

KENTFIELD SCHOOL DISTRICT

2020-21 PROPOSED BUDGET BUDGET ADOPTION

JUNE 23, 2020

Board of Trustees

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SUMMARY

California law requires that school districts take certain prescribed actions in the adoption of the annual operating budget. Aside from assuring that governing boards will review the Proposed Budget in an orderly fashion, the statutes are intended to afford the community an opportunity to review and comment on the spending plan for the school district.

This document is intended to provide the School Board of Trustees, staff and community with information on the 2020-21 Proposed Budget of the Kentfield School District. This year's budget is within the context of a "workload" budget, in which "business as usual" is the major assumption. The budget also considers all state reductions presented on the Governor's May Revision. Administration will continue to monitor all developments related to the COVID-19 Pandemic and make any necessary budget adjustments as the year progresses. According to State Education Code, if significant changes occur in the final State budget adopted by the Legislature and signed by the Governor, a new district budget will be presented to the Board within forty-five (45) days. Otherwise, the next time the budget will be presented to the Board will be the First Interim report, December 2020.

Once the School Board of Trustees adopts the Proposed Budget it becomes the District's Adopted Budget. Subsequent revisions will be made to the Adopted Budget, as necessary, throughout the 2020-21 fiscal year. The California Department of Education (CDE) and Marin County Office of Education (MCOE) require the District to update its budget twice a year. The First Interim Reporting Period reflects updates to the Adopted Budget as of October 31. The second update, or Second Interim Reporting Period, reflects updates as of January 31.

Budget Certification

The state requires that each district submit their budget report with one of the following certifications:

- Positive: the district will be able to meet its financial obligations for the current and subsequent two fiscal years.
- Qualified: the district will be able to meet its financial obligations for the current year and may not be able to meet its financial obligations for the subsequent two fiscal years
- Negative: the district will not meet its financial obligations for the current and the subsequent two fiscal years.

It is recommended that the budget be submitted with a **positive** certification.

ASSUMPTIONS

The following are some of the major assumptions in this budget:

- The projected enrollment for 2020-21 is 1,124 with an attendance rate of 96.0%, approximately 1,079.04 average daily attendance (ADA).
- There is a 4.0% increase in Property Tax revenue for 2020-21. The Multi-Year Projection (MYP) includes an estimate of 2.5% increase in 2021-21 and a 2.5% increase in 2022-23. Subsequent years include conservative projections due to COVID-19 uncertainties.
- The Parcel Tax rate is \$1,542.94 per parcel for 2020-21 and increases by 3.0% in each of the following two years to \$1,589.23 in 2021-22 and \$1,636.91 in 2022-23. Kentfield School District has approximately 2,900 tax paying parcels.
- Kentfield Schools Foundation continues to support the Kentfield School District with a generous contribution and has committed to provide the District with their annual contribution of \$1,000,000.
- The Kentfield Schools Parent Teacher Association continues to support the Kentfield School District with a preliminary grant of \$65,000 for 2020-21.
- State Unrestricted Lottery funding is projected at \$135.90 and State Restricted Lottery is projected at \$47.70 per ADA. This reflects a reduction of 10.0%.
- Mandated Cost reimbursements are budgeted at \$28.96 per Average Daily Attendance (ADA). The Governor's May Revision included a 10.0% reduction for state sponsored programs. This amount reflects this reduction.
- The Special Education Program Cost of Living Adjustment (COLA) is 2.31%, however COLA funding for the Special Education Program is not recognized.
- The Kentfield School District will qualify for Federal Programs including Title I and for the budget year, 2020-21 includes additional funding of \$24,404 from the Federal CARES Act.
- Employee salary increases are reflected in the 2020-21 Proposed Budget including an across the board increase of 2.5%.
- Costs of salaries and benefits due to step and column changes are included as well.
- The state's May Revision includes a subsidy to CalSTRS rate. It is anticipated the CalSTRS rate to decrease from 18.41% to 16.15% in 2020-21 and from 18.2% in 2021-22 to 16.02%.
- The anticipated CalPERS rate on qualifying classified payroll would be reduced from 22.67% to 20.70% in 2020-21 and from 25.0% to 22.84% in 2021-22.

- The District health and welfare contributions are capped at \$1,565.80 per month for for employee plus one dependent.
- The rates for OASDI, Medicare and State Unemployment are 6.20%, 1.45% and .05% respectively for all qualified payroll amounts. Workers' Compensation rate is anticipated to remain at the same level of 1.038% for all covered salaries.
- Special Education revenue is based on projections from the Special Education Local Plan Areas (SELPA) allocation plan. The Marin Pupil Transportation Agency (MPTA) does not budget for any State entitlement and is therefore funded by revenues form member districts.

REVENUE

LOCAL CONTROL FUNDING FORMULA (LCFF)

The Local Control Funding Formula (LCFF) is the primary source of revenue for school districts in the state of California. Most California school districts' LCFF consist of state aid and property tax collections, with a maximum LCFF allocation based on average daily attendance multiplied by a per student amount. Due to high property values within the District's boundaries, the Kentfield School District is known as a "community funded" district. Being a community funded district means that the property tax collections exceed the amount that would be received based on the State's calculation using average daily attendance multiplied by a per student amount. The California State Constitution requires that the state provide a minimum allocation, or "basic aid," for public education and since 1958 the minimum support level has been \$120 per average daily attendance. However, in the 2013-14 State budget, the \$120 per average daily attendance amount was taken away from all community funded districts. Now, this "basic aid" minimum state support comes to the District within the Education Protection Account. The District receives \$200.00 per average daily attendance through the Education Protection Account to satisfy the State's responsibility. This "basic aid" state allocation has been reduced by 10.0% to account for the state's reductions for all state districts.

FEDERAL REVENUE

Federal Revenue is provided to school districts from the federal government. For Kentfield School District, this source of income is 2.0% of the total revenues. These funds are all categorical and are restricted in their use. Title I funds will be used for academic intervention, Title II for staff professional development, and Title III for English language development. In 2020-21, federal revenue is projected to be \$299,882.

OTHER STATE REVENUE

Other State Revenue includes funding from the California Lottery Program and the State's Mandated Block Grant.

LOCAL REVENUE

Local Revenue contains all the revenues that are not derived from Federal or State sources. The two primary sources of local revenue are the parcel tax and the Kentfield School Foundation, which combined contribute \$5,993,444 to total revenue. These two revenue streams make up 32.0% of total District revenue, more than State and Federal revenues combined.

OTHER FINANCING SOURCES

Other Financing Sources consists of interfund transfers between two or more of the Districts various Funds.

EXPENDITURES

CERTIFICATED SALARIES

Certificated Salaries are salaries for services that require a credential or permit issued by the Commission on Teacher Credentialing. Included in this classification are teachers, school administrators, librarians, psychologists, nurses and superintendents. For the 2020-21 fiscal year, certificated salaries are projected at \$8,790,871; 49.4% of General Fund expenditures.

CLASSIFIED SALARIES

Classified Salaries are salaries for services that do not require a credential or permit issued by the Commission on Teacher Credentialing. Included in this classification are instructional aide, managers, clerical, maintenance and operation positions. For the 2020-21 fiscal year, classified salaries are projected at \$2,249,183; 12.6% of General Fund expenditures.

EMPLOYEE BENEFITS

Employee Benefits are employers' contributions to retirement plans and health and welfare benefits for employees, their dependents and retired employees. Included in this classification are payments to the State Teachers Retirement System (STRS), Public Employees Retirement System (PERS), Social Security, medical, dental and vision plans, State Unemployment Insurance and Workers' Compensation. In the 2020-21 fiscal year, employee benefits are projected at \$4,056,681; 22.8% of General Fund expenditures.

BOOKS AND SUPPLIES

Books and Supplies contains all expenditures for books, supplies and other noncapitalized property including taxes, freight and handling charges. Included in this category are textbooks, books other than textbooks, supplies, food service supplies and noncapitalized equipment. In the 2020-21 fiscal year, books and supplies are projected at \$730,904; 4.1% of General Fund expenditures.

SERVICES AND OTHER OPERATING EXPENDITURES

Services and Other Operating Expenditures contain all expenditures for services, leases, contracts, insurance and utilities. Included in this category are personal service contracts, travel and conference expenditures, dues and memberships, insurance, utilities, rentals, repairs, legal services and postage. In the 2020-21 fiscal year, services and other operating expenditures are projected at \$1,340,081; which is 7.5% of General Fund expenditures.

CAPITAL OUTLAY

Capital Outlay contains all expenditures for sites, buildings, equipment, and leases with option to purchase. Included in this category are improvements of old sites, buildings and improvement of buildings and equipment.

OTHER OUTGO

Other Outgo contains expenditures for interdistrict agreements, regional occupation center or program agreements, payments to non-public schools, interfund transfers out, and all other transfers out. Included in this category are tuition payments to school districts and county offices, special education excess costs or deficits, debt service and bond redemption. In the 2020-21 fiscal year, other outgo is projected at \$635,659.00; 3.6% of General Fund expenditures.

SUMMARY

The budget for Kentfield School District for 2020-21 includes all known revenues and expenditures and is based on information from the County, State and District resources. The 2020-21 Proposed Budget has a projected Ending Balance of \$1,268,410. This level of ending balance provides for a Reserve for Economic Uncertainties at the State Required 3.0% of total expenditures. Any unforeseen needs or requirements created by COVID-19 will require expenditure reductions to ensure fiscal solvency.

PROPOSED BUDGET AND TWO-YEAR PROJECTION

Kentfield School District General Fund 01	2nd Interim Budget	Proposed Budget	Year I Projection	Year II Projection
	<u>2019-2020</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Revenues				
LCFF Sources	913,868	780,932	780,932	780,932
Property Taxes	9,499,726	9,953,379	10,196,134	10,444,958
Federal Sources	252,971	299,882	262,555	262,555
State Sources	441,687	316,720	269,455	269,455
CalSTRS On-Behalf	798,853	884,301	928,516	974,942
Parcel Taxes	4,474,526	4,608,762	4,747,025	4,889,436
Kentfield Schools Foundation	1,594,227	1,096,500	1,000,000	1,000,000
Local Sources	405,163	288,182	311,441	312,719
Special Education - SELPA Allocation	601,804	577,123	577,123	577,123
Total Revenues	18,982,825	18,805,781	19,073,181	19,512,120
Expenditures				
Certificated Salaries	9,227,976	8,790,871	8,930,385	9,064,019
Classified Salaries	2,393,191	2,249,183	2,286,760	2,323,484
Benefits				
CalSTRS	1,559,342	1,398,387	1,431,411	1,641,362
CalPERS	396,831	418,104	423,060	429,406
Health & Welfare	1,668,213	1,680,131	1,820,130	1,989,375
Statutory	554,282	560,059	552,855	539,046
CalSTRS On-Behalf	798,853	884,301	928,516	974,942
Books & Supplies	733,912	730,904	688,024	674,219
Operating Costs	1,418,827	1,340,082	1,272,202	1,282,362
Capital Outlay	456,500	96,500	-	-
Other Outgo	544,525	635,659	656,812	691,908
Total Expenditures	19,752,452	18,784,181	18,990,155	19,610,123
Excess/(Deficit)	(769,627)	21,600	83,026	(98,003)
Beginning Balance	2,016,437	1,246,810	1,268,409	1,351,435
Ending Balance	1,246,810	1,268,410	1,351,435	1,253,432
Components of Ending Balance				
Revolving Cash	700	700	700	700
Reserves (State Required Reserve 3%)	592,574	563,525	569,705	588,304
Reserves (District Designated 2%)	395,049	375,684	379,803	392,202
Special Education	100,000	100,000	100,000	100,000
Undesignated Reserves	158,487	228,500	301,227	172,228
	<u>1,246,810</u>	<u>1,268,409</u>	<u>1,351,435</u>	<u>1,253,434</u>
% Reserve Level	6.31%	6.75%	7.12%	6.39%

OTHER FUNDS

2020-2021 Proposed Budget Other Funds	Deferred Maintenance Fund 14	Measure D GO Bond Fund 22	Developer Fees Fund 26	Kent Gym Fund 27	Capital Outlay Fund 40
Revenues					
Local Sources	100	5,000	20,500	1,300	15,100
Total Revenues	100	5,000	20,500	1,300	15,100
Expenditures					
Certificated Salaries	-	-	-	-	-
Classified Salaries	-	-	-	-	-
Benefits	-	-	-	-	-
Materials & Supplies	-	270,000	-	1,300	3,630
Operating Costs	2,000	81,600	20,000	-	495,000
Capital Outlay	-	1,275,500	-	-	-
Other Outgo	-	-	-	-	-
Total Expenditures	2,000	1,627,100	20,000	1,300	498,630
Excess/(Deficit)	(1,900)	(1,622,100)	500	-	(483,530)
Beginning Balance	3,618	2,401,051	19,099	101,740	896,527
Ending Balance	1,718	778,951	19,599	101,740	412,997

Fund 14: Deferred Maintenance fund is used exclusively for deferred maintenance projects.

Fund 22: Measure D General Obligation Bond projects for Kent Middle School and Bacich Elementary School.

Fund 26: The Developer Fees Fund is limited to enrollment growth related expenses. The District will impose a rate for both residential and commercial/industrial construction that is supported by a developer fee study which meets Government and Education Codes. Developer fees are collected and shared as agreed with the Tamalpais Union High School District.

Fund 27: The Kent Middle School Gym Fund is utilized for purposes of ongoing maintenance of the gym.

Fund 40: The activity in the Special Reserve Fund (also known as Grant Grover) is limited to expenditures directly related to capital improvements as approved by the Board of Trustees.