

# Nicasio School District Board of Trustees

## AGENDA

~ Special Meeting ~

Wednesday, May 9, 2018 4 PM

Nicasio School Library 5555 Nicasio Valley Road, Nicasio CA

1. **Initial Matters**
  - a. Call to Order
    - i. Roll Call
  - b. Approval and Adoption of Open Session Agenda..... *Action*
2. **Public Comment** ..... *Information*
  - o Board members or district staff may, but are not obligated to, briefly respond to statements made or questions posed by the public.
  - o No formal action will be taken.
  - o Designated amount of time to address the Board is limited to 3 minutes per individual.
  - o Concerns about individual employees shall not be discussed in public at school board meetings. Please contact the superintendent with specific concerns.
3. **Budget Workshop** ..... *Discussion*
4. **Adjournment** ..... *Action*

*If you need assistance to access the Board meeting room or to otherwise participate at the meeting, please submit a written request to Nicasio School District Superintendent at PO Box 711, Nicasio, CA 94946 or [office@nicasioschool.org](mailto:office@nicasioschool.org). Notification at least 48 hours prior to the meeting will better enable the District to make reasonable accommodations in accordance with the Americans with Disabilities Act.*

NICASIO SCHOOL DISTRICT  
BUDGET WORKSHOP MAY 9, 2018

AGENDA

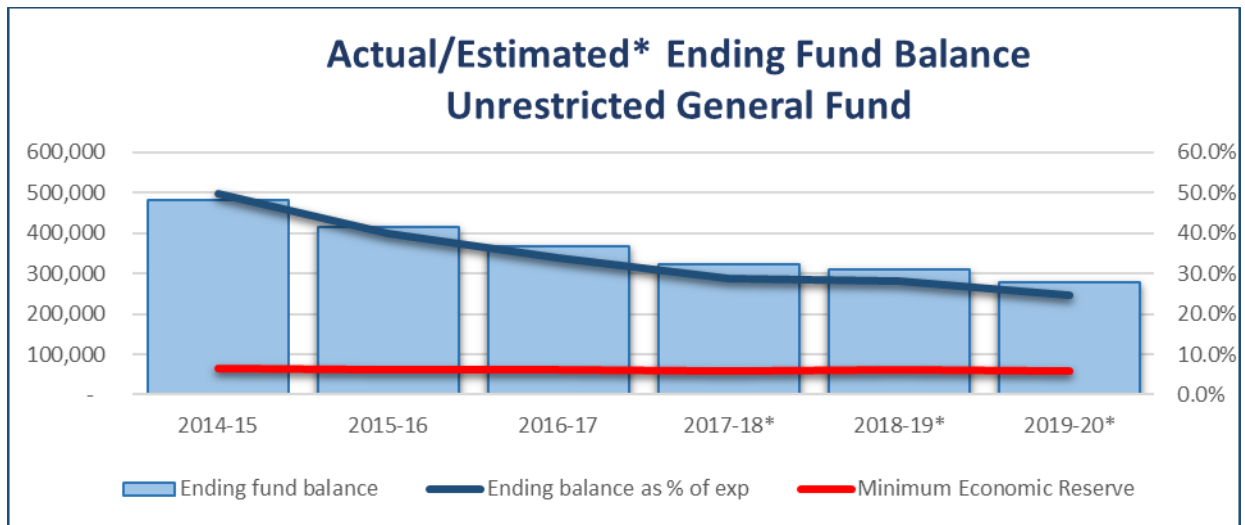
1. Deficit spending trend
2. What is driving the deficit?
3. Revenues
4. Expenditures
5. Identification of any future action/research for board consideration

## Deficit Spending

Deficit spending occurs when expenditures exceed revenues. The District has incurred a deficit in 3 out of the last 5 years and has a budgeted deficit in the current fiscal year as shown in the chart below

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	2nd Int
<b>Revenues</b>							
Revenue Limit Sources	581,458	588,655	637,824	641,318	623,959	686,261	691,346
Federal Revenues	12,058	39,197	15,991	22,079	17,819	21,345	21,104
Other State Revenues	42,229	189,977	25,242	62,359	73,716	58,937	51,366
Local Revenues	310,950	272,755	241,765	253,803	272,313	261,673	281,921
<b>Total Revenues</b>	<b>946,695</b>	<b>1,090,584</b>	<b>920,822</b>	<b>979,559</b>	<b>987,807</b>	<b>1,028,216</b>	<b>1,045,737</b>
<b>Expenditures</b>							
Certificated	349,701	342,123	405,219	325,944	346,539	238,119	309,946
Classified	131,826	156,734	118,496	162,185	158,736	162,221	170,059
Benefits	97,109	104,459	102,861	119,130	150,934	136,771	160,204
Supplies	16,264	44,197	42,335	34,896	21,676	28,075	34,818
Services	170,709	218,439	253,223	225,573	273,066	370,667	322,981
Capital Outlay	131,230	58,724	4,227	23,992	-	10,518	-
Transfers to agencies	40,725	44,869	68,918	63,659	76,181	85,141	114,118
Debt service	-	-	-	8,118	9,496	9,000	8,118
Indirect Cost Recovery	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>937,564</b>	<b>969,546</b>	<b>995,279</b>	<b>963,497</b>	<b>1,036,628</b>	<b>1,040,512</b>	<b>1,120,244</b>
Interfund transfers out	(28,933)	(10,000)	-	-	-	-	-
<b>Total Other S/U</b>	<b>(28,584)</b>	<b>(10,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Fund Bal</b>	<b>(19,454)</b>	<b>111,038</b>	<b>(74,457)</b>	<b>16,062</b>	<b>(48,821)</b>	<b>(12,296)</b>	<b>(74,507)</b>
<b>Beg Fund Bal</b>	<b>460,252</b>	<b>444,037</b>	<b>555,075</b>	<b>480,618</b>	<b>493,958</b>	<b>445,138</b>	<b>432,842</b>
Adj./Restmts	3,238	-	-	-	-	-	-
Adj. Beg. Fund Bal.	463,490	444,037	555,075	480,618	493,958	445,138	432,842
<b>End Fund Bal</b>	<b>444,036</b>	<b>555,075</b>	<b>480,618</b>	<b>496,680</b>	<b>445,137</b>	<b>432,842</b>	<b>358,335</b>
REU	60,000	63,000	64,000	64,000	66,000	66,000	66,000
Restricted/Reserved	21,922	16,654	21,705	13,778	30,909	65,967	36,107
Committed/Assigned	164,488	170,073	163,129	182,404	180,219	184,676	180,219
Unappropriated	197,626	305,348	231,784	236,499	168,009	116,199	76,009

As a result of deficit spending, the District's ending fund balance is declining. The District's second interim budget and multi-year projection estimates the District will continue to spend down reserves in the unrestricted general fund as shown in the chart that follows.



The District's estimated deficit spending is still fairly mild, affording the Board some time to determine how best to balance the budget.

## WHAT IS DRIVING DEFICIT SPENDING?

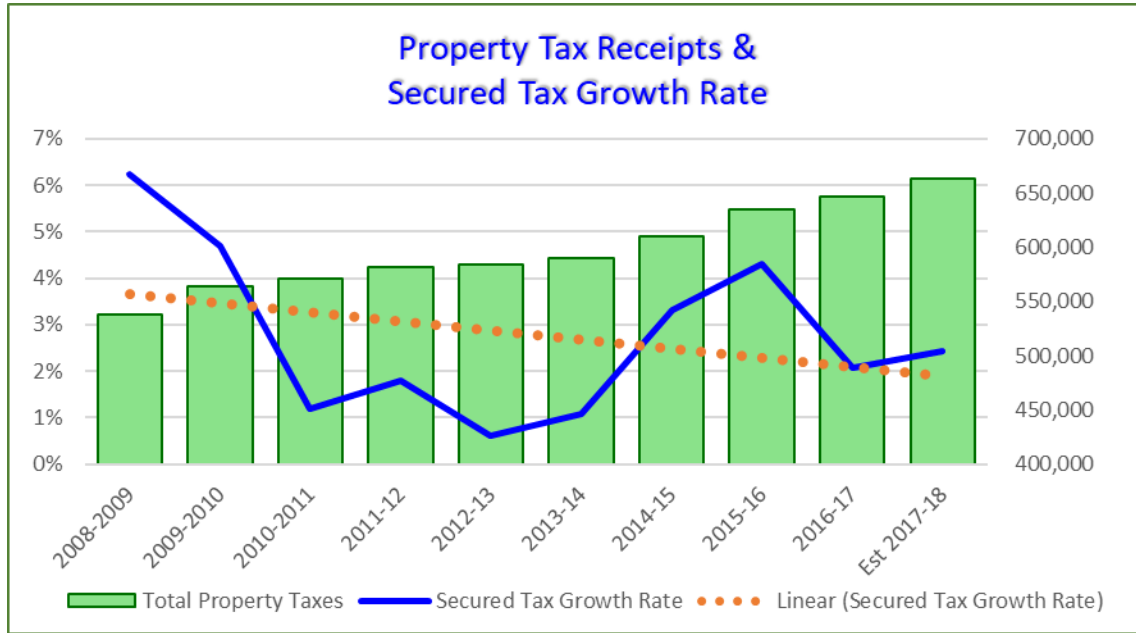
The District's revenues are not keeping pace with the inflation in expenditures. Over the last 7 years revenues have grown on average by 2.3% whereas expenditures have grown by 3.6%.

Annual Change in Revenues and Expenditures*								
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Average
Total deficit spending	(19,454)	111,038	(74,457)	16,062	(48,821)	(12,296)	(74,507)	(14,634)
Total revenues	947,044	1,090,584	920,822	963,469	958,467	1,000,104	1,045,737	
Change in Revenues	31,347	143,889	(169,762)	58,737	8,248	40,409	17,521	18,627
	3.4%	15.2%	-15.6%	6.4%	0.8%	4.1%	1.7%	2.3%
Total expenditures	966,497	979,546	995,279	947,407	1,007,287	1,012,400	1,120,244	
Change in Expenditures	56,921	31,981	25,733	(31,782)	73,131	3,884	79,732	34,229
	6.5%	3.4%	2.7%	-3.2%	7.6%	0.4%	7.7%	3.6%
*excluding STRS On-Behalf in-kind revenues & expenditures								

The large increase in total revenues, resulting in a surplus in 2012-13 was due to a one-time State Water Resources Board grant.

## REVENUES

Outside of the one-time state revenues that have been awarded in recent years, the District is reliant on increases in property and parcel taxes for increased revenues, however the annual growth rate has been steadily declining as shown in the chart below



The District's primary funding source is the Local Control Funding Formula, which for Nicasio is largely funded with local property taxes. The larger increase seen in 2013-14 was due to the passage of Proposition 30 providing all school districts with a minimum of \$200 per student attendance (ADA) in Education Protection Act funding.

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
LCFF Sources (all funds)	581,458	588,655	647,824	659,318	683,959	696,261	691,346
annual increase		7,198	59,169	11,493	24,642	12,302	(4,915)
		1%	10%	2%	4%	2%	-1%

A closer analysis of the District's property tax base reveals the assessed valuation is unevenly distributed with a single property owner, Skywalker Ranch, accounting for 29% of the District's total tax base and resulting property tax revenues. The drop in growth rate experienced in 2016-17 was almost entirely related to a large drop in the value of business and personal property recorded for Skywalker Ranch.

Nicasio School District History of Assessed Value								
		Land	Improvements	Business Property	Personal Property	Total	Property Taxes	~ AB8 factor
2014	Total	153,695,009	226,297,451	18,356,423	4,217,771	402,566,654	609,591	0.001514
	Skywalker	14,902,511	92,375,999	18,106,698	4,080,831	129,466,039	196,045	
	As % of total	10%	41%	99%	97%	32%	32%	
2016	Total	172,981,810	238,181,173	12,563,288	2,408,482	426,134,753	646,908	0.001518
	Skywalker	13,497,930	93,962,337	12,273,829	2,234,095	121,968,191	185,158	
	As % of total	8%	39%	98%	93%	29%	29%	
2017	Total	178,895,635	242,934,365	10,292,384	2,212,331	434,334,715	662,575	0.001525
	Skywalker	16,312,382	95,840,920	10,017,197	2,031,559	124,202,058	189,469	
	As % of total	9%	39%	97%	92%	29%	29%	

## EXPENDITURES

Increases in expenditures over the last seven years are primarily related to increased employee benefit costs and increased special education costs. As noted above, total expenditures have increased by 3.6% on average each year. Special education costs account for a disproportionate share of this cost, increasing on average 15% annually and accounting for an ever larger proportion of the total budget. Employee benefits also outpace the average inflation in expenditures, increasing 4.4% annually on average, primarily due to increases in contributions to the retirement system.

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Special Education costs	<b>97,797</b>	<b>79,380</b>	<b>120,296</b>	<b>157,903</b>	<b>117,856</b>	<b>162,449</b>	<b>185,082</b>
annual increase		-19%	52%	31%	-25%	38%	14%
as % of total costs	10%	8%	12%	17%	12%	16%	17%

The District's budget is structured on a three teacher model with a 0.60 FTE Principal. Support staff consist of an Office Manager and a maintenance worker/ custodian. All other staff are funded with federal grants and foundation donations. The District's staffing model is based on using parcel tax revenues to reduce the teacher pupil ratio from 25:1 to 16:1 thereby allowing for three multi-grade classrooms rather than two. The District's enrollment has been dropping and may be as low as 30 students total in 2018-19 which reduces the pupil teacher ratio to 10:1.

### Identification of any future action/research for board consideration

The budget structure for 2018-19 is set based on 2017-18 staffing patterns. The board may wish to identify items for further study to implement with the 2019-20 budget

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_