

San Rafael City High School District

Budget Adoption 2019-20

MARIN COUNTY OFFICE OF EDUCATION AB1200 REVIEW

OCTOBER 2019



County Superintendent's Responsibilities

Under AB 1200 & AB 2756

- ▶ Three Ongoing Activities:
 - Review
 - Approval
 - Monitor

- ▶ Goal: To assist districts in maintaining fiscal stability through a pro-active, early intervention system.

Maintaining a Positive Budget Certification

► Positive Certification

- Shall be assigned to any school district that, based upon current projections, will meet its financial obligations for the current fiscal year and subsequent two fiscal years.

► Qualified Certification

- Shall be assigned to any school district that, based upon current projections, may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

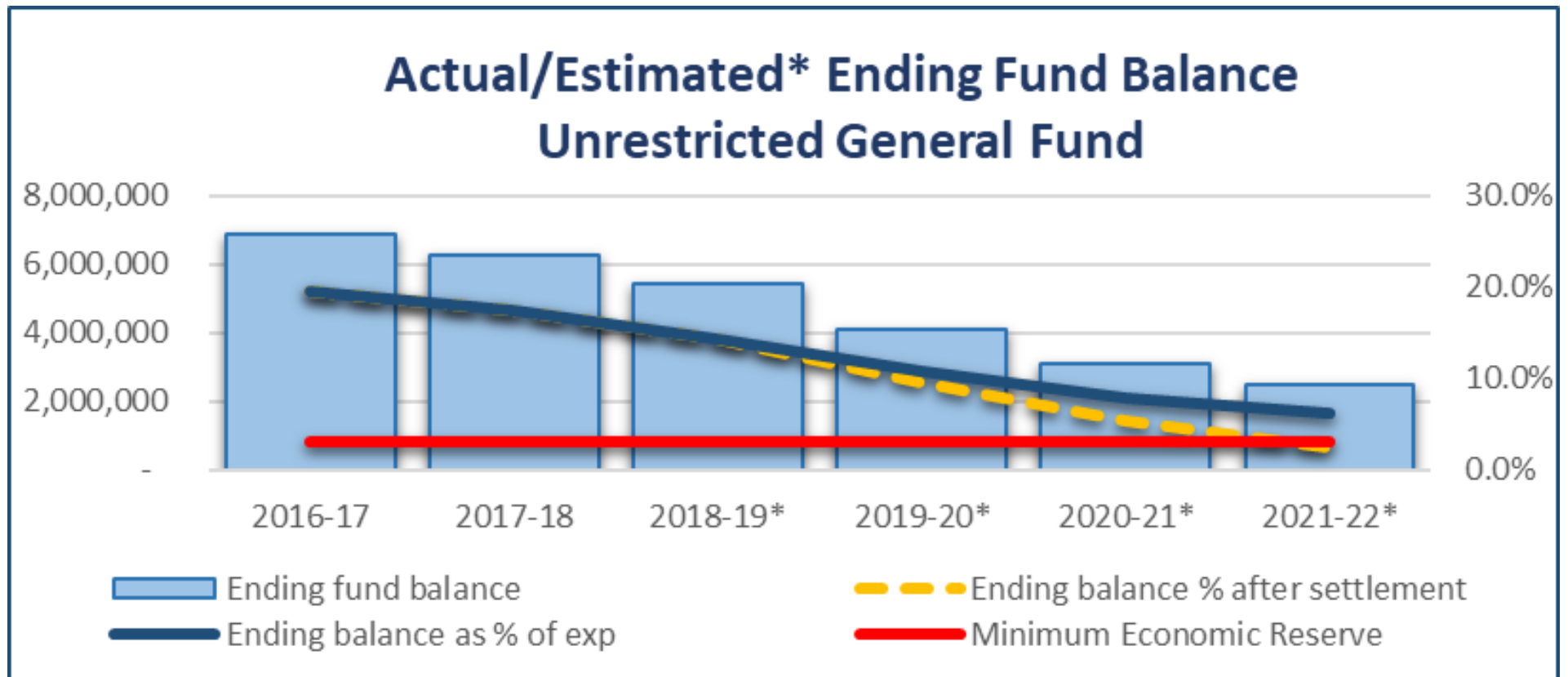
► Negative Certification

- Shall be assigned to any school district that, based upon current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year.

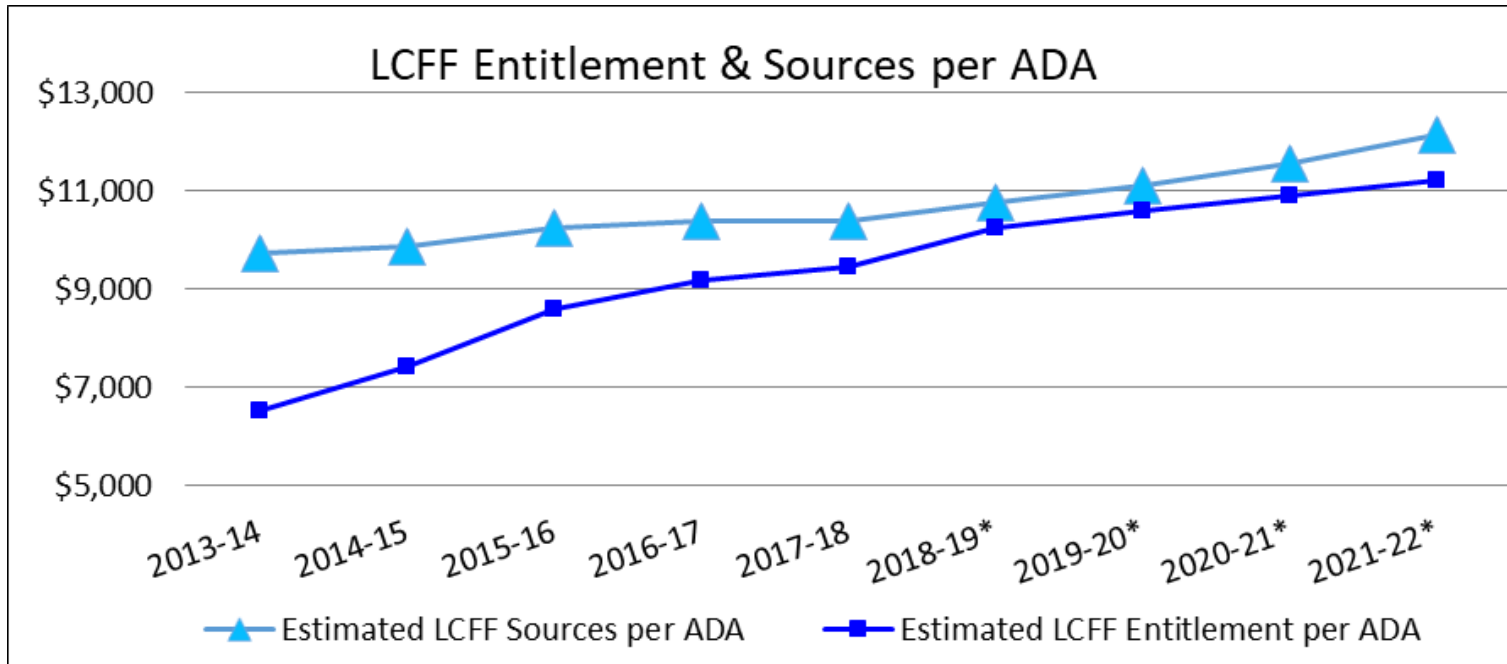
Multi-year Projections – current plus two years

- ▶ The Multi-year projection (MYP) is designed to show where SRHS budget will be should assumptions remain unchanged
- ▶ Assumptions change due to external events beyond district control:
 - ▶ The District's ending balance for 2018-19 was higher than anticipated partly because of a County of Marin temporary increase in property taxes – that will be corrected with a deduction in 2019-20. This temporary 'uptick' accounted for 25% of the end of year increase
- ▶ Assumptions change due to subsequent actions taken by the Board:
 - ▶ The District's deficit spending has increased with the recent settlement not included in the adopted budget
- ▶ Changes in the MYP from period to period are expected because assumptions change

Budget Adoption 2019-20 projects an unsustainable decline in reserves:



Excess taxes have shrunk from \$3,200 per ADA to \$520 per ADA



Sample Marin County Schools
2018-19 Excess taxes per ADA

San Rafael \$ 520

Tamalpais \$4,200

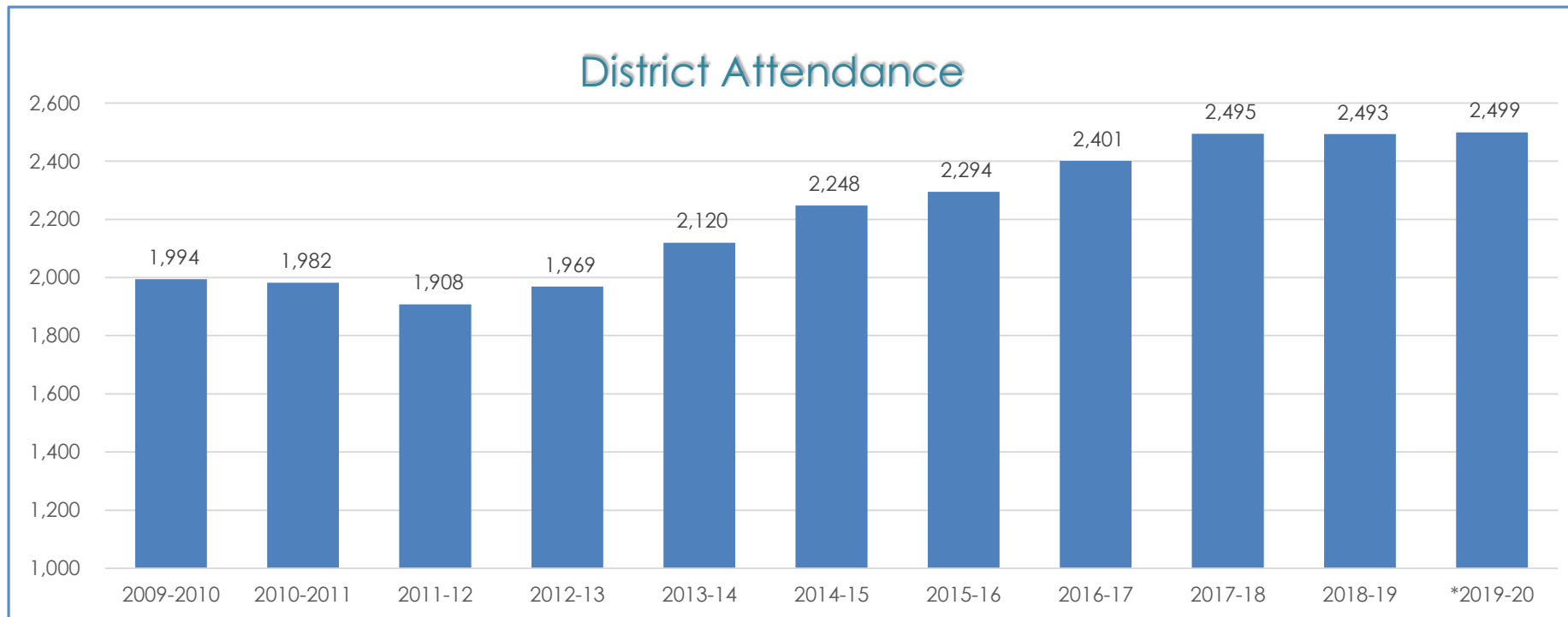
Reed Union \$3,530

Increase in costs outpaces revenues

The projected increase in Basic Aid revenues at budget adoption is insufficient to fund the obligatory increases in expenditures

	2019-20	Per ADA
Step and Column	302,406	118
Pension Increase	400,094	157
2018-19 Settlement	631,615	247
2019-20 Settlement	??	??
	<u>1,334,115</u>	<u>522</u>
LCFF/Basic Aid Increase	1,164,511	456
Shortfall	<u>(169,604)</u>	<u>(66)</u>

Student Attendance increased by 27%
while revenues increased by 31%*
(thereby showing relatively flat funding)



*increases based on change during LCFF Transition from 2012-13 through 2017-18 when attendance appears to have stabilized

The Good and Not so Good News

- ▶ The District is to be commended for incorporating \$0.2 million of structural corrections in the form of expenditure reductions in the 2019-20 adopted budget
- ▶ District recently closed the books with almost \$1 million more in unrestricted ending balance.
- ▶ Represents less than 2.5% of total general fund expenditures; reflects accuracy of budget projections
- ▶ Brings projected 2021-22 ending fund balance back up to 4.7% (after accounting for the recent settlement)
- ▶ **Does NOT reduce the ongoing deficit**
- ▶ District has not yet settled for 2019-20
- ▶ There are no new revenues in the State Budget Adoption for the High School District
- ▶ The District's parcel tax measure expires on June 30, 2022

Next steps for the District

Develop a deficit reduction and recovery plan for inclusion with the first interim budget

- ▶ Identify deficit reduction target amount by Board resolution
- ▶ Recommendation: Identify desired reserve level and rate of recovery
- ▶ By March 2020, identify specifics of deficit reduction plan

Setting an appropriate reserve level

- ▶ The Government Finance Officers Association (GFOA) recommends maintaining 2 months of operating expenditures – approximately 17% - in reserve
- ▶ The GFOA publishes guidelines on developing a fund balance reserve policy at www.gfoa.org
- ▶ Governments should provide broad guidance in the policy for how resources will be directed to replenish fund balance should the balance fall below the level prescribed.



Thank you for all you do on behalf of students!