

Larkspur-Corte Madera School District

First Interim 2022-23

Paula Rigney, Chief Business Official

December 14, 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.

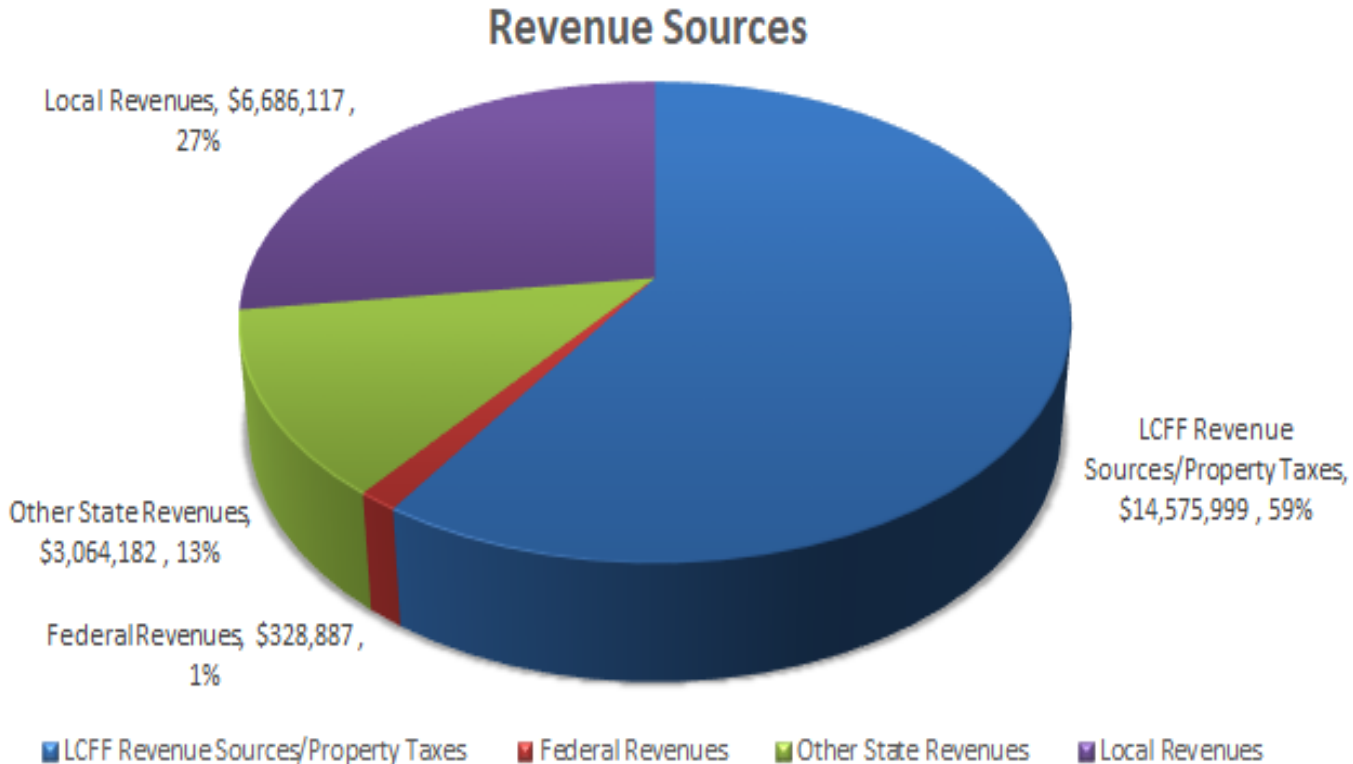


Declining Enrollment

Enrollment vs. ADA



Revenue Sources

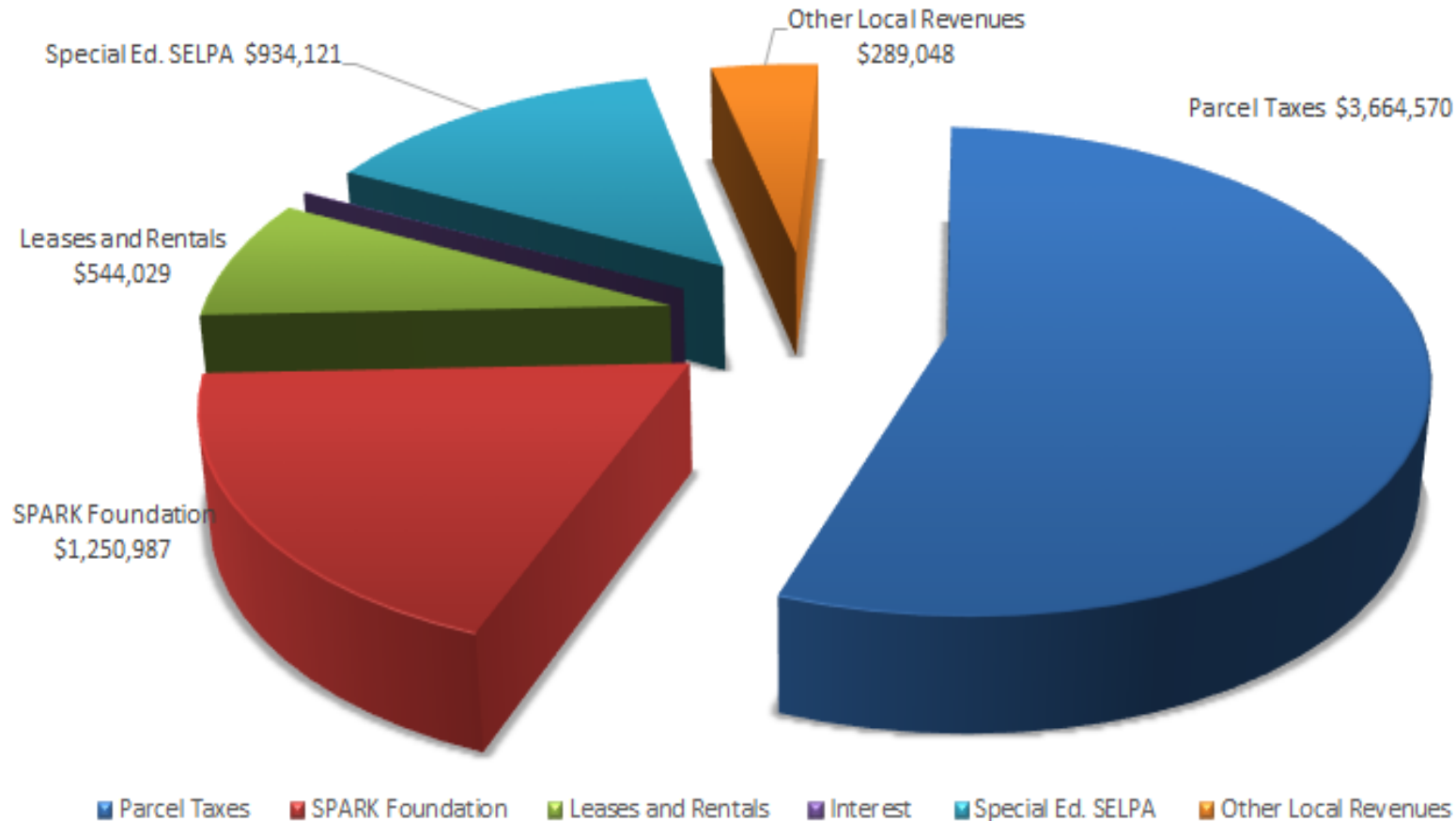


Revenue Changes

Revenue Source: Combined Unrestricted & Restricted	Budget Adoption	First Interim	Total Change
Property Tax/LCFF Limit Sources increase in LCFF funding	\$14,313,569	\$14,575,999	\$ 262,430
Federal Revenues (Special Ed., Title I-III, LLM funds) increase in Learning Loss Mitigation funds	\$ 320,396	\$ 328,887	\$ 8,491
Other State Revenues (Lottery, Special Ed., ESSER) increase in STRS/PERS "on-behalf" accounting and ESSER (one-time ELO Grant, 2021 EE Grant)	\$ 1,616,093	\$ 3,064,182	\$1,448,089
Other Local Income (Leases/Rentals, Fees, County Special Ed., Grants)	\$ 5,379,973	\$ 5,435,130	\$ 55,157
Foundation	\$ 1,245,906	\$ 1,250,987	\$ 5,081
Total Revenues	\$22,875,938	\$24,655,185	\$1,779,247



Local Revenue



Expenditure Changes

Expenditure Source: Combined Unrestricted & Restricted	Budget Adoption	First Interim	Total Change
Certificated & Classified Salaries actual placement as of October 2021	\$13,435,135	\$13,163,753	\$(-) 271,382
Certificated & Classified Benefits actual expenses as of October 2022/Addt. Of STRS/PERS on-behalf"	\$ 6,222,395	\$ 6,178,851	\$(-) 43,544
Books & Supplies Addition Of carry-over, one-time funding and program needs	\$ 459,852	\$ 648,821	\$ 188,969
Services & Operating Expenditures Addition Of carry-over, one-time funding and program needs	\$ 2,698,565	\$ 3,313,348	\$ 614,783
Other Outgo/Transfers Out	\$502,650	\$ 542,727	\$ 40,077
Total Expenditures	\$23,318,595	\$23,847,499	\$ 528,904

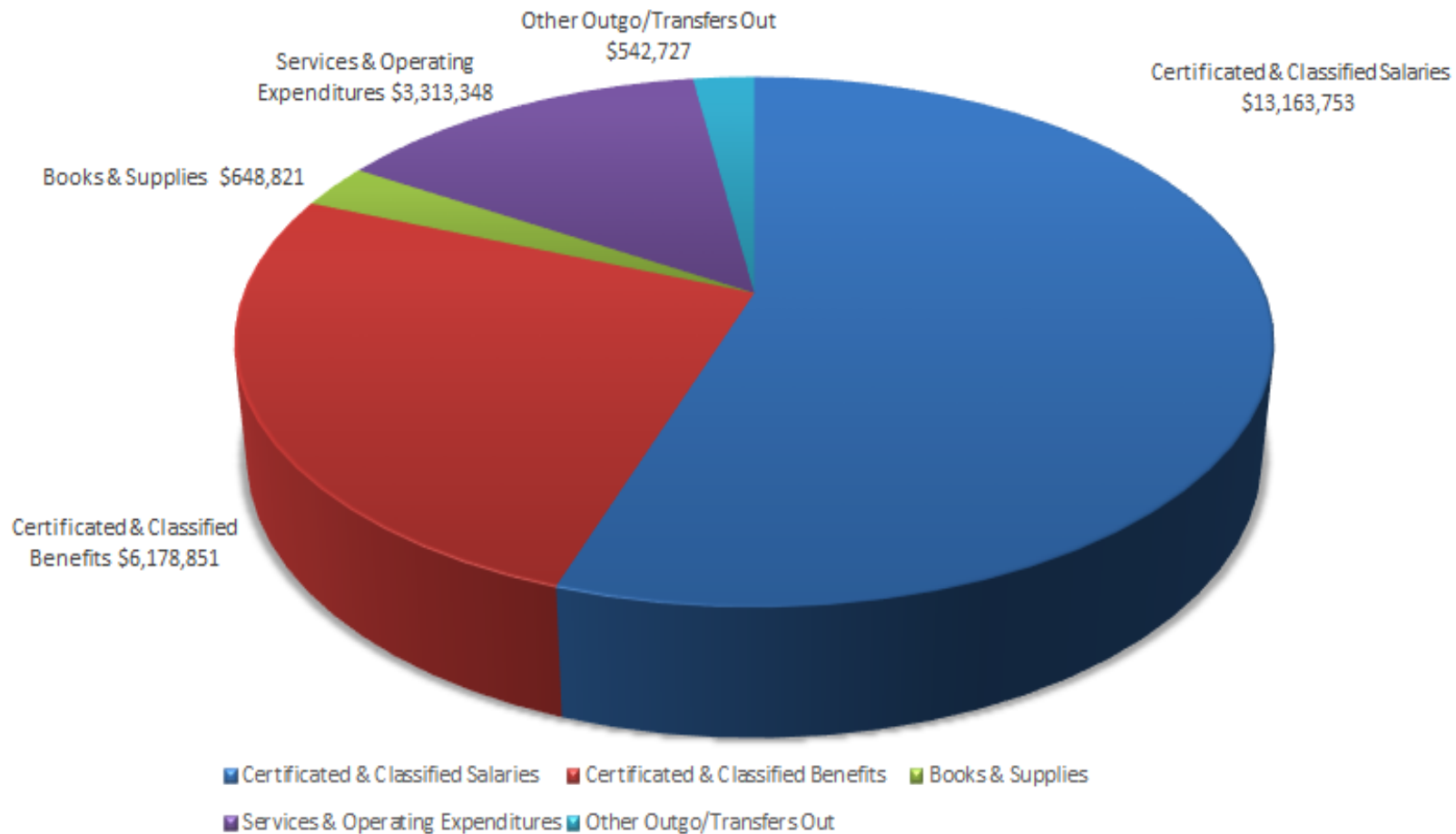


Expenditure Changes

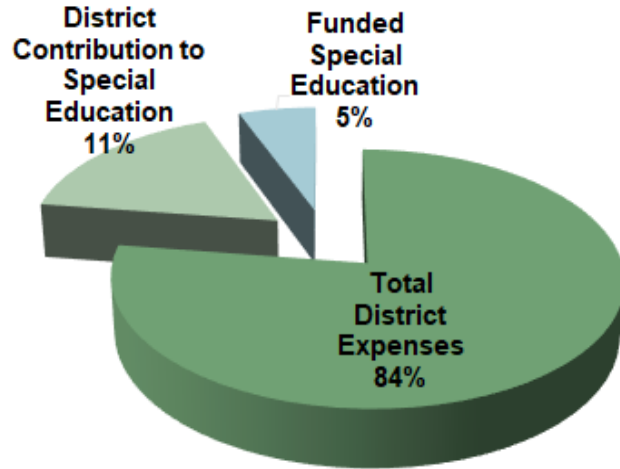
- Salary and Benefit changes adjusted to reflect actual staffing through October 31, 2022
- Adjustments to non-staffing budgets to reflect current commitments and programs
- State categorical carryovers budgeted (restricted funds)



Expenditures



Special Education



SPECIAL EDUCATION PROGRAM COSTS, 2022-23

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 2022-23, it is estimated that LCMSD will contribute **\$2,809,465.28** from the District's Unrestricted General Fund to cover the costs for Special Education.



2022-23 First Interim Revenue and Expenditure Summary

	Budget Adoption	First Interim
Total Revenues	\$ 22,875,938	\$ 24,655,185
Total Expenditures	<u>\$ 23,318,595</u>	<u>\$ 23,847,499</u>
Net Increase	\$ -442,657	\$ 807,687



LCFF GROWTH/COST INCREASES



2022-203 FIRST INTERIM				
MULTI-YEAR PROJECTION				
	2022-2023	2023-2024	2024-2025	2025-2026
Beg Balance	\$ 7,048,149	\$ 9,638,094	\$ 7,644,052	\$ 7,219,252
Revenues	\$ 24,655,185	\$ 23,964,474	\$ 24,560,930	\$ 25,315,882
Expenses	\$ 23,847,499	\$ 25,958,516	\$ 24,985,730	\$ 25,390,323
Net Inc/(Dec)	\$ 783,967	\$ (1,994,042)	\$ (424,800)	\$ (74,441)
Ending Balance	\$ 7,832,116	\$ 7,644,052	\$ 7,219,252	\$ 7,144,811
Reserve Level Prior to Commitment	32.84%	29.45%	28.89%	28.14%
Undesignated Ending Balance (Board Commitment Special)	\$ 312,000.00	\$ 312,000.00	\$ 312,000.00	\$ 312,000.00
Reserve Level After Board Commitments	31.53%	28.25%	27.64%	26.91%

Assumptions in 2022-23 Multi-Year Projections (Revenue)

- Property Tax Growth:
 - In 2022-23 a 5.28% property tax growth from previous year and a estimated 4.0% property tax growth in the out years (2022-23 through 2024-25)
 - Please note that 1% of property tax growth is approximately \$127K
- LCFF Revenue Assumptions: From 2022-23 through 2024-25
 - Significant Decrease in ADA (268.8 since 2019-20) and projecting relatively flat enrollment from this point on. Due to district's declining enrollment, the California Department of Education allows a district to use the highest ADA between three methods: current year and prior year P-2 attendance reporting, the average ADA for the past three years and/or the highest ADA percentage factor.
 - 96% ADA to enrollment
 - COLA to LCFF Base:
 - 2022-23 6.56% plus COLA to LCFF specific for each grade span
 - 2023-24 5.38%
 - 2024-25 4.02%



Assumptions in 2022-23 Multi-Year Projections (Revenue)

- SPARK contribution projected at \$1,250,987 for 2022-23 through 2024-25
 - Subject to change dependent on fundraising
- Lottery Revenues funded from 2022-23 through 2024-25
 - 2022-23 \$170 per ADA (unrestricted) & \$67 per ADA (restricted)
 - 2023-24 \$170 per ADA (unrestricted) & \$67 per ADA (restricted)
 - 2024-25 \$170 per ADA (unrestricted) & \$67 per ADA (restricted)
- Mandated Block Grant funded from 2022-23 through 2024-25
 - 2022-23 \$34.94 per ADA
 - 2023-24 \$36.82 per ADA
 - 2024-25 \$38.30 per ADA



Assumptions in 2022-23 Multi-Year Projections (Revenue)

- Federal Revenue Estimated Reductions of 12% from 2022-23 through 2024-25 (for Title I-IV)
- Special education flat funded from 2022-23 through 2024-25
 - Addition of one-time special ed. mental health/remediation funding
- Parcel tax projected at current number of parcels with 5% escalation from 2022-23 through 2024-25 (current parcel tax expires June 30, 2032)
- Lease revenue based upon current signed leases 2022-23 through 2024-25
- Local revenue based upon current budget 2022-23 through 2024-25



Assumptions in 2022-23 Multi-Year Projections (Expenditures)

- Staffing assumptions:
 - Step and Column included
 - 2022-23 2.25% increase on salary schedule
 - 2023-24 0.0% increase on salary schedule
 - 2024-25 0.0% increase on salary schedule
 - Staffing included in 2022-23 based on staffing needs as of October 31, 2022
 - Benefit changes due to approved tentative agreement
 - Health and Welfare Cap \$11,250, 2022-23 through 2024-25



Assumptions in 2022-23 Multi-Year Projections (Expenditures)

- STRS and PERS Rates: Based on the current enacted legislation and budget adoption
 - STRS: 19.1% in 2022-23, 19.1% in 2023-24, 19.1% 2024-25
 - PERS: 25.37% in 2022-23, 25.20% in 2023-24, 24.60% 2024-25
- Operational expenditures based on the current rates, contracts, agreements, MOU's, etc.
 - One-time funding expenditures incorporated for 2022-23 through 2024-25



Challenges

- Revenues and enrollment
 - Property tax rates trends still unknown due the current state of the world/national economy
 - Significant enrollment decline since COVID-19
- Special Education costs continuing to increase
- Multi Year Projection: 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
- Competitive local salaries



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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