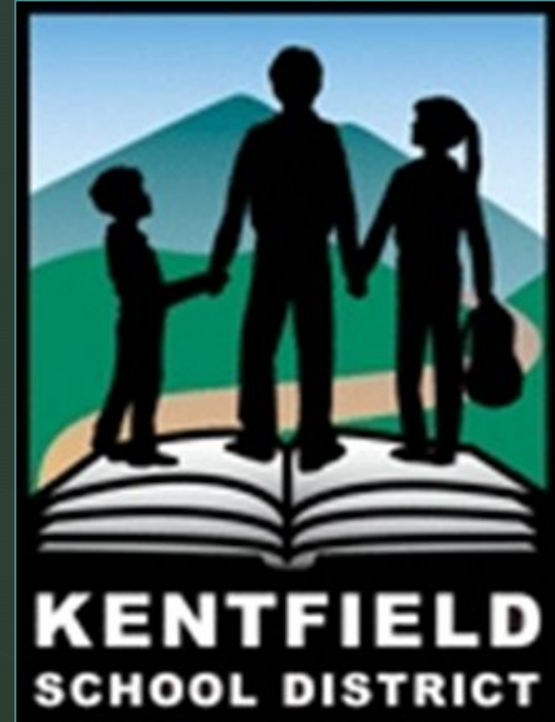


2024 | 2025 2nd Interim Budget Report  
March 11, 2025

# Kentfield School District



# SECOND INTERIM REPORT

## Second Financial Report After Budget Adoption

- Due to the Marin County Office of Education by **March 15<sup>th</sup>** annually;
- Report of the District's budget and updated multi-year projections as of **January 31<sup>st</sup>**;
- Includes carryover and any deferred revenue from the prior year;
- Includes the General Fund and all other Funds;
- Includes projections through 2026-2027.

2024-2025

## Source | Use of General Fund Revenue

### **Projected General Fund Revenue:**

- 57 cents – Local property taxes;
- 35 cents – Other local revenue (Parcel Tax, KIK, PTA's and other gifts and donations)
- 7 cents – Other State of California funds (Lottery, ELOP, Mandated Cost Grant, Special Education, Prob 28)
- 1 cent – Federal funds (Special Education and Title programs).

### **Projected General Fund Expenses:**

- 79 cents – Employee Salaries and Benefits;
- 2 cents – Books and Supplies;
- 19 cents – Services and All Other Operating Expenses (Insurance, Utilities, Legal, Food For All, other contracts, transfers to other agencies).

# GENERAL FUND OVERVIEW

As of January 31, 2025



## 2024-2025 Budget Changes

### Revenue

- No major changes between 1st & 2nd Interim

### Expenses

- Salaries and Benefits savings \$242K
- Material & Supplies budget increased by \$38K
- Other Services budget increased by \$146K includes settlement agreement, excess cost for special ed program

# Beginning Fund Balance | Revenue

GF Revenue Source	First Interim Budget October 31, 2024	Second Interim Budget January 31, 2024	Change from First Interim	Percentage of Total Revenues
Beginning Fund Balance	\$3,831,516	\$3,831,516		
Local Property Tax	\$13,184,256	\$13,184,256		56.96%
State of California	\$1,708,620	\$1,711,149	\$2,529	7.39%
Federal Funding	\$272,958	\$281,600	\$8,642	1.21%
Local Parcel Tax, Donations and Gifts	\$7,961,093	\$7,973,424	\$12,331	34.44%
Total GF Revenue	\$23,126,927	\$23,150,429	\$23,502	100%

# General Fund Expenditures

GF Revenue Expenditures	First Interim Budget October 31, 2024	Second Interim Budget January 31, 2025	Change from First Interim	Percentage of Total Expenditures
Certificated Salaries	\$ 10,086,171	\$ 10,071,140	\$ (15,031)	41.74%
Classified Salaries	\$ 2,846,803	\$ 2,790,782	\$ (56,021)	11.57%
Employee Benefits	\$ 6,226,134	\$ 6,054,729	\$(171,405)	25.10%
Materials & Supplies	\$ 598,720	\$ 636,471	\$ 37,751	2.64%
Other Services	\$ 3,634,886	\$ 3,707,662	\$ 72,776	15.37%
Capital Outlay/Other Outgo	\$ 791,592	\$ 865,209	\$ 73,617	3.58%
Total GF Expenditures	\$24,184,307	\$24,125,993	\$ (58,314)	
<b>Expenditure Per Enrolled Student</b>	\$ 23,921	\$ 23,863	<b>\$ (58)</b>	

# GENERAL FUND MYP | 2nd Interim

As of January 31, 2025



## **KSD Multi-Year Assumptions**

1011 Enrollment | 989 ADA  
8% Health Benefit Increase  
1.5% Step/Column Growth  
4.03% Property Tax Growth  
3% Parcel Tax Escalator  
19.1% CalSTRS  
27.05%, 27.40% & 27.50% CalPERS  
4% Negotiated Salary Increase

# Total Projected Fund Balance Reserve Levels **2024-25**

	2023-2024	2024-2025	2025-2026	2026-2027
Beginning Fund Balance	\$3,726,107	\$3,831,516	\$2,855,952	\$2,362,284
Revenues	\$22,861,060	\$23,150,429	\$23,865,782	\$24,537,970
Expenditures	\$22,755,650	\$24,125,993	\$24,359,450	\$24,476,855
Net Increase (Decrease)	\$105,409	(\$975,564)	(\$493,668)	\$61,115
Ending Fund Balance	\$3,831,516	\$2,855,952	\$2,362,284	\$2,423,399
<b>General Fund Reserve <i>with</i> Program Adjustments</b>	16.83%	<b>11.83%</b>	<b>9.69%</b>	<b>9.90%</b>

# Importance of a Conservative Budget Planning

*The uncertainty of the current economic environment underscores the need to address the budget reserves, district savings account, to provide a sustainable and predictable educational program for our community.*

Fluctuation of KSD property tax growth over time.



***Minimum Reserve - 4% (if above 1000 ADA - 3%)  
Board committed to Increasing Reserve .5% annually***

## MCOE AB1200 Fiscal Oversight

Based on our review, we concur with the Board's POSITIVE certification of Kentfield School District's first interim budget. However, as detailed in the letter below, the district's deficit spending continues in all projection years and is dependent on certificated staffing reductions in both of the subsequent years. If these reductions are not made it will further deteriorate the district's reserves. The district is advised to develop a deficit reduction plan that takes into account all relevant factors, including potential salary increases and unforeseen costs.

# Total Projected **Unrestricted** Fund Balance Reserve Levels **2024-25**

	2023-2024	2024-2025	2025-2026	2026-2027
Beginning Fund Balance	\$2,781,953	\$2,893,814	\$2,160,195	\$1,950,612
Revenues	\$11,359,854	\$11,227,387	\$11,481,434	\$11,944,296
Expenditures	\$11,247,993	\$11,961,006	\$11,691,017	\$11,883,894
Net Increase (Decrease)	\$111,861	(\$733,619)	(\$209,583)	\$60,402
Ending Fund Balance	\$2,893,814	\$2,160,195	\$1,950,612	\$2,011,014
<b>General Fund Reserve <i>with</i> Program Adjustments</b>	12.71%	<b>8.95%</b>	<b>8.00%</b>	<b>8.21%</b>
<b>Expenditure Adjustments</b>			<b>\$350,000</b>	<b>\$700,000</b>
<b>General Fund Reserve <i>without</i> Program Adjustments</b>			<b>6.57%</b>	<b>5.35%</b>

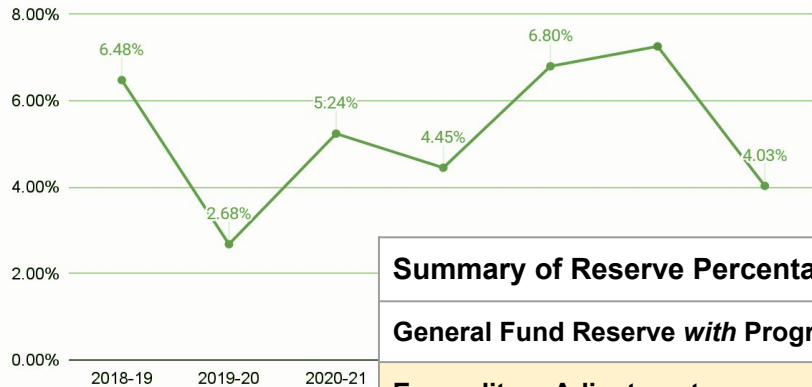
# Total Projected Fund Balance Reserve Levels **2024-25**

	2023-2024	2024-2025	2025-2026	2026-2027
Beginning Fund Balance	\$3,726,107	\$3,831,516	\$2,855,952	\$2,362,285
Revenues	\$22,861,060	\$23,150,429	\$23,865,782	\$24,537,970
Expenditures	\$22,755,650	\$24,125,993	\$24,359,449	\$24,476,854
Net Increase (Decrease)	\$105,409	(\$975,564)	(\$493,667)	\$61,115
Ending Fund Balance	\$3,831,516	\$2,855,952	\$2,362,285	\$2,423,401
<b>General Fund Reserve <i>with</i> Program Adjustments</b>	16.83%	<b>11.83%</b>	<b>9.69%</b>	<b>9.90%</b>
<b>Expenditure Adjustments</b>			<b>\$350,000</b>	<b>\$700,000</b>
<b>General Fund Reserve <i>without</i> Program Adjustments</b>			<b>8.26%</b>	<b>7.04</b>

# Importance of the Budget Reserve - aka *Savings Account*

*The uncertainty of the current economic environment underscores the need to address the budget reserves, district savings account, to provide a sustainable and predictable educational program for our community.*

Fluctuation of KSD property tax growth over time.




***Minimum Reserve - 4% (if above 1000 ADA - 3%)  
Board committed to Increasing Reserve .5% annually***

Summary of Reserve Percentage	2024-25	2025-26	2026-27
General Fund Reserve <i>with</i> Program Adjustments	11.83%	9.69%	9.90%
Expenditure Adjustments		\$350,000	\$700,000
General Fund Reserve <i>without</i> Program Adjustments (Rest.   Unrest.)		8.26%	7.04%
General Fund Reserve <i>without</i> Program Adjustments (Unrestricted)		6.57%	5.35%

# Importance of the Budget Reserve - aka - *Savings Account*



## MCOE AB1200 Fiscal Oversight

Based on our review, we concur with the Board's POSITIVE certification of Kentfield School District's first interim budget. However, as detailed in the letter below, the district's deficit spending continues in all projection years and is dependent on certificated staffing reductions in both of the subsequent years. If these reductions are not made it will further deteriorate the district's reserves. The district is advised to develop a deficit reduction plan that takes into account all relevant factors, including potential salary increases and unforeseen costs.



### FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

 BY JOHN GRAY  
 BY DAVE HECKLER

Ending Fund Balances for 2023-24

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The California Department of Education released the 2023-24 Unaudited Actuals data that allows for the calculation of district and statewide average reserve levels.

The reserve levels are defined as the unrestricted ending fund balance for the General Fund, plus the ending balance for Fund 17 (Special Reserve for Other Than Capital Outlay Projects), as a percentage of the total General Fund (including restricted programs) expenditures, transfers out, and other uses. The averages by district type are as follows:

2023-24 Average Unrestricted General Fund, Plus Fund 17—Fund Balances as a Percentage of Total General Fund Expenditures, Transfers, and Other Uses		Change from Prior Year
Unified School Districts	24.36%	0.62%
Elementary School Districts	25.54%	-0.01%
High School Districts	24.40%	1.46%

In an environment of low cost-of-living adjustments, declining enrollment, and slowing state revenues, having adequate reserves is of critical importance. An adequate reserve allows local educational agency (LEA) governance teams the ability to be more strategic in reducing expenditures when faced with a financial crisis. An adequate reserve protects students, employees, and the public.

The percentages outlined in this article are statewide school district averages. Each LEA should independently evaluate their reserve levels.

**Min. Reserve - 4% >1000 | 3% <1000**  
**Board Goal to Increase Reserve .5% annually**



# Next Steps...

Governor's May Revision - May 2025

Final Staffing Recommendation

Budget Development - Spring 2025

2025-2026 Budget Adoption - June 2025





# QUESTIONS | COMMENTS

