

Kentfield School District

Objective: M.2.a Consider the approval of the 2nd Interim Budget and Positive Financial Certification

LCAP/Strategic Plan Goal Alignment:

- LCAP Goal III Maintain a balanced budget and well-maintained facilities to optimize teaching and learning for our school community

Background:

Education Code Section 42130 requires that districts prepare two interim financial reports and projections during the fiscal year. The Board of Education is required to file one of three certifications with the County Office of Education for each interim report.

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

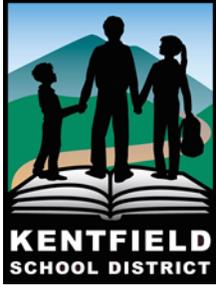
The Second Interim report, based on January 31 financial data is due to the Marin County Office of Education by March 15, 2022. The report requires Board approval to be finalized.

Financial Impact:

The Second Interim report and multi-year projection show that the District will be able to meet all of its financial obligations for the current and subsequent two years. A positive certification can be filed.

Recommendation:

It is recommended that the Board of Education approve the Second Interim Financial Report for 2021/22 with a Positive Certification.



Kentfield School District

Fiscal Year 2021 -2022
Operating Budget & Financial Information

Second Interim Budget
July 1, 2021 – January 31, 2022

Board of Trustees

Davina Goldwasser

Sarah Killingsworth

Heather McPhail Sridharan

David Riedel

Annie Su

Raquel Rose, Superintendent

March 8, 2022

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KENTFIELD SCHOOL DISTRICT
2021-2022 Second Interim Budget Narrative

Education Code Section 42130 requires school districts prepare two interim financial reports each year. The first interim report is due on or before December 15 for the period ending October 31. The second interim report is due March 17 for the period ending January 31. The intent of these reports is to provide an 'early warning' to indicate whether a district can meet its current or future years' financial obligations. The district is required to file one of the following certifications based on these projections:

Positive: The district will meet financial obligations for the current and two subsequent fiscal years.

Qualified: The district may not meet financial obligations for the current or two subsequent fiscal years.

Negative: The district will be unable to meet financial obligations for the current of two subsequent fiscal years.

The Second Interim Report for the 2021-22 fiscal year satisfies the requirement for the Kentfield School District which indicates the district will meet the current and two subsequent years financial commitments for a **Positive** certification. The following report reflects the most current assumptions based on the Local Control Funding Formula (LCFF) and Kentfield School District Local Control Accountability Plan (LCAP) and includes the district's financial position and projections as of January 31, 2022. The summary provided below indicates the net change by major object code since November.

LCFF	\$ -
Federal	\$ 49,520
State	\$ -
Local	\$ 9,377
INCREASE (DECREASE) in REVENUES	\$ 58,897
B. EXPENDITURES	
Certificated	\$ (6,800)
Classified	\$ -
H&W Benefits	\$ (26,463)
Supplies	\$ 109,172
Services	\$ 50,569
Capital Outlay	\$ -
Other Outgo	\$ 9,230
INCREASE (DECREASE) in EXPENSES	\$ 135,708
REVISED NET INCREASE (DECREASE) UNRESTRICTED	\$ (76,811)
PREVIOUS INCREASE (DECREASE)	\$ -
	\$ (76,811)

The combined Unrestricted and Restricted fund balance was \$2,045,477 and reflects an updated amount of \$2,052,052. As noted in the table above, the decrease in unrestricted fund balance was due to adjusting to estimated actuals.

Budget Updates

2021-2022 Total Revenues \$19,162,866

LCFF, Local Property Taxes, Education Protection Account (EPA)

There were no changes based on the most current information provided by the Marin County Office of Education and the County Treasurers Office.

Federal revenues updates as follows:

<i>Program</i>	<i>Resource</i>			
	<i>Code</i>	<i>1st Interim</i>	<i>2nd Interim</i>	<i>Difference</i>
Title I	3010	\$ 31,194	\$ 82,161	\$ 50,967
Title II	4035	\$ 21,678	\$ 20,231	\$ (1,447)
		\$ 52,872	\$ 102,392	\$ 49,520

Other State Revenues, no changes

Local Revenues, including parcel tax revenues increased \$9,377 due to revenues generated from facilities use. Property tax and local funding sources are a critical component making up 85% of the total revenue budget.

2021-2022 Total Expenditures \$19,392,981

The expenditure budget increased \$270,462. Salaries and benefits account for 83% of the expenditure budget, 5% is budgeted for supplies, 10% for services and the remaining 3% on leases and student supports. Noted below are budget changes since First Interim reporting period:

Certificated Salaries

Misc/Adjust to Actual	\$ (6,800)
	\$ 2,800

Benefits

PERS/STRS	\$ (1,152)
Health	\$ (255)
Adj OPEB to Actual	\$ (25,056)
	\$ (26,463)

Supplies

Books/Supplies	\$ 142,483
Software	\$ (8,200)
Meal Program	\$ 50,967
	\$ 185,250

Services

Travel/Conference	\$ (1,447)
Professional Services	\$ 14,989
Consultants	\$ 8,907
Other Contract Services	\$ 103,607
	\$ 126,056

Other Outgo

Exc Cost Pmt to COE	\$ 9,230
	\$ 9,230

Budget Assumptions

Every budget is built on certain assumptions and statistical calculations. The following are some of the major assumptions in this budget plan:

- The projected enrollment at the 2021-22 Adoption was 1,081 with an attendance rate of 96.5%, approximately 1,043 average daily attendance (ADA). Actual enrollment is 1,034. Subsequent years project a flat enrollment due to the addition of Universal Transition Kindergarten, which is adding another grade level to our TK-8th grade system. Due to basic aid status of Kentfield, enrollment is less important for funding determination, but critical for staffing. Once enrollment is known for 2022-23, projecting outyears will have a more solid basis for determining future enrollment based on Cohort Survival.
- Property Tax revenue is estimated to have a 3% increase in subsequent years.
- The Parcel Tax rate is \$1,636.91 per parcel for 2021-22 and escalates by 3% each year. 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 \$843K and is assumed flat for subsequent years.
- The Kentfield Schools Parent Teacher Association continues to support the Kentfield School District with a preliminary grant of \$52,000 for 21-22 and is assumed flat for subsequent years.
- State Unrestricted Lottery funding is projected at \$163 and State Restricted Lottery is projected at \$65 per ADA for all years.
- Mandated Cost reimbursements are budgeted at \$32.79 per Average Daily Attendance (ADA) and is adjusted based on the estimated Cost of Living Adjustment (COLA).
- Special Education revenue is based on projections from the Special Education Local Plan Areas (SELPA) allocation plan and are assumed flat for subsequent years.
- The Kentfield School District qualifies for Federal Programs including Title I, Title II, Title III and Title IV. These sources are considered flat for planning purposes.
- Costs of salaries and benefits due to step and column changes are included. There are no salary increases included for subsequent years. A reduction of 1 Certificated FTE is included for 22-23.
- In 2022-23, the STRS rate rises to 19.10% and will remain there unless legislatively adjusted.
- CalPERS rate is currently estimated at 26.1% and 27.10% for 22-23 and 23-24, respectively.
- The District health/welfare contributions include a 3% estimated increase in subsequent years.
- The rates for OASDI, Medicare remain flat at 6.20%, 1.45% and .05% respectively.
- State Unemployment Insurance is budgeted at .50% for 22-23 and .20% in subsequent years for all salaries.
- Workers' Compensation rate is anticipated to remain at the same level of 1.035% for all salaries.

- The Marin Pupil Transportation Agency (MPTA) does not budget for any State entitlement and is therefore funded by revenues from member districts. Budgeted amounts are based on the most current information provided by MPTA.
- One-time funding included in the budget is substantial as noted above. Of the \$1,023,781 included in the 2021-22 budget, \$985,007 will be eliminated from 2022-23 restricted funds/expenses, with \$300,686 being absorbed by the unrestricted side of the budget.
- Below is a summary of the anticipated Ending Balance Trends based on the above assumptions. The District meets the required reserve for all years. Reserves include 3% State minimum, 2% additional District reserve, Revolving Cash, Special Ed Reserve and reserves for the two new mandated programs Universal Meals and Universal TK.

KENTFIELD SCHOOL DISTRICT				
ENDING BALANCE TRENDS				
2021-22 Second Interim				
	2020-21	2021-22	2022-23	2023-24
REVENUES	\$ 19,718,536	\$ 19,162,866	\$ 19,179,323	\$ 19,462,005
EXPENDITURES	<u>\$ 18,437,507</u>	<u>\$ 19,392,981</u>	<u>\$ 19,014,730</u>	<u>\$ 19,182,510</u>
NET INCREASE (DECREASE)	\$ 1,281,029	\$ (230,115)	\$ 164,593	\$ 279,495
BEGINNING FUND BALANCE	\$ 917,722	\$ 2,282,167	\$ 2,052,052	\$ 2,216,644
ENDING FUND BALANCE	\$ 2,198,751	\$ 2,052,052	\$ 2,216,644	\$ 2,496,139
	11.93%	10.58%	11.66%	13.01%
LESS RESERVES	\$ 1,444,049	\$ 1,028,438	\$ 1,051,437	\$ 1,059,826
EXCESS OF RESERVES	\$ 754,702	\$ 1,023,614	\$ 1,165,208	\$ 1,436,314

Other Funds

The following funds are operated in the District and all are planned to have a positive ending fund balance.

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

Fund 21: Measure D General Obligation Bond projects for Kent Middle School and Bacich Elementary.

Fund 25: 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 35: Building Fund used primarily to account for new school facility construction, modernization projects, and facility hardship grants as provided in the Leroy F. Greene School Facilities Act of 1998.

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.

KENTFIELD SCHOOL DISTRICT
2021-2022 Second Interim Budget
Summary of All Funds

	CDE Form 011			CDE Form 14I	CDE Form 22I	CDE Form 25I		CDE Form 35I	CDE Form 40I
	General Fund 01			Deferred Maintenance 14	Measure D GO Bond 22	Developer Fees 26	Kent Gym 27	Facilities Fund 35	Capital Outlay 40
	Unrestricted	Restricted	Combined						
REVENUE									
Property Tax/LCFF Revenues	\$ 11,171,433	\$ -	\$ 11,171,433	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Revenues	\$ -	\$ 623,162	\$ 623,162	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other State Revenues	\$ 204,460	\$ 648,672	\$ 853,132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Local Revenues	\$ 5,844,248	\$ 670,891	\$ 6,515,139	\$ 200	\$ 15,000	\$ 15,500	\$ 1,300	\$ 1,335,159	\$ 15,100
TOTAL REVENUES	\$ 17,220,141	\$ 1,942,725	\$ 19,162,866	\$ 200	\$ 15,000	\$ 15,500	\$ 1,300	\$ 1,335,159	\$ 15,100
EXPENDITURES									
Certificated Staff	\$ 7,590,191	\$ 1,686,201	\$ 9,276,392	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Classified Staff	\$ 1,594,896	\$ 836,308	\$ 2,431,204	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Benefits	\$ 3,381,437	\$ 911,736	\$ 4,293,173	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Materials & Supplies	\$ 481,402	\$ 432,545	\$ 913,947	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts & Services	\$ 852,800	\$ 1,059,249	\$ 1,912,049	\$ 2,000	\$ -	\$ 15,500	\$ 1,300	\$ -	\$ -
Capital Outlay	\$ 103,500	\$ -	\$ 103,500	\$ -	\$ 2,568,438	\$ 30,000	\$ -	\$ -	\$ -
Other Outgo	\$ 169,598	\$ 293,118	\$ 462,716	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	\$ 14,173,824	\$ 5,219,157	\$ 19,392,981	\$ 2,000	\$ 2,568,438	\$ 45,500	\$ 1,300	\$ -	\$ -
EXCESS (DEFICIENCY)	\$ 3,046,317	\$ (3,276,432)	\$ (230,115)	\$ (1,800)	\$ (2,553,438)	\$ (30,000)	\$ -	\$ 1,335,159	\$ 15,100
CONTRIBUTIONS	\$ (2,868,865)	\$ 2,868,865	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET INCREASE (DECREASE)	\$ 177,452	\$ (407,567)	\$ (230,115)	\$ (1,800)	\$ (2,553,438)	\$ (30,000)	\$ -	\$ 1,335,159	\$ 15,100
FUND BALANCE									
Beginning Balance	\$ 1,775,949	\$ 422,802	\$ 2,198,751	\$ 30,723	\$ 3,129,364	\$ 61,498	\$ 102,131	\$ -	\$ 1,031,088
Audit Adjustments	\$ 83,416	\$ -	\$ 83,416	\$ -	\$ -	\$ (11,868)	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 1,859,365	\$ 422,802	\$ 2,282,167	\$ 30,723	\$ 3,129,364	\$ 49,630	\$ 102,131	\$ -	\$ 1,031,088
ENDING FUND BALANCE	\$ 2,036,817	\$ 15,235	\$ 2,052,052	\$ 28,923	\$ 575,926	\$ 19,630	\$ 102,131	\$ 1,335,159	\$ 1,046,188
COMPONENTS OF ENDING BALANCES									
3% Mandated State Reserve	\$ 581,789								
2% District Designated Reserve	\$ 387,860								
Special Education Reserve	\$ 100,000								
AB 130 Universal Meals	\$ -								
AB 22 UTK Program Implementation	\$ -								
Revolving Cash Fund	\$ 700								
Undesignated Contingency	\$ 966,468	\$ 15,235	\$ 881,703						
TOTAL ENDING BALANCES	\$ 2,036,817	\$ 15,235	\$ 2,052,052	\$ 28,923	\$ 575,926	\$ 19,630	\$ 102,131	\$ 1,335,159	\$ 1,046,188
							\$ 121,761		

General Fund Reserve Level 10.58%

MULTI-YEAR PROJECTION

Description	Object Code	2021-22 Second Interim			2022-23 Projection Yr1			2023-24 Projection Yr2		
A. REVENUES										
LCFF	8010-8099	\$ 11,171,433	\$ -	\$ 11,171,433	\$ 11,655,269	\$ -	\$ 11,655,269	\$ 11,978,559	\$ -	\$ 11,978,559
Federal	8100-8299	\$ -	\$ 623,162	\$ 623,162	\$ -	\$ 488,188	\$ 488,188	\$ -	\$ 376,614	\$ 376,614
State	8300-8599	\$ 204,460	\$ 648,672	\$ 853,132	\$ 271,923	\$ 198,977	\$ 470,900	\$ 266,923	\$ 153,637	\$ 420,560
Local	8600-8799	\$ 5,844,248	\$ 670,891	\$ 6,515,139	\$ 5,886,382	\$ 678,584	\$ 6,564,966	\$ 6,007,688	\$ 678,584	\$ 6,686,272
		\$ 17,220,141	\$ 1,942,725	\$ 19,162,866	\$ 17,813,574	\$ 1,365,749	\$ 19,179,323	\$ 18,253,170	\$ 1,208,835	\$ 19,462,005
B. EXPENDITURES										
Certificated	1000-1999	\$ 7,590,191	\$ 1,686,201	\$ 9,276,392	\$ 7,867,003	\$ 1,126,607	\$ 8,993,610	\$ 7,963,082	\$ 1,101,011	\$ 9,064,093
Classified	2000-2999	\$ 1,594,896	\$ 836,308	\$ 2,431,204	\$ 1,609,127	\$ 702,231	\$ 2,311,358	\$ 1,625,515	\$ 708,377	\$ 2,333,892
H&W Benefits	3000-3999	\$ 3,381,437	\$ 911,736	\$ 4,293,173	\$ 3,735,827	\$ 724,701	\$ 4,460,528	\$ 3,782,514	\$ 724,680	\$ 4,507,194
Supplies	4000-4999	\$ 481,402	\$ 432,545	\$ 913,947	\$ 569,197	\$ 310,993	\$ 880,190	\$ 609,041	\$ 248,364	\$ 857,405
Services	5000-5999	\$ 852,800	\$ 1,059,249	\$ 1,912,049	\$ 953,108	\$ 962,450	\$ 1,915,558	\$ 981,701	\$ 984,739	\$ 1,966,440
Capital Outlay	6000-6999	\$ 103,500	\$ -	\$ 103,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Outgo	7000-7499	\$ 169,598	\$ 293,118	\$ 462,716	\$ 169,598	\$ 283,888	\$ 453,486	\$ 169,598	\$ 283,888	\$ 453,486
		\$ 14,173,824	\$ 5,219,157	\$ 19,392,981	\$ 14,903,860	\$ 4,110,870	\$ 19,014,730	\$ 15,131,451	\$ 4,051,059	\$ 19,182,510
C. EXCESS (DEFICIENCY)										
		\$ 3,046,317	\$ (3,276,432)	\$ (230,115)	\$ 2,909,714	\$ (2,745,121)	\$ 164,593	\$ 3,121,719	\$ (2,842,224)	\$ 279,495
D. CONTRIBUTIONS										
		\$ (2,868,865)	\$ 2,868,865	\$ -	\$ (2,745,121)	\$ 2,745,121	\$ -	\$ (2,842,224)	\$ 2,842,224	\$ -
E. NET INCREASE (DECREASE)										
		\$ 177,452	\$ (407,567)	\$ (230,115)	\$ 164,593	\$ -	\$ 164,593	\$ 279,495	\$ -	\$ 279,495
F. FUND BALANCE										
	Beginning Balance	\$ 1,775,949	\$ 422,802	\$ 2,198,751	\$ 2,036,817	\$ 15,235	\$ 2,052,052	\$ 2,201,410	\$ 15,235	\$ 2,216,644
	Audit Adj	\$ 83,416	\$ -	\$ 83,416	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Adjusted Beginning Balance	\$ 1,859,365	\$ 422,802	\$ 2,282,167	\$ 2,036,817	\$ 15,235	\$ 2,052,052	\$ 2,201,410	\$ 15,235	\$ 2,216,644
	Ending Fund Balance	\$ 2,036,817	\$ 15,235	\$ 2,052,052	\$ 2,201,410	\$ 15,235	\$ 2,216,644	\$ 2,480,905	\$ 15,235	\$ 2,496,139
G. RESERVES										
	3% State Minimum	\$ 581,789	\$ -	\$ 581,789	\$ 570,442	\$ -	\$ 570,442	\$ 575,475	\$ -	\$ 575,475
	2% District	\$ 387,860	\$ -	\$ 387,860	\$ 380,295	\$ -	\$ 380,295	\$ 383,650	\$ -	\$ 383,650
	Special Ed	\$ 100,000	\$ -	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
	Universal Meals	\$ -	\$ -	\$ -	\$ 75,000	\$ -	\$ 75,000	\$ 75,000	\$ -	\$ 75,000
	UTK Program	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000	\$ -	\$ -	\$ -
	Revolving Cash	\$ 700	\$ -	\$ 700	\$ 700	\$ -	\$ 700	\$ 700	\$ -	\$ 700
	UNDESIGNATED RESERVE	\$ 966,468	\$ 15,235	\$ 981,703	\$ 1,049,973	\$ 15,235	\$ 1,065,208	\$ 1,346,079	\$ 15,235	\$ 1,361,314
		\$ 2,036,817	\$ 15,235	\$ 2,052,052	\$ 2,201,410	\$ 15,235	\$ 2,216,644	\$ 2,480,905	\$ 15,235	\$ 2,496,139

10.58%

11.66%

12.93%