

Larkspur-Corte Madera School District

Second Interim 2021-22

Paula Rigney, Chief Business Official

March 9, 2022

230 Doherty Drive, Larkspur, CA 94939 / 415-927-6960

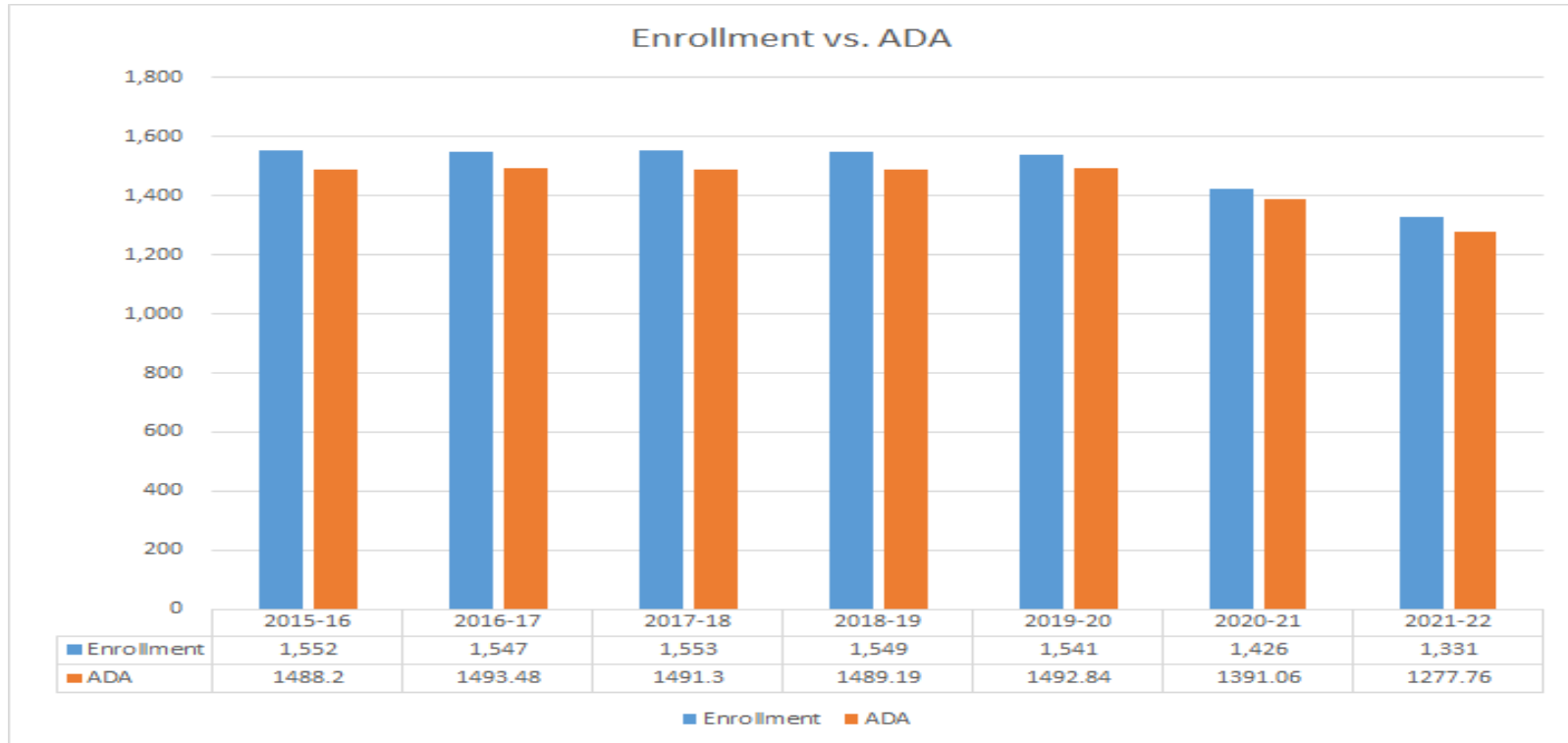


Strategic Priorities

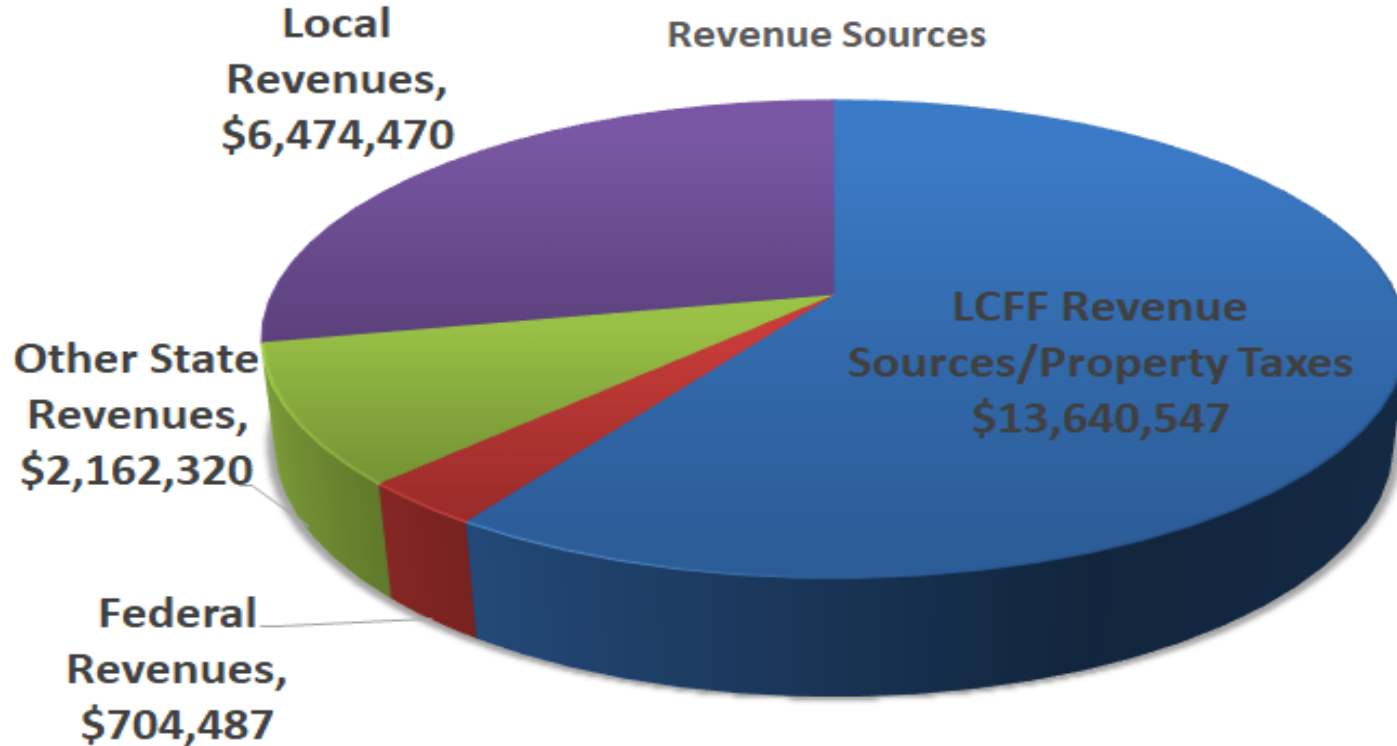
- Foster healthy, inclusive, respectful, and safe learning environments. Promote the social, emotional, and intellectual growth of all community members.
- Inspire academic growth and civic responsibility through a rigorous, inquiry-based curriculum that is engaging and personalized.
- Attract, cultivate,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



Declining Enrollment



Revenue Sources

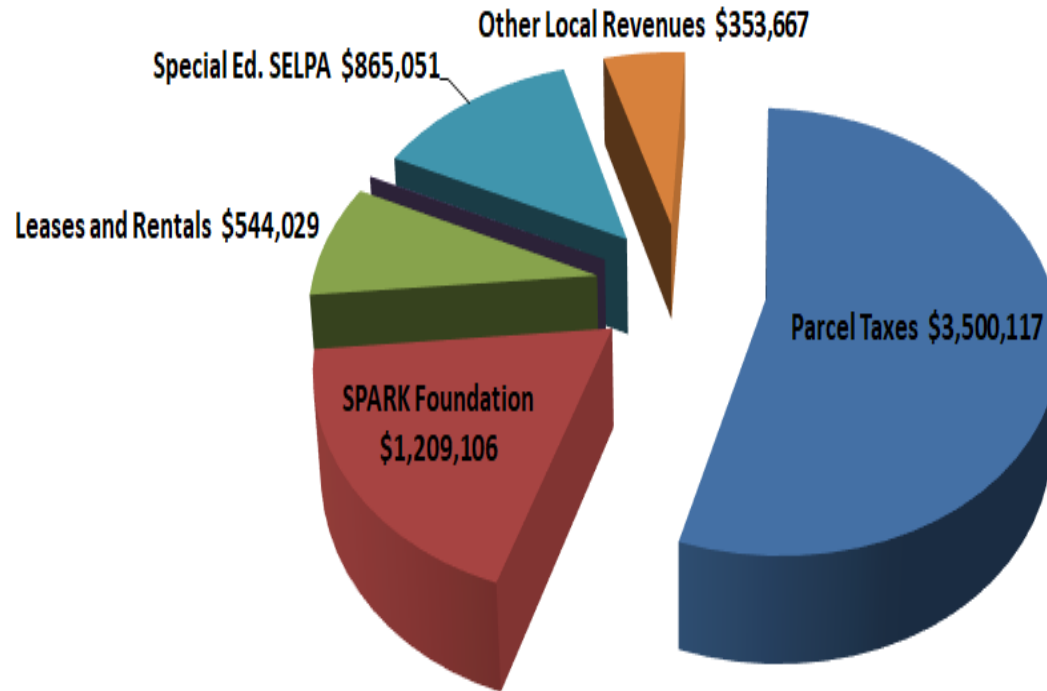


Revenue Changes

Revenue Source: Combined Unrestricted & Restricted	Budget Adoption	First Interim	Second Interim	Total Change Between Reportings
Property Tax/LCFF Limit Sources increase in LCFF funding	\$13,530,294	\$13,526,088	\$13,640,457	\$ 114,369
Federal Revenues (Special Ed., Title I-INEw and modernized facilities, LLM funds) increase in Learning Loss Mitigation funds	\$ 697,111	\$ 703,559	\$ 704,487	\$ 928
Other State Revenues (Lottery, Special Ed., ESSER) increase in STRS/PERS "on-behalf" accounting and ESSER (one-time ELO Grant, 2021 EE Grant)	\$ 1,301,467	\$ 2,071,477	\$ 2,162,320	\$ 90,843
Other Local Income (Leases/Rentals/MOUs, Fees, County Special Ed., Grants)	\$ 5,120,810	\$ 5,254,272	\$ 5,265,364	\$ 11,092
Foundation	\$ 1,250,000	\$ 1,209,106	\$ 1,209,106	\$ 0
Total Revenues	\$21,899,682	\$22,764,501	\$22,981,734	



Local Revenue



Expenditure Changes

Expenditure Source: Combined Unrestricted & Restricted	Budget Adoption	First Interim	Second Interim	Total Change
Certificated & Classified Salaries actual placement as of October 2021	\$12,885,281	\$12,837,625	\$12,873,245	\$ 36,620
Certificated & Classified Benefits actual expenses as of October 2021/Addt. Of STRS/PERS "on-behalf"	\$ 5,977,522	\$ 5,809,701	\$ 5,755,273	\$(-) 54,428
Books & Supplies Addition Of carry-over, one-time funding and program needs	\$ 357,830	\$ 752,899	\$ 871,122	\$ 118,223
Services & Operating Expenditures Addition Of carry-over, one-time funding and program needs	\$ 2,069,040	\$ 2,455,556	\$ 2,343,783	\$(-) 111,773
Other Outgo/Transfers Out	\$466,879	\$ 466,879	\$456,002	\$ 10,877
Total Expenditures	\$21,756,552	\$22,322,660	\$22,299,425	

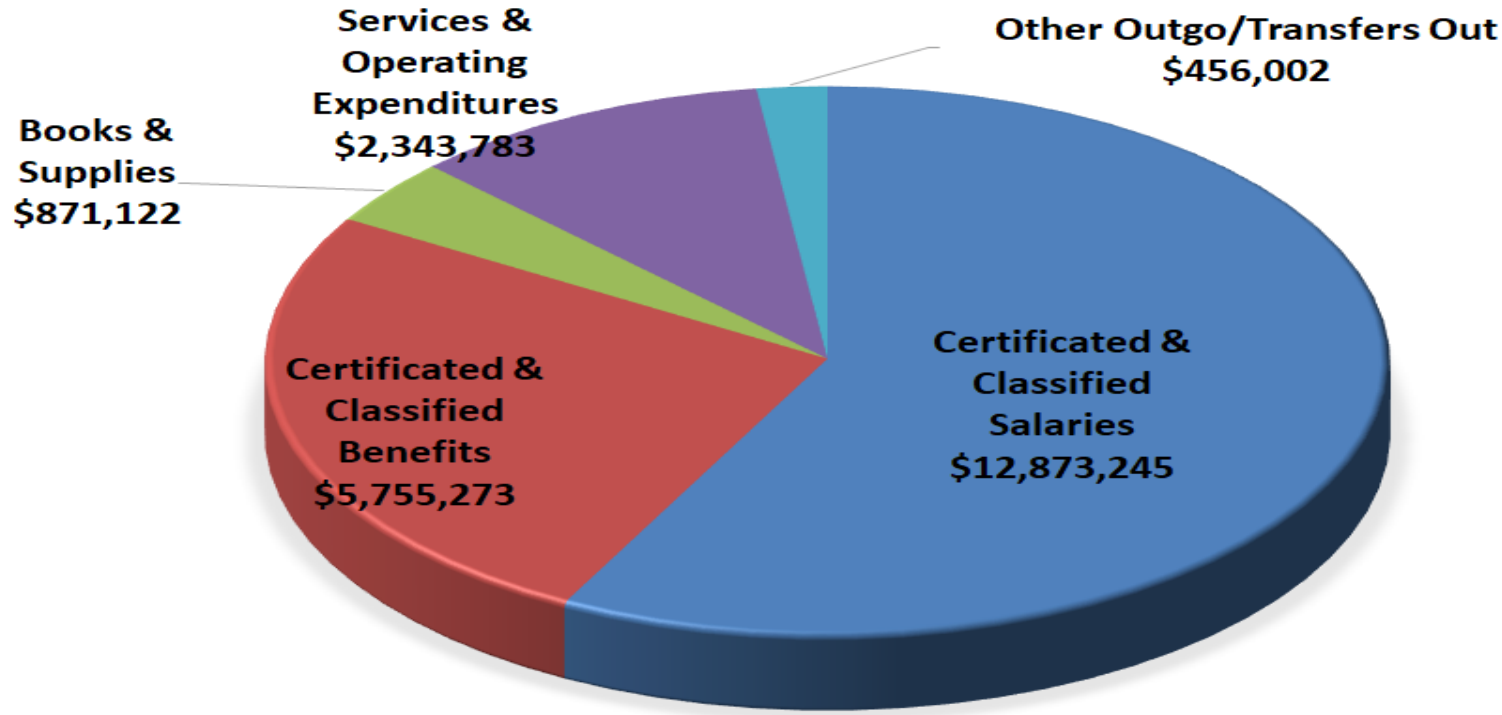


Expenditure Changes

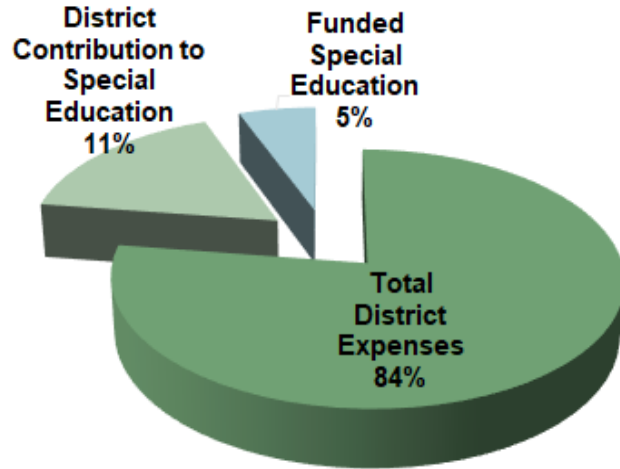
- Salary and Benefit changes adjusted to reflect actual staffing through January 31, 2022
- Adjustments to non staffing budgets to reflect current commitments and programs
- State categorical carryover of \$540,204 budgeted (restricted funds)



Expenditures



Special Education



SPECIAL EDUCATION PROGRAM COSTS, 2021-22

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 the federal and state governments' funding and the mandated costs for these vital student services. 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. During 2021-22, it is estimated that LCMSD will contribute **\$2,644,442** from the District's Unrestricted General Fund to cover the costs for Special Education.



2021-22 First Interim Revenue and Expenditure Summary

	Budget Adoption	First Interim	Second Interim
Total Revenues	\$ 21,899,682	\$ 22,764,501	\$ 22,981,824
Total Expenditures	<u>\$ 21,756,553</u>	<u>\$ 22,322,660</u>	<u>\$22,299,424</u>
Net Increase	\$ 143,129	\$ 441,842	\$ 682,400



LCFF GROWTH/COST INCREASES



2021-2022 SECOND INTERIM MULTI-YEAR PROJECTION

	2021-2022	2022-2023	2023-2024	2024-2025
Beg Balance	\$ 5,745,083	\$ 6,427,483	\$ 5,296,828	\$ 4,468,454
Revenues	\$ 22,981,824	\$ 22,472,457	\$ 23,152,253	\$ 23,780,698
Expenses	\$ 22,299,424	\$ 23,603,112	\$ 23,980,627	\$ 24,296,285
Net Inc/(Dec)	\$ 682,400	\$ (1,130,655)	\$ (828,374)	\$ (515,587)
Ending Balance	\$ 6,427,483	\$ 5,296,828	\$ 4,468,454	\$ 3,952,867
Reserve Level Prior to Commitment	26.40%	22.44%	18.63%	16.27%
Undesignated Ending Balance (Board Commitment Special)	\$ 312,000.00	\$ 312,000.00	\$ 312,000.00	\$ 312,000.00
Reserve Level After Board Commitments	24.99%	21.12%	17.33%	14.99%



2021-2022 SECOND INTERIM

MULTI-YEAR PROJECTION NO PARCEL TAX

	2021-2022	2022-2023	2023-2024	2024-2025
Beg Balance	\$ 5,745,083	\$ 6,427,483	\$ 5,296,828	\$ 4,468,454
Revenues	\$ 22,981,824	\$ 22,472,457	\$ 23,152,253	\$ 19,767,464
Expenses	\$ 22,299,424	\$ 23,603,112	\$ 23,980,627	\$ 24,296,285
Net Inc/(Dec)	\$ 682,400	\$ (1,130,655)	\$ (828,374)	\$ (4,528,821)
Ending Balance	\$ 6,427,483	\$ 5,296,828	\$ 4,468,454	\$ (60,367)
Reserve Level Prior to Commitment	26.40%	22.44%	18.63%	-0.25%
Undesignated Ending Balance (Board Commitment Special)	\$ 312,000.00	\$ 312,000.00	\$ 312,000.00	\$ 312,000.00
Reserve Level After Board Commitments	24.99%	21.12%	17.33%	-1.53%



Assumptions in 2021-22 Multi-Year Projections (Revenue)

- Property Tax Growth:
 - In 2021-22 a 3.82% property tax growth from previous year and a estimated 3.5% property tax growth in the out years (2022-23 through 2023-24)
 - Please note that 1% of property tax growth is approximately \$120K
 - The District is expecting property tax growth, but not at the levels experienced over the past years (pre-COVID)
- LCFF Revenue Assumptions: From 2021-22 through 2023-24
 - Significant decrease in ADA (201.6 since 2019-20) and then relatively flat enrollment. Due to the District's declining enrollment, the California Department of Education allows a district to use the highest ADA between current year and prior year P-2 attendance reporting
 - 96% ADA to enrollment
 - COLA to LCFF Base:

■ 2021-22	5.07%
■ 2022-23	5.33%
■ 2023-24	3.61%



Assumptions in 2021-22 Multi-Year Projections (Revenue)

- SPARK contribution projected at \$1,209,106 for 2021-22 and \$1,250,000 for 2022-23 and 2023-24
 - Subject to change dependent on fundraising
- Lottery Revenues funded from 2021-22 through 2023-24
 - 2021-22 \$169.72 per ADA (unrestricted) & 73.63 per ADA (restricted)
 - 2022-23 \$163 per ADA (unrestricted) & 65 per ADA (restricted)
 - 2023-24 \$163 per ADA (unrestricted) & 65 per ADA (restricted)
- Mandated Block Grant funded from 2021-22 through 2023-24
 - 2021-22 \$32.79 per ADA
 - 2022-23 \$34.54 per ADA
 - 2023-24 \$35.79 per ADA



Assumptions in 2021-22 Multi-Year Projections (Revenue)

- Federal Revenue Reduction of 12% from 2021-22 through 2023-24 (for Title I-IV)
 - Addition of one-time ESSER III funding 2021-22
- Special Education Funding Flat funded from 2021-22 through 2023-24
 - Addition of one-time Special Ed. Mental Health/remediation funding
- Parcel tax projected at current number of parcels with 5% escalation from 2020-21 through 2023-24 (current parcel tax expires June 30, 2024)
- Lease revenue based upon current signed leases (2021-22) through 2022-23
- Local revenue based upon current budget (2021-22) through 2022-23



Assumptions in 2021-22 Multi-Year Projections (Expenditures)

- Staffing assumptions:
 - Step and Column included
 - 2021-22 2.25% increase on salary schedule
 - 2022-23 2.25% increase on salary schedule
 - Staffing included in 2021-22 based on needs as of January 31, 2022
 - Benefit changes due to approved tentative agreement
 - Health and Welfare Cap \$11,000, 2021-22
 - Health and Welfare Cap \$11,250, 2022-23



Assumptions in 2021-22 Multi-Year Projections (Expenditures)

- STRS and PERS Rates: Based on the current enacted legislation and budget adoption
 - STRS: 16.92% in 2021-22, 19.1% in 2022-23, 19.1% 2023-24
 - PERS: 22.91% in 2021-22, 26.1% in 2022-23, 27.1% 2023-24
- Operational expenditures based on the current rates, contracts, agreements, MOU's, etc.
 - Reduction of professional development budget by \$140,000 in 2021-22
 - One-time funding expenditures incorporated for 2021-22 through 2023-24



Challenges

- Revenues and enrollment
 - Property tax rate trends still unknown due to COVID-19
 - Significant enrollment decline due to COVID-19
 - Unknown full impact of COVID-19 on the economy and how long it will last
- Special Education costs continuing to increase
- Multi Year Projections: develop financial projections and contingency plans accordingly to meet the state/federal/local requirements
- Increase in employer contributions toward STRS & PERS
- Reserve level: districts are advised to maintain reserves much greater than the state-required minimum
- Deficit budgeting



Celebrations

- Parcel tax
- SPARK Foundation
- PTA/PTO
- In-Person Instruction during the COVID-19 pandemic
- COVID response grounded in equity, science, local/state health guidelines
- LCAP focus on equity, achievement, and wellness
- Programs far beyond state requirements
- New and modernized facilities



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