

2021-22 BUDGET

LASD Board Meeting: June 1, 2021

OVERVIEW

- State law requires adoption of district budget by June 30
- Public hearing required before adoption
 - We must hold a public hearing on district's Local Control & Accountability Plan (LCAP) at the same meeting
- Adoption cannot be at same meeting as public hearing
 - Adoption slated for June 8 board meeting
- **Our 2021-22 Budget meets all state requirements for a balanced budget and meets all SACS standards and criteria for the budget and two future years**

FOCUS ON 2021-22 GENERAL FUND

KEY ASSUMPTIONS: REVENUES

- Property tax growth assumptions are probably the most critical to our projections
- Based on information from the county assessor's office, we are fairly confident we will see growth next year of at least 4% over the current year
- Looking ahead, we are assuming as a base case, 4% annual growth in property tax revenues
 - **We believe this is a conservative assumption as the most recent 10 year average growth rate is around 7%**

KEY ASSUMPTIONS: REVENUES

- Bullis Charter School impacts
 - Our budget assumes BCS enrollment will grow to 1,111 next year, predominantly in-district students
 - Assuming only 50 students coming from out-of-district
 - And, as a base case assumption, we assume BCS enrollment stays flat going forward beyond next year
 - We also assume our transfer of property tax monies to BCS will reflect the funding proposals presented by the Governor as part of the May Revise
 - BCS projected to receive \$640,000 of parcel tax revenue of \$2.15 M
 - Their proportionate share of the \$223 tax approved in 2016

KEY ASSUMPTIONS: REVENUES

- Other Key Assumptions
 - All COVID relief funding assumed to be one-time
 - No significant change in federal funding, except for loss of one-time COVID relief monies
 - State funding:
 - Significant increases in funding proposed by the Governor, but little comes to us as a basic aid district
 - Some new investments in education proposed in the May Revise, so we will see what comes out of the adopted state budget later this month
 - LAEF funding budgeted at \$2.5M
 - Rental income and use fees assumed to remain low until pandemic is over

KEY ASSUMPTIONS: EXPENSES

- **6 fewer teachers projected for next year**
 - Staffing in the current year was based on an enrollment expectation that never materialized, resulting in smaller than normal class sizes
 - Smaller class sizes were beneficial during the pandemic
- 2% negotiated raises and step/column movement on salary schedule
- Health benefit rates increase by 7.5%
- 5% inflation on “fixed cost” items (such as utilities, insurances, goods and services)

2021/22 BUDGET – GENERAL FUND

Revenues	69,141,000
<u>Expenditures</u>	<u>68,239,000</u>
Net Change	902,000
Beginning Balance	5,440,000
Ending Balance	6,342,000
<u>Less, Encumbrances/Restrictions</u>	<u>≤5,000></u>
Unrestricted	6,337,000
Total Reserves (with Special Reserve Fund added)	9,968,000 14.61%

Note: all figures are rounded

2 YEAR COMPARISON: REVENUES

	2020-21	2021-22	
LCFF Sources	47,831,288	48,960,469	4% tax growth
Federal Sources	2,966,976	1,128,389	One-time COVID funding in 2020-21
Other State Sources	7,460,221	3,799,074	One-time COVID funding in 2020-21
Other Local Sources	14,942,614	15,253,502	Increased use fees; LAEF funding up \$100k; special education funding via SELPA up \$150k
Total Revenues	73,201,099	69,141,434	

2 YEAR COMPARISON: EXPENSES

	2020-21	2021-22	
Certificated Salaries	28,473,085	26,804,421	6 fewer teachers; 2% raise, step/column movement
Classified Salaries	12,146,432	11,964,000	Extra staffing in 20/21 due to COVID; 2% raise, step/column movement
Employee Benefits	17,642,548	18,838,463	Increased STRS & PERS rates; health insurance cost increases
Books & Supplies	3,926,089	1,508,677	20/21 includes carryovers & one-time COVID spending
Contract Services	9,782,495	8,879,712	20/21 includes carryovers & one-time COVID spending, offset somewhat by increased utility and repair costs
Capital Outlay , Other	251,893	235,312	
Total Expenses	72,230,804	68,238,847	

MULTI-YEAR PROJECTIONS

MYP ASSUMPTIONS

- Property tax growth: 4% annual growth
- Enrollment and staffing fairly stable through 2025-26
- BCS enrollment at 1,111 students in 2021-22 and stays flat thereafter
- Annual COLA's for state/federal funding
- LAEF funding remains at \$2.5M
- Comparable programs and class sizes
- No additional salary schedule increases; 7.5% annual increase in health benefit rates; continued increases in STRS/PERS rates
- Parcel tax expires at end of 2024/25
- No new significant impacts from COVID on operations

MYP SUMMARY

	2021-22	2022-23	2023-24	2024-25	2025-26
Total Revenues	69,141,434	71,852,467	74,033,108	76,307,141	76,483,390
Total Expenses	68,238,847	70,139,943	71,351,474	72,681,749	73,880,014
Net Change	902,587	1,712,524	2,681,633	3,625,392	2,603,376
Adjusted Beginning Balance	5,440,096	6,342,683	8,055,207	10,736,841	14,362,232
Ending Balance	6,342,683	8,055,207	10,736,841	14,362,232	16,965,608
Encumbrances	5,000	5,000	5,000	5,000	5,000
General Fund Reserves	6,337,683	8,050,207	10,731,841	14,357,232	16,960,608
Reserves, Special Reserve Funds	3,630,562	3,690,466	3,760,585	3,839,557	3,920,188
Total Reserves	9,968,245	11,740,673	14,492,425	18,196,789	20,880,796
% of Expense	14.61%	16.74%	20.31%	25.04%	28.26%

SPECIAL FUNDS

SPECIAL RESERVE FUNDS

Fund	17: Reserve for Other than Capital Projects	20: Reserve for Post-Employment Benefits
20/21 Projected Ending Balance	3,591,000	14,000
21/22 Revenue	40,000	250
21/22 Expense	<u>n/a</u>	<u>n/a</u>
<i>net change</i>	<i>40,000</i>	<i>500</i>
21/22 Projected Ending Balance	3,631,000	14,500

Note: all figures are rounded

CAPITAL FUNDS

Fund	Deferred Maintenance	Building	Capital Facilities
20/21 Projected Ending Balance	26,000	22,610,000	1,685,000
21/22 Revenue	302,000	1,509,000	505,000
21/22 Expense	<u>300,000</u>	<u>2,487,000</u>	<u>1,119,000</u>
<i>net change</i>	2,000	<979,000>	<614,000>
21/22 Projected Ending Balance	28,000	21,631,000	1,071,000

Note: all figures are rounded

CONCLUSION

- Public hearing is a time for board to receive input from the public
- Adoption of budget scheduled for June 8
- Questions?