

SAUSALITO MARIN CITY SCHOOL DISTRICT

2012-2013 Second Interim Budget
Overview

March 14, 2013

Revenue Limit vs. Basic Aid School District Funding

What is 2nd Interim:

- ▣ State Law requiring Districts to report periodic budget certification
- ▣ Covers the period from July 1 to January 31 of each year.
 - Formal benchmark for two-thirds of the year (revenue & expenditure trends contained in report usually continue for the remainder of the year)
- ▣ Board's must certify that it can meet it's financial obligations for the current and next two years.
- ▣ Foundation for Budget Development
 - Starting point
 - Include many of the assumptions within the Multi-Year Projection (MYP)

Sausalito Marin City School District 2012-2013

❖ Basic Aid Revenues	\$3,462,669
❖ Base Revenue Limit	\$ 921,543

*Calculation: \$6,941.95 per 132.75 ADA

❖ Difference	\$2,541,126
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SAUSALITO MARIN CITY SCHOOL DISTRICT

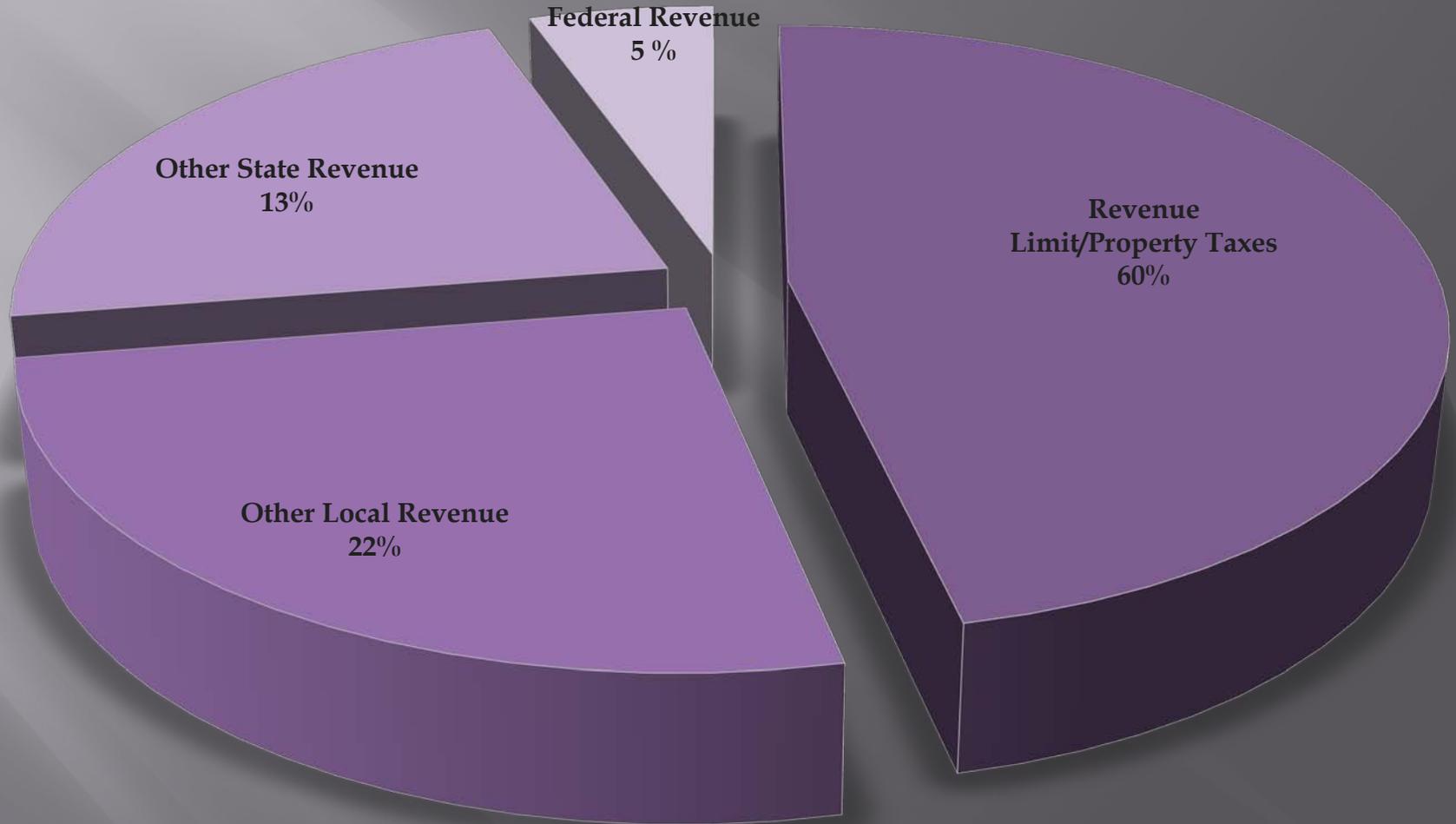
Revenue Detail

2012-2013

Revenue Source	First Interim	Second Interim
Property Tax/Revenue Limit Sources	\$ 3,422,396	\$ 3,462,669
Federal Revenues (Special Ed., Title I-III)	\$ 309,000	\$ 294,338
Other State Revenues (EIA, CSR, Lottery, ASES)	\$ 780,449	\$ 866,293
Other Local Income (Leases/Rentals, Fees, County Special Ed., Grants)	\$ 1,091,544	\$ 1,113,978
Total Revenues	\$5,623,848	\$5,737,278

SAUSALITO MARIN CITY SCHOOL DISTRICT

Total Revenues 2012-2013



Property Tax/Rev. Limit Total Revenues \$3,462,669

▣ Total Property Taxes	\$ 4,899,092
▣ Transfer of Charter In-Lieu	<u>\$ (-) 1,436,423</u>
	\$ 3,462,669

Federal Total Revenues

2012-2013

\$294,338

Revenue Source	First Interim	Second Interim
Maintenance and Operations	\$ 15,000	\$ 15,000
Special Education Entitlement	\$ 69,420	\$ 55,628
NCLB (Title I; Low-Income)	\$ 195,934	\$ 195,425
NCLB (Title II; Teacher Quality)	\$ 24,926	\$ 24,926
NCLB (Title III; Limited English)	\$ 3,757	\$ 2,850

State Total Revenues

2012-2013

\$866,293

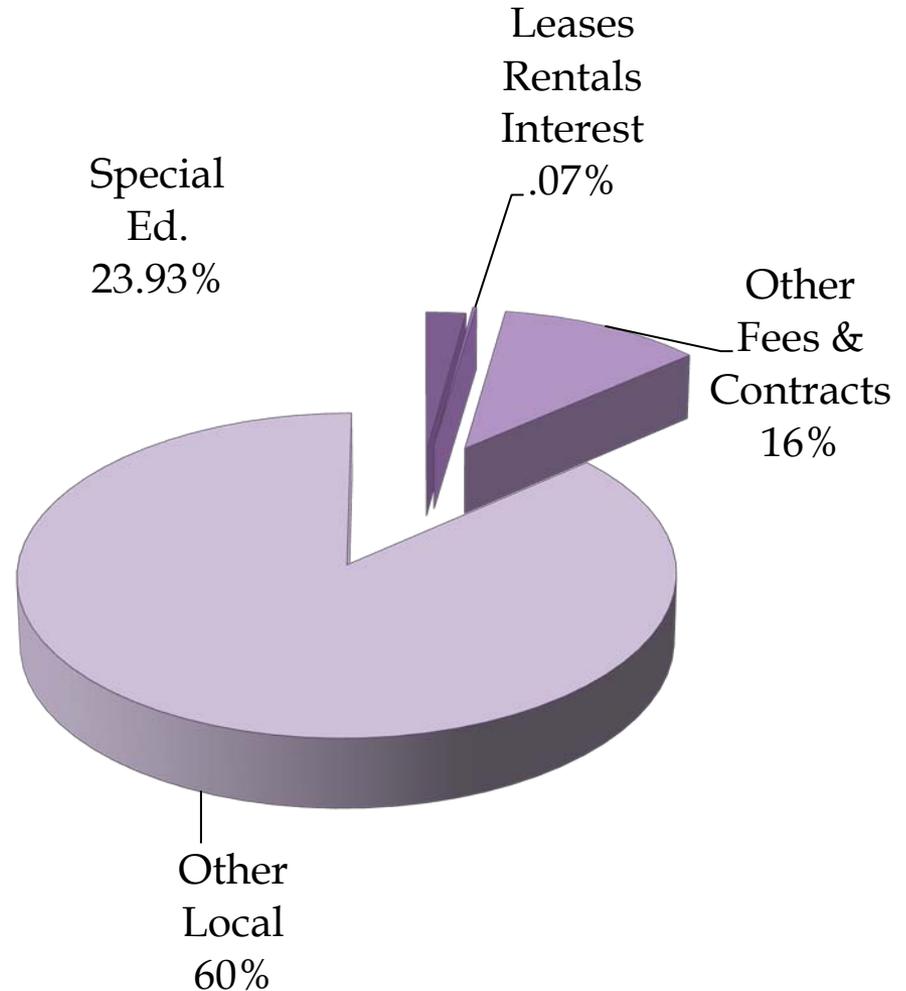
Revenue Source	First Interim	Second Interim
Home-to-School Transportation	\$ 455	\$ 455
Class Size Reduction, K-3	\$ 38,127	\$ 38,127
Economic Impact Aid	\$ 98,584	\$ 174,428
State Lottery - Instructional Materials	\$ 18,118	\$ 18,118
After School Education and Safety (ASES)	\$ 139,050	\$ 139,050
All Other State Rev. (Flexed cat., Ex. TIIG)	\$ 486,570	\$ 496,570

LOCAL TOTAL REVENUE 2012-2013

\$1,113,340

Leases and Rentals	\$ 81,720
Interest	\$ 2,000
Special Ed. SELPA	\$ 187,165
Other Fees & Contracts	\$177,908
*Other Local Revenue	\$664,547

*Other Local Revenues include restricted monies (MCF grant; Pre-K to 3, VAPA, Transforming School Grant, Garden Program, Reimbursement for Bus. services from Bolinas-Stinson Union SD)



Special Education Program Costs, 2012-2013

Special Education Expenses	\$ 1,152,383
<u>Less: Funded Special Education</u>	<u>\$ 406,445</u>
Special Education Encroachment	\$ 745,938

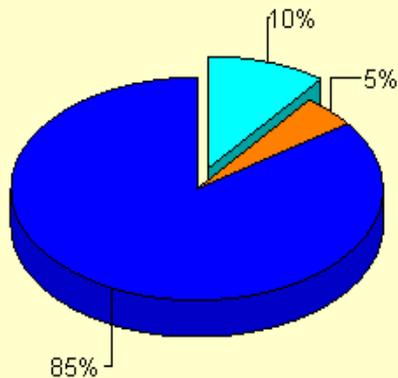
Total District Expenditures:

85% - Total District Expenses

10% - Special Education Encroachment

5% - Funded Special Education

Special Education as % of Total District Expense, 2012-13



- School districts throughout the state face a continuing challenge in funding the costs for serving Special Education students. SMCS D is proud of the Special Education support provided to our students, but the District is also faced with mounting increases in the difference between the federal and state governments' funding and the mandated costs for these vital student services.
- Unfortunately, the federal government has not provided the funding that was envisioned when the laws mandating programs for Special Education students were adopted.
- This shortfall in dedicated funding has led to very significant encroachment into the District's Unrestricted General Fund. Encroachment – the difference between Special Education income and expense – has forced the District to make cuts in other District programs in order to make up for the funding shortfall by federal and state governments

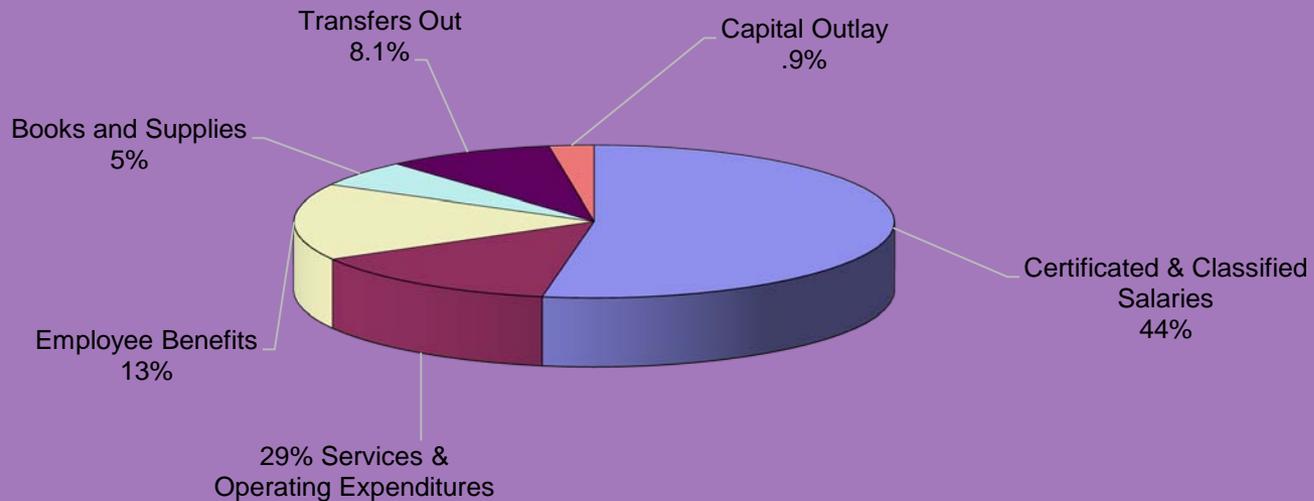
SAUSALITO MARIN CITY SCHOOL DISTRICT

2012-2013

Total Expenditure Details

Expenditure Type	First Interim	Second Interim
Certificated Salaries	\$ 1,605,326	\$ 1,600,313
Classified Salaries	\$ 902,490	\$ 902,722
Employee Benefits	\$ 781,605	\$ 765,282
Books & Supplies	\$ 299,643	\$ 279,926
Services & Operating Expenses	\$1,692,794	\$1,738,511
Capital Outlay	\$ 15,421	\$ 15,421
Other Outgo/Transfers Out	\$ 516,568	\$ 572,233
Other Financing; Def Mnt., Caf.	\$ 209,851	\$ 209,851
Total Expenditures	\$6,030,651	\$6,084,259

SAUSALITO MARIN CITY SCHOOL DISTRICT Expenditures 2012-13 (Combined restricted and unrestricted)

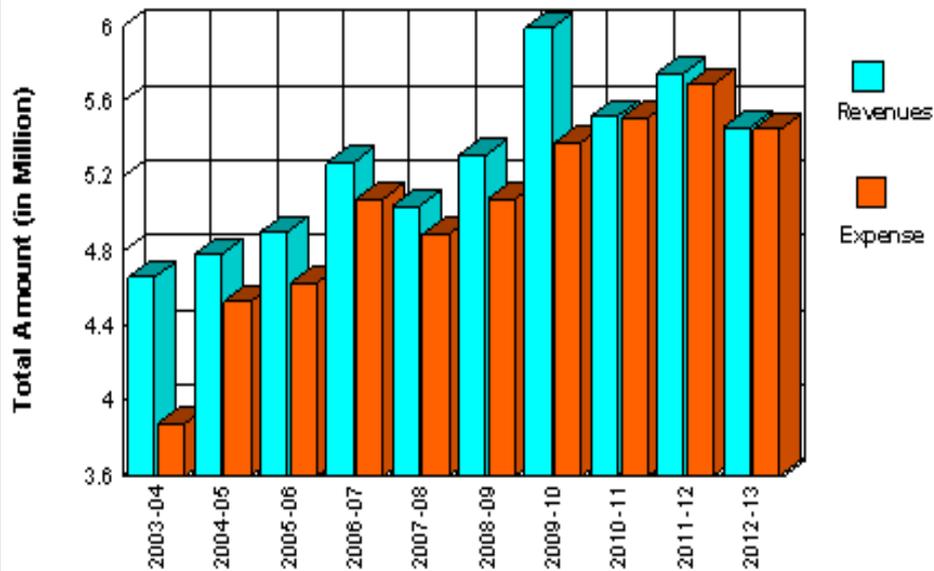


2012-2013 Budget Adoption Revenue and Expenditure Summary

▣ Total Revenues	\$ 5,737,278
▣ Total Expenditures	\$ 6,084,259
▣ Net Increase (Decrease)	\$ - 346,981
▪ In Fund Balance	

SMCSD 10 Year Overview of Revenues and Expenditures

Revenues and Expenses, 2003-04 to 2012-13



California public education has been on a roller coaster funding cycle for the last 15 years. In the early 1990s, California's recession led to almost no increase in per-ADA funding for four years. In the mid-1990s, a major increase in state revenues led to an unprecedented new program to reduce class size in grades K-3. In 2000-01, the State Budget provided per-ADA increases close to 11%, but then, for the next three years, education funding rollbacks re-emerged. Funding volatility has plagued school district planning for almost a generation.

The State Budget Proposal for 2012-13 acknowledges the continuing State Budget crisis. As a result, the State Budget makes the following budget changes to close the budget gap: cuts to a majority of state departments; trigger cuts; and a tax initiative.

One of the major difficulties facing the budget development process is the huge swing in state funding from one year to the next. Education agencies are not able to project subsequent year revenues and thus it is difficult to plan on a long-term basis. Each budget must be managed almost as a single-year document, with considerable restraint in adopting programs or program increases that are ongoing.

The graphic display of District revenues and expenses shows how the District's revenues have varied widely between fiscal years as the state has been riding its own economic roller coaster.

COMMON MESSAGE

- ❑ Shrinking revenue environment and decreased ADA (increase in-lieu)
- ❑ Economic Recovery (slight increase in Property Taxes)
- ❑ Prepare for worst case scenario:
 - Federal Funding Cuts; between 8-10% cuts in the 2013 fiscal year (on-going for next 10 years)
 - Implementation of Local Control Formula Funding (LCFF) = currently this is part of the Governor's Budget proposal for 2013-2014 (charter in-lieu funding increase; decrease in district revenues \$95K-\$300K)
- ❑ Plan for MYP; 2 years out, continue to be cautious and focus on reduction strategies, develop financial projections and contingency plans accordingly
- ❑ Build Reserves: Community Funded Districts are advised to maintain reserves much greater than the State required minimum (10% for SMCSD)

CHALLENGES

- ▣ State and Federal economic uncertainties
- ▣ Federal Impact Aid Fund Reductions (cuts are currently in the 2013 Federal Budget and will be continue for the next 10 years)
- ▣ Special Education Encroachment; Costs are unpredictable and growing
- ▣ Cafeteria Program Encroachment
- ▣ Monitor 5-Year Deferred Maintenance Plan
- ▣ District is Deficit Spending
 - Fiscal Advisor Committee needs to start meeting regarding future expenditure and revenues