



Lagunitas School District  
2019-20  
Second Interim Report

# Lagunitas School District

## 2019-20 Second Interim Report

### Budget Revision #3

### Multiyear Fiscal Projection

As of January 31, 2020

Presented March 12, 2020

Education Code section 42130 requires school districts to submit a Second Interim Report, which covers their financial and budgetary status as of January 31, to the Governing Board of the district. The interim report must be submitted to the Board in the State SACS (Standardized Account Code Structure) format. Interim Budget Reports provide a picture of a district's financial condition during each fiscal year. The Governing Board of a school district certifies the district's financial condition to the County Office of Education through these reports.

This report provides a summary of the budget year to date and financial condition of the Lagunitas School District through January 31<sup>st</sup>, 2020. Multi-year projections for 2020-21 and 2021-22 are provided, along with an extended multi-year projection for 2022-23. All information is a comparison to Budget Revision #2 adopted at First Interim presentation on December 12, 2019 and First Interim.

#### Revenues:

2019-20 Second Interim General Fund Combined Unrestricted and Restricted revenues increased net \$24,878. Property Tax revenue decreased \$22,171, as a result of County of Marin ownership status adjustments to property values. Federal revenue increased \$442, due to updated allocations. State revenue increased \$13,509, as a result of prior year one-time payments. Local revenue increased by \$33,086, due to Program related requests and a prior year local payment.

On-going Revenues:	(\$22,171)
Federal Revenues:	\$442
State Revenue:	\$13,521
Local Revenues:	<u>\$33,086</u>
TOTAL:	<b>\$24,878</b>

#### Expenditures:

2019-20 Second Interim General Fund Combined Unrestricted and Restricted expenditures increased \$11,368. Review of actual salaries reduced expenditures \$3,910. Benefits were re-calculated, and resulted a net reduction of \$11,867. Materials and supplies increased \$8,944. Contracts and Services increased net \$33. Special Ed Excess Cost reimbursement increased \$18,168.

Salaries:	(	\$3,910)
Benefits:	(	\$11,867)
Materials & Supplies:	\$	8,944
Contracts & Services:	\$	33
SPED Excess Costs:	<u>\$</u>	<u>18,168</u>
TOTAL:	<b>\$</b>	<b>11,368</b>

**Contributions:**

2019-20 General Fund Combined Unrestricted and Restricted contributions or transfers have been adjusted to the following amounts:

Transportation:	\$	500		
REAP:	\$	17,387		
Special Ed:	\$	566,771		
On-Going Maint.	<u>\$</u>	<u>130,000</u>		
TOTAL:	<b>\$</b>	<b>714,658</b>	<b>\$657,083</b>	at Revision #1 <b>\$663,777</b> at Revision #2
Food Service Transfer:	<u>\$</u>	<u>72,000</u>	<u>\$72,000</u>	<u>\$72,000</u>
TOTAL:	<b>\$</b>	<b>786,658</b>	<b>\$729,083</b>	<b>\$735,777</b>

There have been no material changes to Other Funds since Budget Adoption.

The District maintains a \$5,000 revolving cash account, State mandated reserve requirement for Lagunitas School District of 5% plus the Board authorized Supplemental Reserve of an additional 3%, for a total of 8% that equates to \$343,770. Other assignments include Board authorized Special Education Reserve of \$72,000, Lottery Reserve of \$26,587, and Board authorized PERS/STRS Reserve of \$23,526.

All required and authorized reserves total \$592,650, which balances to the estimated ending balance of \$592,650. Of this total, \$121,767 is restricted and \$470,883 is unrestricted. Estimated total deficit spending of \$135,880 is made up of \$78,618 restricted (a decrease of \$22,102) and \$57,262 unrestricted (an increase of \$8,592). The total net reduction is \$13,510 when compared to First Interim.

### **Factors Contributing to a First Interim Report Positive Certification:**

- Voter approved Parcel Tax extended from July 1, 2018 through June 30, 2026.
- District continues as Community Funded district with small enrollment increase.
- Continuation of District operation based on existing fiscal constraints, anticipation of revenues and enrollment while maintaining prudent reserves.

### **Projections**

Considerations for developing multi-year projects include the factors of a continuing aging population, slowing sales of properties and/or conversion of property tax rolls, increased materials and services costs, increased salary and related benefits costs, continuing food service costs, and reductions in enrollment must all be taken into consideration to develop a long range plan that successfully guides the District for the next 5 years.

#### **2020-21:**

- \$98,468 estimated increase in on-going Property Tax funding.
- \$31,258 estimated increase in Parcel Tax revenues.
- (\$33,6390) state authorized charter school funding transfer.
- Flat Federal revenue.
- (\$11,789) reduction to State revenue.
- Maintain 2019-20 Certificated and Classified staffing levels.
- 15.6% projected increase to PERS and 7.6% projected increase to STRS.
- 10% projected increase to Health Insurance.
- Step & Column movements for all qualifying Staff.
- Classified Unit settlement included.
- Matriculation of NPS placement student reduces Special Education costs.
- Estimated enrollment of 229.

#### **2021-22:**

- \$73,301 estimated increase in on-going Property Tax funding.
- \$37,952 estimated increase in Parcel Tax revenues.
- (\$34,295) state authorized charter school funding transfer.
- Flat Federal revenue.
- \$4,201 increase to State revenue, due to STRS/PERS on behalf.
- Certificated staffing levels of 12.0 FTE teachers and 1.0 principal and Classified staffing levels of 11.5 unit members and 3.0 FTE staff.
- Matriculation of MCOE student reduces Special Education costs.

- 9.2% projected increase to PERS and 3.8% projected increase to STRS (rate calculation determined in mid 2020)
- 10% projected increase to Health Insurance.
- Step & Column movements for all qualifying Staff.
- Classified Unit settlement included.
- Estimated enrollment of 210.

### **2022-23**

- \$83,672 estimated increase in on-going Property Tax funding.
- \$39,575 estimated increase in Parcel Tax revenues.
- (\$35,262) state authorized charter school funding transfer.
- Flat Federal revenue.
- \$2,718 increase to State revenue, due to STRS/PERS on behalf.
- Certificated staffing levels of 11.0 FTE teachers and 1.0 principal and Classified staffing levels of 11.5 unit members and 3.0 non-unit staff.
- 4.1% projected increase to PERS and 3.6% projected increase to STRS (rate calculation determined in mid 2021)
- 10% projected increase to Health Insurance.
- Step & Column movements for all qualifying Staff.
- Estimate enrollment of 200.

# 2019-20 Second Interim Certification

NOTICE OF CRITERIA AND STANDARDS REVIEW. This interim report was based upon and reviewed using the state-adopted Criteria and Standards. (Pursuant to Education Code (EC) sections 33129 and 42130)

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
District Superintendent or Designee

NOTICE OF INTERIM REVIEW. All action shall be taken on this report during a regular or authorized special meeting of the governing board.

To the County Superintendent of Schools:

This interim report and certification of financial condition are hereby filed by the governing board of the school district. (Pursuant to EC Section 42131)

Meeting Date: March 12, 2020 Signed: \_\_\_\_\_  
President of the Governing Board

**CERTIFICATION OF FINANCIAL CONDITION**

**POSITIVE CERTIFICATION**

As President of the Governing Board of this school district, I certify that based upon current projections this district will meet its financial obligations for the current fiscal year and subsequent two fiscal years.

**QUALIFIED CERTIFICATION**

As President of the Governing Board of this school district, I certify that based upon current projections this district may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

**NEGATIVE CERTIFICATION**

As President of the Governing Board of this school district, I certify that based upon current projections this district will be unable to meet its financial obligations for the remainder of the current fiscal year or for the subsequent fiscal year.

Contact person for additional information on the interim report:

Name: Jeff Lippstreu Telephone: 415-488-4118 x226  
Title: C.B.O. E-mail: jlippstreu@lagunitas.oeg

**Criteria and Standards Review Summary**

The following summary is automatically completed based on data provided in the Criteria and Standards Review form (Form 01CSI). Criteria and standards that are "Not Met," and supplemental information and additional fiscal indicators that are "Yes," may indicate areas of potential concern, which could affect the interim report certification, and should be carefully reviewed.

CRITERIA AND STANDARDS			Met	Not Met
1	Average Daily Attendance	Funded ADA for any of the current or two subsequent fiscal years has not changed by more than two percent since first interim.	X	

CRITERIA AND STANDARDS (continued)			Met	Not Met
2	Enrollment	Projected enrollment for any of the current or two subsequent fiscal years has not changed by more than two percent since first interim.	X	
3	ADA to Enrollment	Projected second period (P-2) ADA to enrollment ratio for the current and two subsequent fiscal years is consistent with historical ratios.	X	
4	Local Control Funding Formula (LCFF) Revenue	Projected LCFF revenue for any of the current or two subsequent fiscal years has not changed by more than two percent since first interim.	X	
5	Salaries and Benefits	Projected ratio of total unrestricted salaries and benefits to total unrestricted general fund expenditures has not changed by more than the standard for the current and two subsequent fiscal years.	X	
6a	Other Revenues	Projected operating revenues (federal, other state, other local) for the current and two subsequent fiscal years have not changed by more than five percent since first interim.	X	
6b	Other Expenditures	Projected operating expenditures (books and supplies, services and other expenditures) for the current and two subsequent fiscal years have not changed by more than five percent since first interim.	X	
7	Ongoing and Major Maintenance Account	If applicable, changes occurring since first interim meet the required contribution to the ongoing and major maintenance account (i.e., restricted maintenance account).	X	
8	Deficit Spending	Unrestricted deficit spending, if any, has not exceeded the standard in any of the current or two subsequent fiscal years.	X	
9a	Fund Balance	Projected general fund balance will be positive at the end of the current and two subsequent fiscal years.	X	
9b	Cash Balance	Projected general fund cash balance will be positive at the end of the current fiscal year.	X	
10	Reserves	Available reserves (e.g., reserve for economic uncertainties, unassigned/unappropriated amounts) meet minimum requirements for the current and two subsequent fiscal years.	X	

SUPPLEMENTAL INFORMATION			No	Yes
S1	Contingent Liabilities	Have any known or contingent liabilities (e.g., financial or program audits, litigation, state compliance reviews) occurred since first interim that may impact the budget?	X	
S2	Using One-time Revenues to Fund Ongoing Expenditures	Are there ongoing general fund expenditures funded with one-time revenues that have changed since first interim by more than five percent?	X	
S3	Temporary Interfund Borrowings	Are there projected temporary borrowings between funds?	X	
S4	Contingent Revenues	Are any projected revenues for any of the current or two subsequent fiscal years contingent on reauthorization by the local government, special legislation, or other definitive act (e.g., parcel taxes, forest reserves)?	X	
S5	Contributions	Have contributions from unrestricted to restricted resources, or transfers to or from the general fund to cover operating deficits, changed since first interim by more than \$20,000 and more than 5% for any of the current or two subsequent fiscal years?		X

SUPPLEMENTAL INFORMATION (continued)			No	Yes
S6	Long-term Commitments	Does the district have long-term (multiyear) commitments or debt agreements?		X
		• If yes, have annual payments for the current or two subsequent fiscal years increased over prior year's (2018-19) annual payment?	X	
		• If yes, will funding sources used to pay long-term commitments decrease or expire prior to the end of the commitment period, or are they one-time sources?	X	
S7a	Postemployment Benefits Other than Pensions	Does the district provide postemployment benefits other than pensions (OPEB)?	X	
		• If yes, have there been changes since first interim in OPEB liabilities?	n/a	
S7b	Other Self-insurance Benefits	Does the district operate any self-insurance programs (e.g., workers' compensation)?	X	
		• If yes, have there been changes since first interim in self-insurance liabilities?	n/a	
S8	Status of Labor Agreements	As of second interim projections, are salary and benefit negotiations still unsettled for:		
		• Certificated? (Section S8A, Line 1b)	X	
		• Classified? (Section S8B, Line 1b)	X	
S8	Labor Agreement Budget Revisions	For negotiations settled since first interim, per Government Code Section 3547.5(c), are budget revisions still needed to meet the costs of the collective bargaining agreement(s) for:		
		• Certificated? (Section S8A, Line 3)	n/a	
		• Classified? (Section S8B, Line 3)	X	
S9	Status of Other Funds	Are any funds other than the general fund projected to have a negative fund balance at the end of the current fiscal year?	X	

ADDITIONAL FISCAL INDICATORS			No	Yes
A1	Negative Cash Flow	Do cash flow projections show that the district will end the current fiscal year with a negative cash balance in the general fund?	X	
A2	Independent Position Control	Is personnel position control independent from the payroll system?		X
A3	Declining Enrollment	Is enrollment decreasing in both the prior and current fiscal years?	X	
A4	New Charter Schools Impacting District Enrollment	Are any new charter schools operating in district boundaries that are impacting the district's enrollment, either in the prior or current fiscal year?	X	
A5	Salary Increases Exceed COLA	Has the district entered into a bargaining agreement where any of the current or subsequent fiscal years of the agreement would result in salary increases that are expected to exceed the projected state funded cost-of-living adjustment?	X	
A6	Uncapped Health Benefits	Does the district provide uncapped (100% employer paid) health benefits for current or retired employees?	X	
A7	Independent Financial System	Is the district's financial system independent from the county office system?	X	
A8	Fiscal Distress Reports	Does the district have any reports that indicate fiscal distress? If yes, provide copies to the COE, pursuant to EC 42127.6(a).	X	
A9	Change of CBO or Superintendent	Have there been personnel changes in the superintendent or chief business official (CBO) positions within the last 12 months?	X	