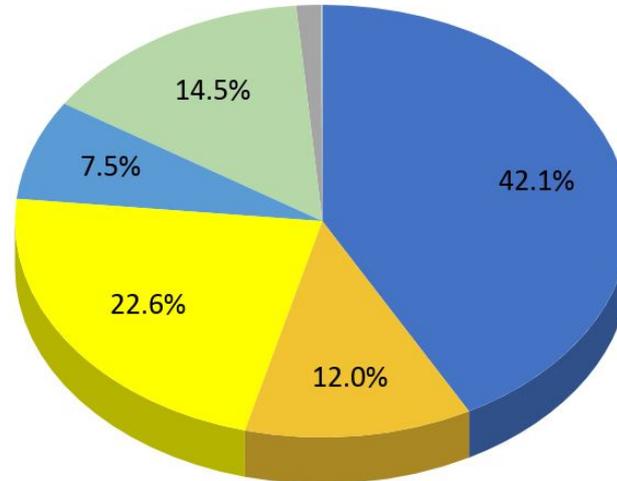
General Fund Expenditures: \$28,032,603
 (Unrestricted \$17,614,373; Restricted \$10,398,230)

Expenditures		Unrestricted	Restricted	Total
Certificated Salaries	1000-1999	\$9,127,700.00	\$2,684,014.00	\$11,811,714.00
Classified Salaries	2000-2999	\$2,120,635.00	\$1,239,676.00	\$3,360,311.00
Employee Benefits	3000-3999	\$3,864,815.00	\$2,475,551.00	\$6,340,366.00
Books and Supplies	4000-4999	\$1,023,732.00	\$1,078,540.00	\$2,102,272.00
Services and Other Operating Costs	5000-5999	\$1,485,750.00	\$2,583,144.00	\$4,068,894.00
Capital Outlay	6000-6999	\$0.00	\$0.00	\$0.00
Other Outgo-Transfer of Direct Charges	7100-7299, 7400-7499	\$42,022.00	\$321,024.00	\$363,046.00
Other Outgo - Indirect Charges	7300-7399	-\$50,281.00	\$16,281.00	-\$34,000.00
Transfers Out	7600-7629	\$20,000.00	\$0.00	\$20,000.00
Total Expenditures		\$17,614,373.00	\$10,398,230.00	\$28,032,603.00

Expenditures



Unrestricted + Restricted



- Certificated Salaries
- Classified Salaries
- Employee Benefits
- Books & Supplies
- Services & Other Operating
- Transfer of Direct Charges
- Transfers Out

Unrestricted	2020-21 1st Interim Budget	2020-21 2nd Interim Budget	Difference
Total Revenues	\$ 20,868,934.00	\$ 20,925,308.00	\$ 56,374.00
Total Expenditures	\$ 17,653,153.00	\$ 17,614,373.00	\$ (38,780.00)
Excess/Deficiency	\$ 3,215,781.00	\$ 3,310,935.00	\$ 95,154.00
Total Other Sources/Uses and Transfers	\$ (3,036,933.00)	\$ (3,046,646.00)	\$ (133,934.00)
Net Increase/Decrease	\$ 178,848.00	\$ 264,289.00	\$ 229,088.00
Beginning Fund Balance- <i>Unrestricted</i>	\$ 4,817,784.10	\$ 4,817,784.10	\$ -
Ending Fund Balance- <i>Unrestricted</i>	\$ 4,996,632.10	\$ 5,082,073.10	\$ 85,441.00

Unrestricted General Fund Ending Fund Balance

Multi-Year Projections General Fund



		0% COLA	3.84% (make up COLA)	1.28% COLA
		20/21	21/22	22/23
LCFF Revenue	8010-8099	\$ 19,927,072.00	\$ 20,633,707.00	\$ 19,359,188.00
Federal	8100-8299	\$ -	\$ -	\$ -
Other State	8300-8500	\$ 427,133.00	\$ 402,000.00	\$ 391,000.00
Other Local	8600-8799	\$ 571,103.00	\$ 410,295.00	\$ 410,295.00
Transfers In	8900-8929	\$ 815,995.00	\$ 95,391.00	\$ 89,470.00
Contributions to Restricted	8980	\$ (3,842,641.00)	\$ (4,238,529.00)	\$ (4,017,756.00)
Total Revenue		\$ 17,898,662.00	\$ 17,302,864.00	\$ 16,232,197.00
Certificated Salaries	1000-1999	\$ 9,127,700.00	\$ 9,348,527.00	\$ 9,341,631.00
Classified Salaries	2000-2999	\$ 2,120,635.00	\$ 2,185,634.00	\$ 2,212,561.00
Employee Benefits	3000-3999	\$ 3,864,815.00	\$ 4,098,797.00	\$ 4,402,984.00
Books and Supplies	4000-4999	\$ 1,023,732.00	\$ 289,241.00	\$ 289,012.00
Services & Other Operating	5000-5999	\$ 1,485,750.00	\$ 1,189,500.00	\$ 1,223,350.00
Capital Outlay	6000-6999	\$ -	\$ -	\$ -
	7100-7299,			
Other Outgo	7400-7499	\$ 42,022.00	\$ 42,522.00	\$ 43,022.00
Transfers of Indirect Costs	7300-7399	\$ (50,281.00)	\$ (45,885.00)	\$ (46,040.00)
Transfers Out	7600-7699	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
Total Expenses		\$ 17,634,373.00	\$ 17,128,336.00	\$ 17,486,520.00
Net Increase or (Decrease)		\$ 264,289.00	\$ 174,528.00	\$ (1,254,323.00)

20/21 2nd Interim MYP Projections (Unrestricted) EFB



		0% COLA	3.84% (make up COLA)	1.28% COLA
		20/21	21/22	22/23
LCFF Revenue	8010-8099	\$ 19,927,072.00	\$ 20,633,707.00	\$ 19,359,188.00
Federal	8100-8299	\$ -	\$ -	\$ -
Other State	8300-8500	\$ 427,133.00	\$ 402,000.00	\$ 391,000.00
Other Local	8600-8799	\$ 571,103.00	\$ 410,295.00	\$ 410,295.00
Transfers In	8900-8929	\$ 815,995.00	\$ 95,391.00	\$ 89,470.00
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Total Revenue		\$ 17,898,662.00	\$ 17,302,864.00	\$ 16,232,197.00
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Services & Other Operating	5000-5999	\$ 1,485,750.00	\$ 1,189,500.00	\$ 1,223,350.00
Capital Outlay	6000-6999	\$ -	\$ -	\$ -
Other Outgo	7100-7299, 7400-7499	\$ 42,022.00	\$ 42,522.00	\$ 43,022.00
Transfers of Indirect Costs	7300-7399	\$ (50,281.00)	\$ (45,885.00)	\$ (46,040.00)
Transfers Out	7600-7699	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
Total Expenses		\$ 17,634,373.00	\$ 17,128,336.00	\$ 17,486,520.00
Net Increase or (Decrease)		\$ 264,289.00	\$ 174,528.00	\$ (1,254,323.00)
Beginning Balance		\$ 4,817,784.00	\$ 5,082,073.00	\$ 5,256,601.00
Ending Balance		\$ 5,082,073.00	\$ 5,256,601.00	\$ 4,002,278.00
Deficit Spending		\$ 1,254,323.00	\$ 1,254,323.00	\$ 1,254,323.00
Committed		\$ 95,490.00	\$ 110,881.00	\$ 120,351.00
Revolving		\$ 2,500.00	\$ 2,500.00	\$ 2,500.00
Reserve for Economic Uncertainties		\$ 840,979.00	\$ 786,464.31	\$ 791,360.00
Undesignated		\$ 2,888,781.00	\$ 3,102,432.69	\$ 1,833,744.00

Best Practices



MESD strives to follow these fundamental best practices:

1. Maintain a structurally balanced budget
2. Build strong reserves
3. Cash flow management
4. Risk factors awareness

Next Steps

- ❖ 1st Interim Financial Report - December 2020
 - July 2020 - Oct 2020
- ❖ 2nd Interim Financial Report - March 2021
 - Nov 2020 - January 2021
- ❖ **Board Adoption FY 2021-22 Budget & LCAP - June 2021**
- ❖ Unaudited Actual Financial Report - September 2021
 - July 2020 - June 2021
- ❖ Audit Report - January 2022

Continue to review expenditures and opportunities to reduce deficit spending.

Questions

