

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

BUDGET 101

(AS OF 2019-20 BUDGET ADOPTION REPORTING)



AGENDA

- Budget Development/Financial Cycle
- Pre and Post Prop 13
- Basic Aid vs. LCFF
- Important Revenue Sources
- Expenses
- Per Pupil Funding
- Multi-year look ahead
- A school without SPARK and a parcel tax
- Summary
- Questions



DISTRICT STRATEGIC PRIORITIES

- Foster healthy, inclusive, respectful, and safe learning environments. Promote the social, emotional, and intellectual growth of all community members.
- Inspire academic growth and civic responsibility through rigorous, inquiry-based curriculum that is engaging and personalized.
- Attract, cultivate, and retain innovative, inspirational educators.
- ***Sustain the fiscal integrity and stability of the District.***
- Facilitate collaborative partnerships between students, families, schools and community.



MAINTAINING FISCAL SOLVENCY

- Multi-year projections (MYP): Accurately predicting revenue and expenditure assumptions
 - Summary of District's Major Revenue & Expenditures Codes
- Maximize state and local revenue
- Controlling expenditures
- ABI 200 (<http://fcmat.org/about-abl200/>)



BUSINESS SERVICES

- Accounts Payables & Receivable
- Payroll/Benefits
- Nutrition Services
- Facilities
- Human Resources
- School Business Reporting
 - Attendance
 - Consolidated Application
 - Categorical Reporting
 - Budget
 - Insurance/Safety
 - Audits

BUDGET DEVELOPMENT/FINANCIAL REPORTING/CALENDAR FOR THE 2018-19 & 2019-20 BUDGET

| | |
|----------------|--|
| June 2019 | Adoption of 2019-20 LCMSD Budget |
| June 2019 | Governor Signs the 2019-20 State Budget |
| December 2019 | First Interim LCMSD Financial Report |
| January 2020 | Governor's Proposed 2020-21 State Budget Released |
| March 2020 | Second Interim LCMSD Financial Report |
| May 2020 | Governor's May Revision to 2020-21 Proposed Budget |
| May 2020 | Draft 2020-21 LCAP and Budget |
| June 2020 | Adoption of 2020-21 LCMSD LCAP |
| June 2020 | Adoption of 2020-21 LCMSD Budget |
| June/July 2020 | Governor Signs 2020-21 State Budget |
| September 2020 | Unaudited Actuals of 2019-2020 Fiscal Year |



PRINCIPAL APPORTIONMENT/AVERAGE DAILY ATTENDANCE (ADA)

- July 2019
 - *2018-19 Annual Attendance Data Due*
 - *Certification of 2019-2020 Advance Apportionment*
- October 2019
 - Audit Adjustments to CALPADS and Prior Year Corrections to Attendance (must be supported by auditor letter)
- January 2020
 - *2019-2020 P-I Attendance*
- February 2020
 - Certification of 2019-2020 First Principal Apportionment



PRINCIPAL APPORTIONMENT/AVERAGE DAILY ATTENDANCE (ADA)

- March 2020
 - Audit Adjustments to CALPADS and Prior Year Corrections to Attendance
- April 2020
 - ***2019-2020 P-2 Attendance***
- June 2020
 - Certification of 2019-2020 P-2 Second Principal Apportionment
- July 2020
 - ***2019-20 Annual Attendance Data Due***
 - ***Certification of 2020-2021 Advance Apportionment***



PRE & POST PROP 13

Pre – Prop 13

- 2/3 property taxes went to school districts
- Local role in funding schools
- Disproportionate funding from district to district

Post – Prop 13

- Schools lost 1/3 of their budget overnight (9 billion to 6 billion)
- State role in funding schools
- CA ranks 46th in per pupil spending (EdWeek, 2017)
- Disproportionate funding from district to district



LOCAL CONTROL FUNDING FORMULA (LCFF)

- Replaces Revenue Limit
- Phased in from 2013-14 through 2018-19 by annually funding a portion of the “Gap” between current funding and targeted level
- Intended to increase funding for English Learners and students that are socio-economically disadvantaged
- Redistribution of revenue, not increase of overall funding level - funding stays at Prop 98 levels (among lowest in nation)
- Local Control

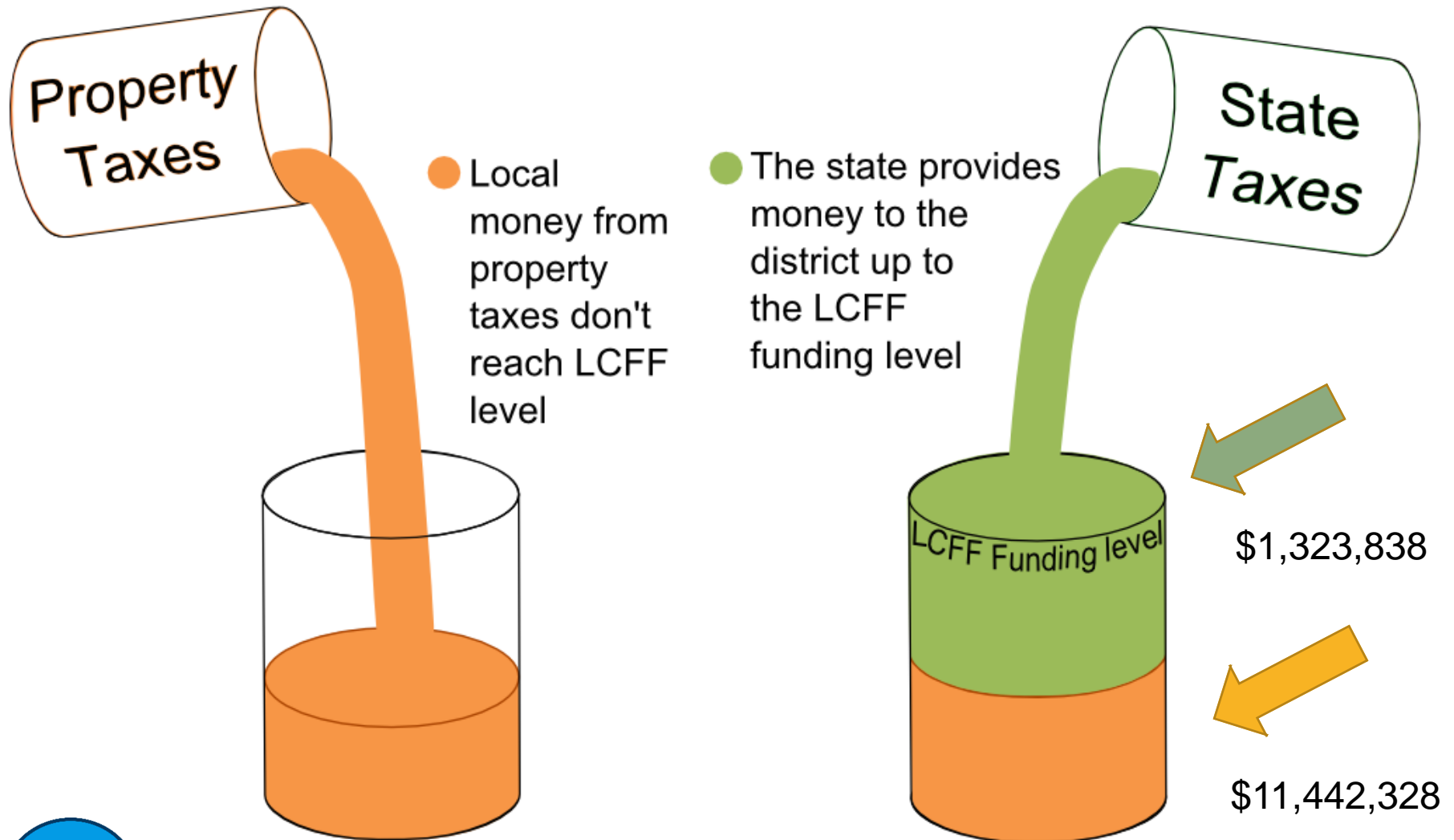


BASIC AID VS LCFF

- District is entitled to a calculated Entitlement
 - Comprised of property taxes and State Aid
- If Property taxes fill the bucket, and/or the buckets overflows, the district keeps the bucket AND the overflow funds and doesn't need State Aid
- District is entitled to a calculated Entitlement
 - Comprised of property taxes and State Aid
- When property taxes don't fill the bucket, the State makes up the shortfall with State Aid

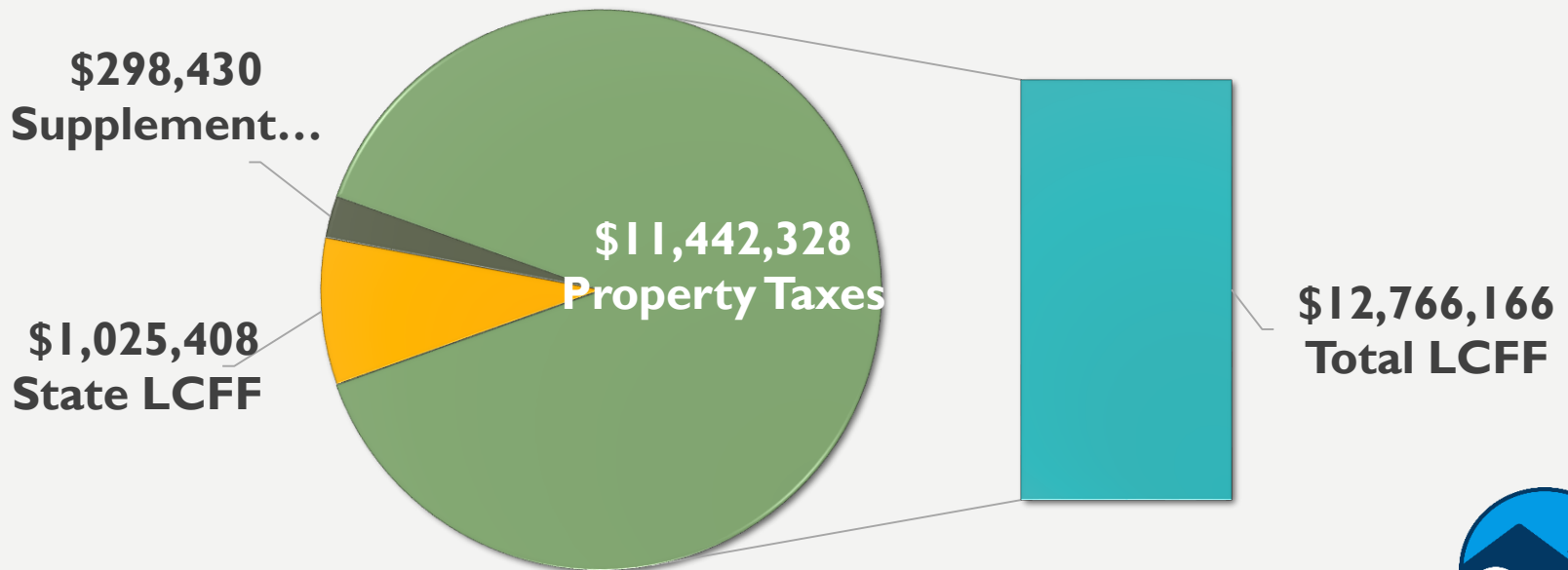


District Funding Under LCFF =



LCFF REVENUE SOURCES/PROPERTY TAXES BREAKDOWN

LCFF Revenue Sources/Property Taxes Breakdown



OTHER SOURCES OF REVENUE

- Parcel tax
- Foundation
- Leases
- Bond

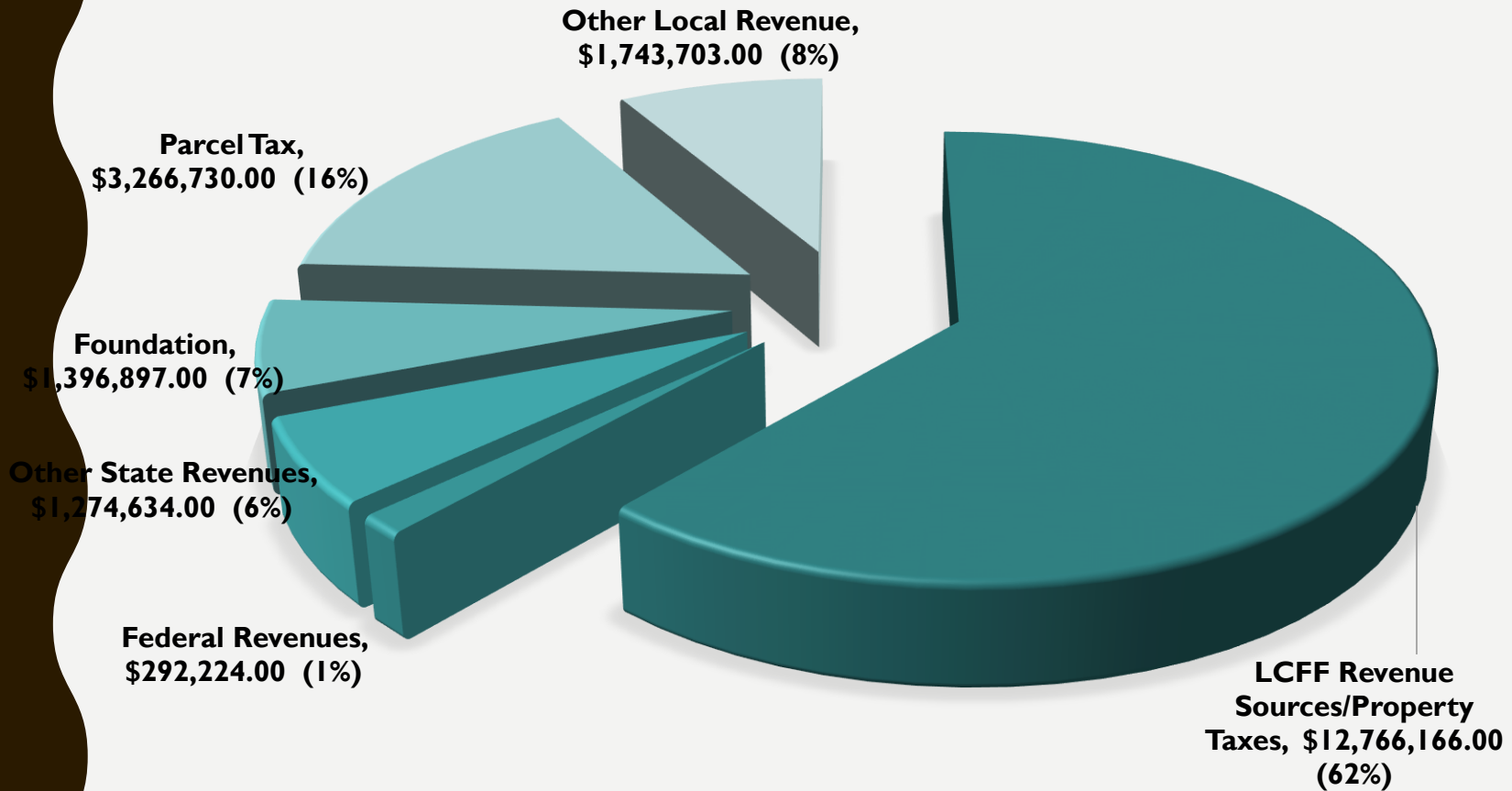


LARKSPUR-CORTE MADERA SCHOOL DISTRICT REVENUE DETAIL 2019-2020

| | |
|-----------------------------|---------------------|
| ■ LCFF Sources/Property Tax | \$ 12,766,166 |
| ■ Federal Revenues | \$ 292,224 |
| ■ Other State Revenues | \$ 1,274,634 |
| ■ Foundation | \$ 1,396,897 |
| ■ <u>Other Local Income</u> | <u>\$ 5,010,432</u> |
| ■ Total Revenues | \$ 20,740,353 |



LARKSPUR-CORTE MADERA SCHOOL DISTRICT TOTAL REVENUES 2019-2020 \$20,740,353



LARKSPUR-CORTE MADERA SCHOOL DISTRICT REVENUE DETAIL 2019-2020

| Revenue Source: Combined Unrestricted & Restricted | Budget Adoption | First Interim | Second Interim |
|---|---------------------|------------------|-------------------|
| Property Tax/LCFF Limit Sources *slight decrease in LCFF funding due to loss in ADA | \$12,766,166 | | |
| Federal Revenues (Special Education, Title I-IV) *addition of Title IV | \$ 292,224 | | |
| Other State Revenues (EIA, Lottery) | \$ 1,274,634 | | |
| Other Local Income (Leases/Rentals, Fees, County Special Education, Grants, MOU's) | \$ 5,010,432 | | |
| Foundation | \$ 1,396,897 | | |
| Total Revenues | \$20,740,353 | | |



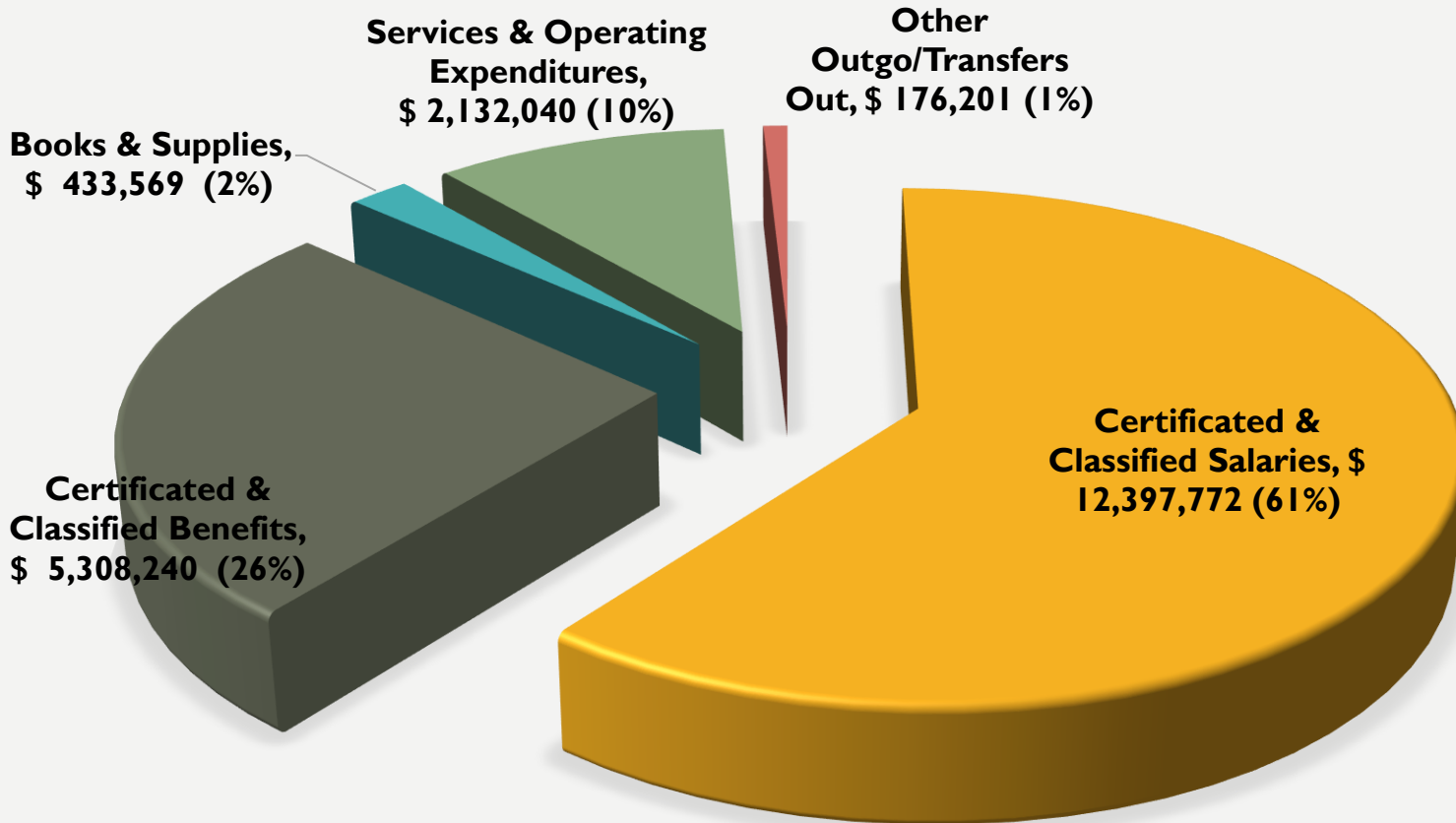
LARKSPUR-CORTE MADERA SCHOOL DISTRICT

2019-2020

TOTAL EXPENDITURES



LARKSPUR-CORTE MADERA SCHOOL DISTRICT EXPENDITURES 2019-2020 (COMBINED RESTRICTED AND UNRESTRICTED)



LARKSPUR-CORTE MADERA SCHOOL DISTRICT EXPENDITURES 2019-2020

| Expenditure Source: Combined Unrestricted & Restricted | Budget Adoption | First Interim | Second Interim |
|--|---------------------|------------------|-------------------|
| Certificated & Classified Salaries *addition of positions due to program needs | \$12,397,772 | | |
| Certificated & Classified Benefits *addition of positions due to program needs | \$ 5,308,240 | | |
| Books & Supplies *one-time funding and program needs | \$ 433,569 | | |
| Services & Operating Expenditures *addition of services due to program needs | \$ 2,132,040 | | |
| Other Outgo/Transfers Out | \$ 176,201 | | |
| Total Expenditures | \$20,447,822 | | |

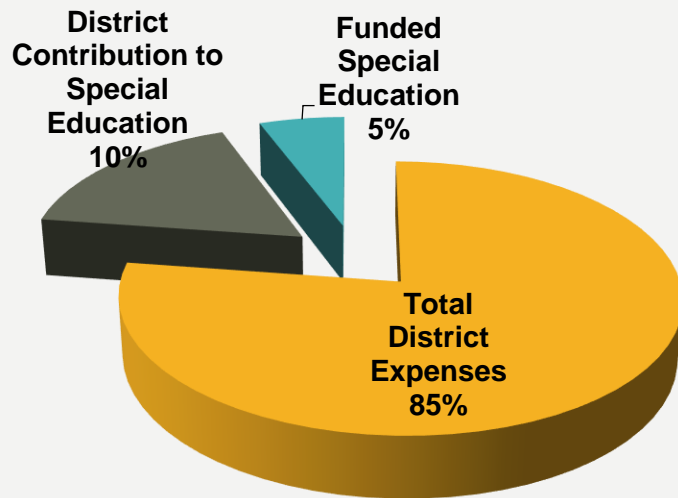


| | |
|--------------------------------|--------------|
| Special Education Expenses | \$ 3,213,093 |
| Less: Funded Special Education | \$ 1,079,138 |
| Special Education Contribution | \$ 2,133,955 |

85% - Total District Expenses

10% - District Contribution to Special Education

5% - Funded Special Education



SPECIAL EDUCATION PROGRAM COSTS, 2019-2020

- School districts throughout the state face a continuing challenge in funding the costs of serving Special Education students. LCMSD is proud of the Special Education support provided to its students, but the District is also faced with mounting increases in the difference between federal and state governments funding and the mandated costs for these vital student services.
- Unfortunately, the federal government has not provided the funding that was envisioned when the laws mandating programs for Special Education students were adopted.
- This shortfall in dedicated funding has led to very significant contributions from the District's Unrestricted General Fund. *Special Education Contributions from the General Fund*—the difference between Special Education income and expense—has forced the District into making cuts in other District programs in order to make up for the shortfall by federal and state governments. During 2019-20, it is estimated that LCMSD will contribute \$2,133,955 from the District's Unrestricted General Fund to cover the costs for Special Education.

2019-2020 BUDGET REVENUE AND EXPENDITURE SUMMARY

- Total Revenues \$ 20,740,353
- Total Expenditures \$ 20,447,822
- Net Increase (Decrease) \$ 292,531



2019-20 BUDGET MULTI-YEAR PROJECT

- Multi-year projections (MYP): Accurately predicting revenue and expenditure assumptions
 - Summary of District's Major Revenue & Expenditures Codes
 - Current Operating Budget & Projections for the next 2 Years
 - Assumptions Used for Projections
 - Revenues based on Dept. of Finance/County Office forecasting/LCFF
 - Parcel Taxes/Leases/Developer Fees based on local escalators/agreements
 - Steps/Columns contractual increase/STRS and PERS rate increase
 - Anticipated Enrollment/Staffing Needs
 - Categorization of Expenditures and Revenues Object Codes by Type



2019-20 BUDGET MULTI-YEAR PROJECT

- Maximize State and Local Revenues
 - Revenues 8xxx
 - District Funding (taxes)
 - LCFF vs. Basic Aid
 - Local
 - Parcel tax/Foundation
 - Leases/Bond
- Controlling Expenditures
 - Certificated Salaries 1xxx
 - Classified Salaries 2xxx
 - Benefits 3xxx
 - Supplies 4xxx (individual items costing \$1-\$499)
 - Operational 5xxx
 - Capital Projects 6xxx



MULTI-YEAR PROJECTION (WITH REDUCTIONS)

| | 2017-18 Unaudited Actuals | 2018-19 Second Interim | 2019-20 2019-2020 Budget Adoption | 2020-21 2019-2020 Budget Adoption | 2021-22 2019-2020 Budget Adoption |
|-------------------|---------------------------------|---------------------------|--|--|--|
| Beginning Balance | \$ 2,336,710.34 | \$ 1,660,686.00 | \$ 1,330,018.00 | \$ 1,622,549.00 | \$ 1,563,508.00 |
| Revenues | \$19,463,028.09 | \$20,454,515.00 | \$20,740,353.00 | \$21,122,547.00 | \$21,295,256.00 |
| Expenditures | \$20,139,269.23 | \$20,786,183.00 | \$20,447,822.00 | \$21,181,587.00 | \$21,402,381.00 |
| Net Inc/(Dec) | \$ (676,241.14) | \$ (331,668.00) | \$ 292,531.00 | \$ (59,039.00) | \$ (107,126.00) |
| Ending Balance | \$1,660,469.20 | \$ 1,329,018.00 | \$ 1,521,549.00 | \$ 1,463,510.00 | \$ 1,356,384.00 |
| Reserve | 8.24% | 6.39% | 7.44% *including a \$100K committed reserve for Special Ed. | 6.90% *including a \$100K committed reserve for Special Ed. | 6.33% *including a \$100K committed reserve for Special Ed. |



MULTI-YEAR PROJECTION (WITHOUT REDUCTIONS)

| | 2017-18 Unaudited Actuals | 2018-19 Second Interim | 2019-20 2019-2020 Budget Adoption | 2020-21 2019-2020 Budget Adoption |
|-------------------|---------------------------------|---------------------------|---|---|
| Beginning Balance | \$ 2,336,710.34 | \$ 1,660,686.00 | \$ 1,330,018.00 | \$ 675,432.00 |
| Revenues | \$19,463,028.09 | \$20,454,515.00 | \$20,740,353.00 | \$21,122,547.00 |
| Expenditures | \$20,139,269.23 | \$20,786,183.00 | \$21,394,939.00 | \$21,896,601.00 |
| Net Inc/(Dec) | \$ (676,241.14) | \$ (331,668.00) | \$ (654,586.00) | \$ (774,054.00) |
| Ending Balance | \$1,660,469.20 | \$ 1,329,018.00 | \$ 675,432.00 | \$ (98,622.00) |
| Reserve | 8.24% | 6.39% | 3.15% | -0.45% |



ASSUMPTIONS IN 2019-20 TO 2020-21 MULTI-YEAR PROJECTIONS - REVENUES

- LCFF revenue based upon Department of Finance (DOF) projections
 - LCFF revenue assumptions:
 - Declining enrollment growth
 - 96% ADA to enrollment
 - COLA based on the Governor's 2019-2020 Budget Proposal
 - LCFF Entitlement Sources based on the Marin County Office Education Second Interim LCFF Calculator
- Property tax growth of 3.87% in 2019-20 and 3.5% in the out years
- Lease revenue based upon signed lease agreements
- SPARK contribution projected at \$1,350,371 in out years
- Parcel tax projected at current parcels with 5% escalation



ASSUMPTIONS IN 2018-19 TO 2020-21 MULTI-YEAR PROJECTIONS - EXPENDITURES

- Declining Enrollment Projected
- Operational expenses based on contracted amount and usage
- Staffing assumptions:
 - Step and Column included based on contractual agreements
 - Post-Reduction formulas reflected in the 2018-19 layoff resolutions
 - (-) 4.08 FTE certificated, (-) 7.64 FTE classified
 - Projected staffing for 2019-20: 90.3501 FTE Certificated and 34.7068 FTE CSEA,
 - Projected staffing for 2019-20: 9.8 FTE District Office and 4.0 FTE Site Administration
 - No change to salary schedule
 - Decrease of staffing included to reflect recommendation made to the board of trustees
 - STRS and PERS rate increased based upon enacted legislation and PERS guidance

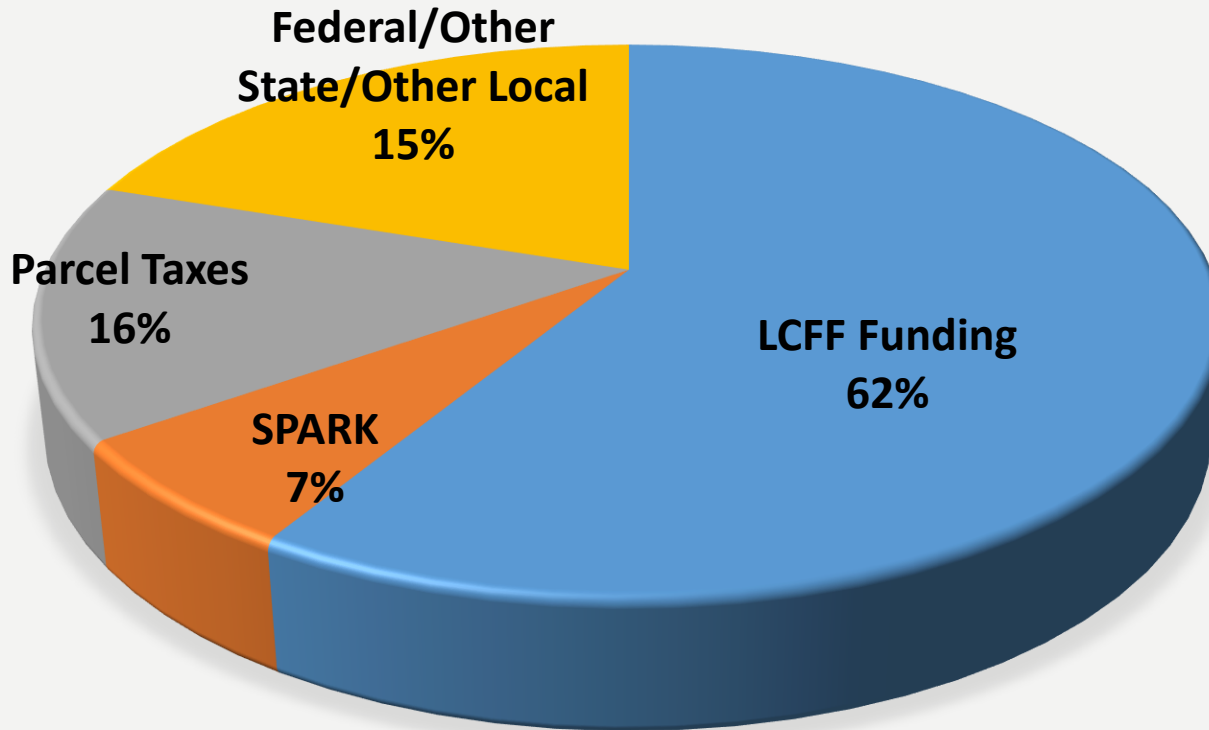


UNCERTAINTIES/CHALLENGES

- Revenues and Enrollment
 - Property taxes decreasing in growth from previous years
 - Enrollment Declining
 - Minimal Revenue Increase
- Deferred maintenance, district-wide facility needs, technology plan, curriculum plan, and professional development
- Slowing economy
- Special Education Costs continue to rise while funding is decreasing due to decline in enrollment statewide
- Underfunded State pension programs/rate increases (PERS/STRS)
- Plan for Multi Year Projection; 2 years out, continue to be cautious and focus on reduction strategies, develop financial projections and contingency plans accordingly
- Federal Revenues Uncertainty
- Build Reserves: Districts are advised to maintain reserves much greater than the State-required minimum



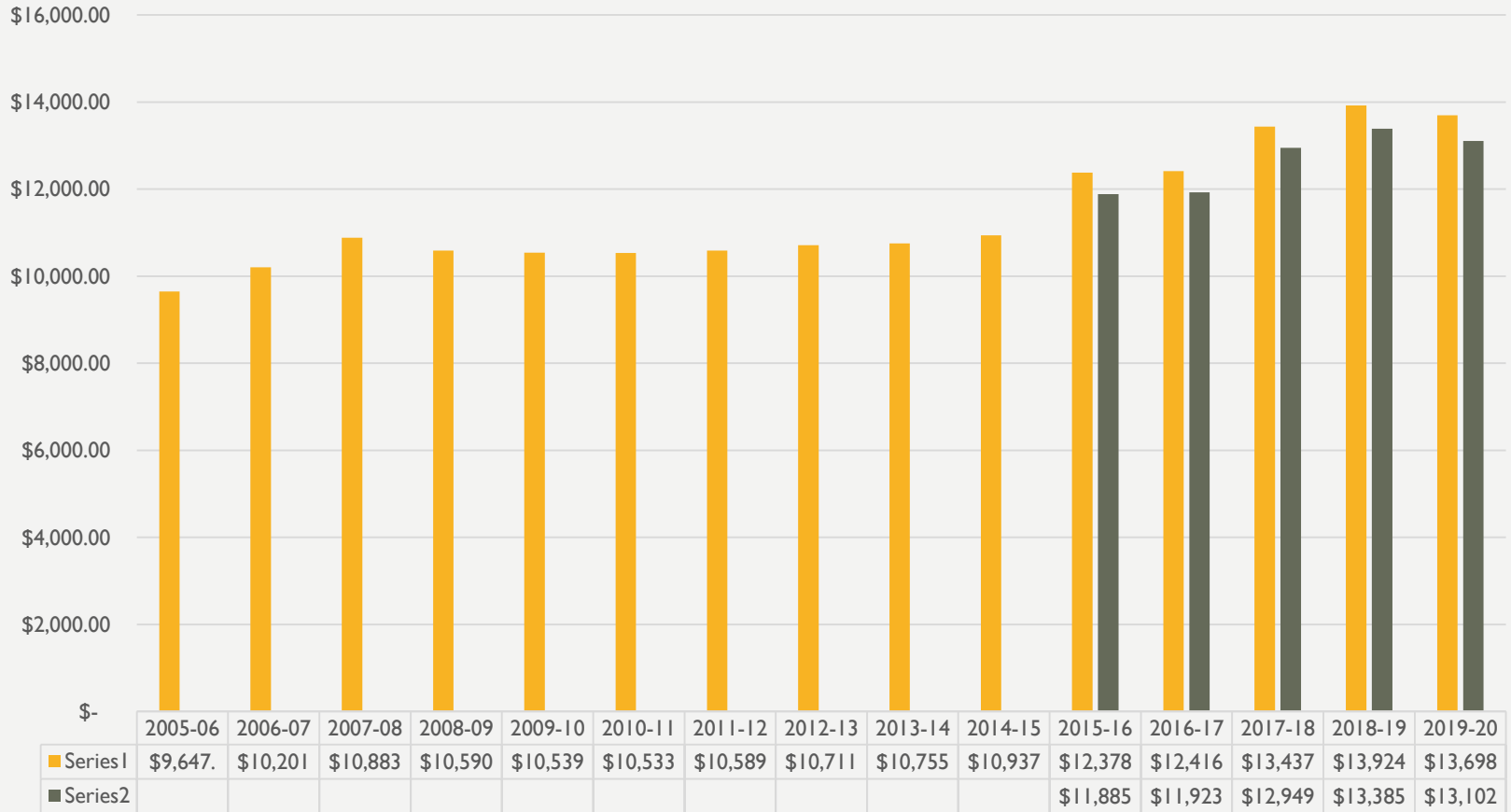
2019-2020 FUNDING OF EXPENDITURES PER ADA



LCMSD

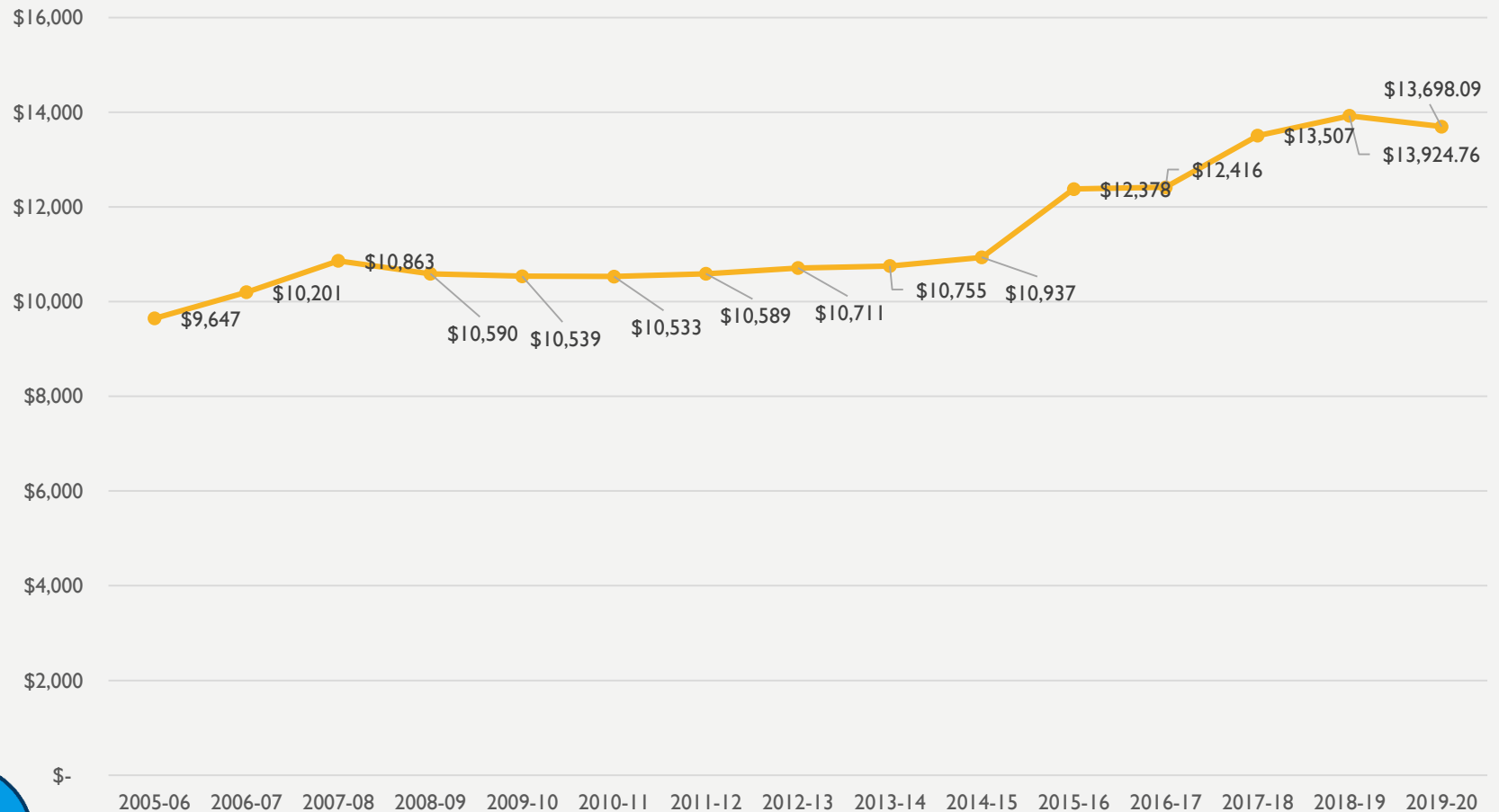
LCFF EXPENDITURE PER ADA

Expenditures Per ADA



LCMSD EXPENDITURE PER ADA

Expenditures Per ADA



SPENDING PER PUPIL

AS OF 17-18 CLOSE OUT

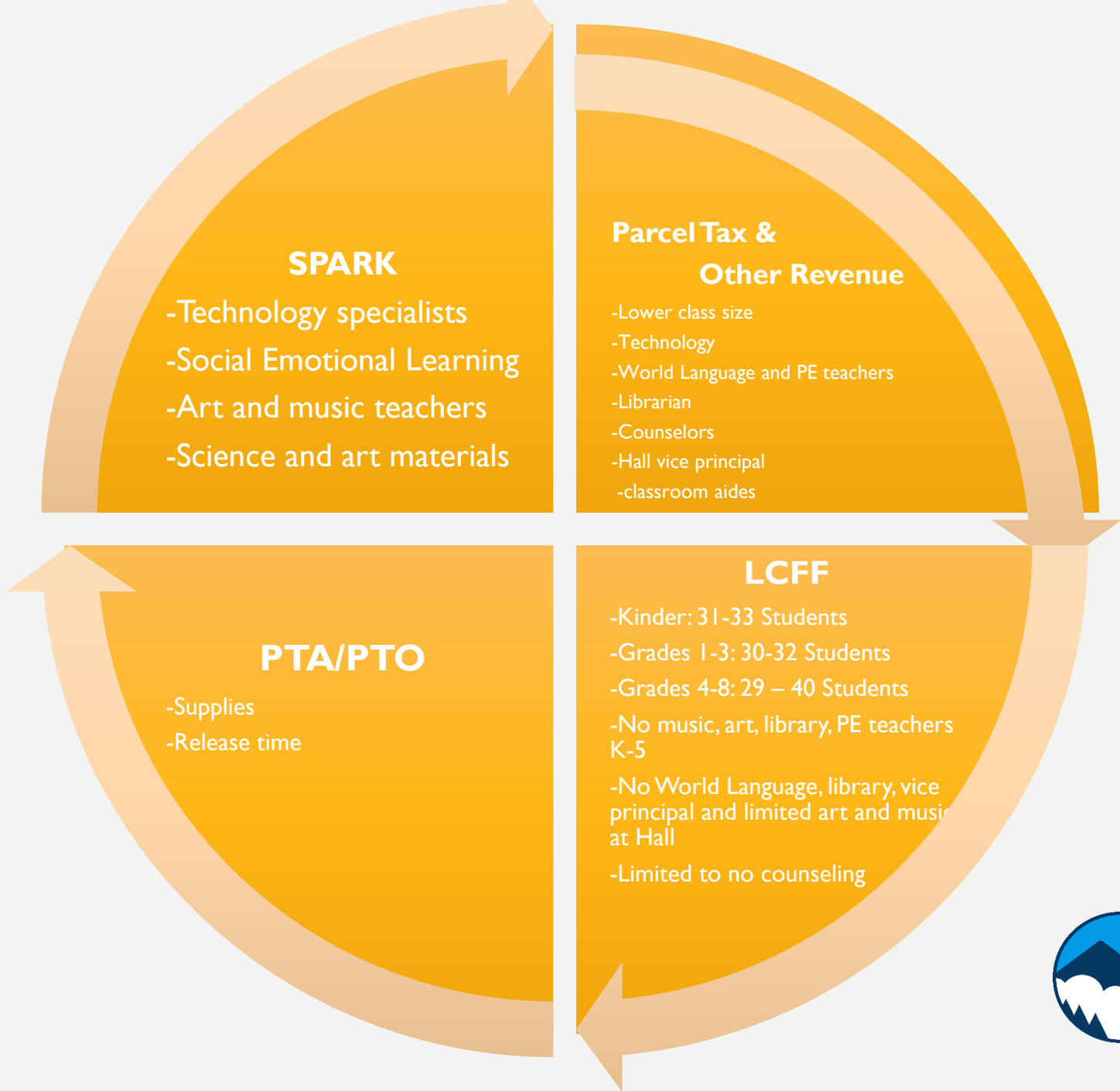
| District | ADA | Spending per Pupil |
|-------------------|--------|--------------------|
| Los Alamitos | 9,833 | \$10,860 |
| La Canada | 4,167 | \$11,475 |
| Manhattan Beach | 6,647 | \$11,698 |
| LCMSD | 1,547 | \$13,076 |
| San Marino | 3,072 | \$13,577 |
| Edina, MN | 8,500 | \$13,385 |
| Piedmont | 2,623 | \$15,578 |
| Palo Alto | 12,249 | \$20,508 |
| Laguna Beach | 2,929 | \$21,684 |
| Highland Park, TX | 7,044 | \$20,895 |
| Ross | 387 | \$21,699 |
| New Trier, IL | 3,968 | \$25,665 |



COMPONENTS OF HIGH PERFORMERS

- Professional development
- Aligning research with practice
- Personalized learning





WHAT WE CAN DO AS A COMMUNITY

- Focus and prioritize
- Support - SPARK and parcel tax are LCMUSD's lifeline
- Educate and engage



QUESTIONS

