



MARIN COUNTY

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January 14, 2022

David Riedel, Board President
Kentfield School District
750 College Avenue
Kentfield, CA, 94904

Dear Mr. Riedel,

Our office has completed its review of the Kentfield School District's first interim budget report for 2021-22, in compliance with the provisions of Education Code 42131(a)(2). The Governing Board approved the budget with a positive certification that the district will be able to meet its financial obligations for the current and subsequent two (2) years.

The Code requires the County Superintendent to approve or change interim report certifications after examining the report to determine if it complies with the standards and criteria established pursuant to Education Code 33127 and to determine if the first interim budget will allow the district to meet its financial obligations during the current fiscal year and is consistent with a financial plan that will enable the district to satisfy its multi-year financial commitments.

Based upon our review, the Board's POSITIVE certification of the first interim budget report has been approved.

2022-23 GOVERNOR'S BUDGET PROPOSAL

On January 10th, the Governor released his 2022-23 budget proposal with an increase of \$16.2 billion in Proposition 98 funding for schools, for a total of \$102 billion. California's economy has continued to outpace all expectations and the Governor's 2022-23 budget proposal is able to provide an ongoing increase in education funding as well as take advantage of considerable one-time funds.

The Governor's 2022-23 budget proposes a 5.33% cost of living adjustment (COLA) to the Local Control Funding Formula (LCFF) and all other K-12 education programs that are statutorily adjusted for COLA including special education and pre-school. Special education base funding is also augmented by an additional \$500 million, and funding is calculated at the local educational agency (LEA) level instead of the Special Education Local Plan Area (SELPA) level. The Governor's proposal recognizes the hardship of a statewide decline in student enrollment and proposes increasing ongoing funding by \$1 billion to fund attendance on the better

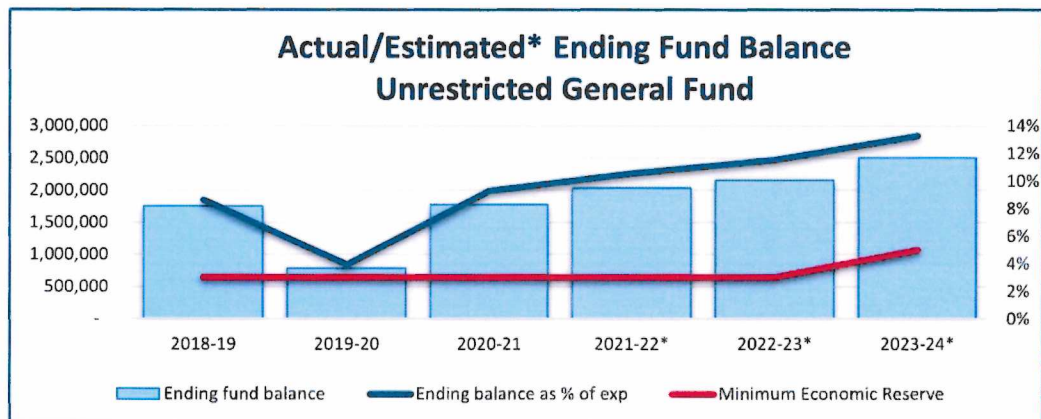
of current year, prior year, or a three-year average. The budget proposal also recognizes the need for greater flexibility in attendance accounting to allow for virtual learning as the pandemic has continued to disrupt in-person learning.

Last year's 2021-22 budget act introduced three (3) new programs with the intent to provide full funding gradually over the course of several years as conditions allow. The Governor's budget proposes funding to implement these programs in 2022-23, increasing ongoing funding for the Expanded Learning Opportunities Program by \$3.4 billion, fully funding the Universal Meals program with \$650 million, and the phase-in of transitional kindergarten by \$640 million while allocating an additional \$383 million in Proposition 98 funding to fund the cost of reducing the student to staff ratio. The Governor is additionally proposing using one-time revenues for one-time grants. Over the next several months more information will be forthcoming as the Legislature weighs in on the Governor's proposal. Although the Governor's Budget proposal uses one-time funds for one-time spending commitments, the one-time nature of these funds is very challenging for school districts to manage as they do not readily support existing and ongoing programs.

BUDGETARY POSITION FOR KENTFIELD SCHOOL DISTRICT

The district's first interim budget and multi-year projection reflects a stable budgetary ending balance when compared to the adopted budget and meets the minimum required reserve requirement for the current and both subsequent years.

The following graph depicts the district's estimated ending balance as reported in the first interim budget and multi-year projection for the unrestricted general fund with both the state required minimum reserve and the district's actual reserve as a percentage of total general fund expenditures.



SALARY SETTLEMENTS

The district has not settled negotiations for the unrepresented classified unit. If this should change, Government Code 3547.5 requires the district to publicly disclose costs related to any bargaining agreement prior to approval. Please provide a Disclosure of Collective Bargaining Agreement and multiyear projection to our office ten (10) working days prior to Board approval.

RESERVES

The district maintains the state-required minimum reserve for economic uncertainty of 3% in the current and two (2) subsequent years. In addition, we note the district maintains a Board reserve for economic uncertainty of 2% for a total reserve of 5% in all three (3) years of the budget and multi-year projection. All school districts, whether state aid or community funded, are well advised to establish higher than minimum reserves in order to provide for the financial flexibility to absorb unanticipated expenditures without significant disruption to educational programs, cash flow deferrals and general economic uncertainties. Higher than minimum reserves allow the district to better ensure a consistent and stable program offering for students.

CONCLUSION

We thank district staff for the timely submission of the first interim budget using the statutorily required forms and responsiveness to the requests for information made in the course of our technical review. A complete listing of any technical corrections and recommendations has been sent directly to your district business official.

We appreciate your dedication and service to the children of Marin County. Your attention to good fiscal stewardship ensures the children of Marin County will continue to experience quality education now and in the future. If you have any questions, please do not hesitate to contact me at 415-499-5822.

Sincerely,

MARY JANE BURKE
Marin County Superintendent of Schools



KATE LANE
Assistant Superintendent

cc: Raquel Rose, Superintendent
Kirsten Starsiak, Chief Business Official