
District Financing 101

Laguna Beach Unified School District

2025

Presentation overview

Public school district funding is complex and it requires a dedicated team of school business professionals to ensure funding is accurately accounted for and the appropriate checks and balances are in place.

Overall Budget

- **Important Milestones**
Overview of key dates associated with the budget
- **Total Operating Budget**
Revenues & expenditures

Development

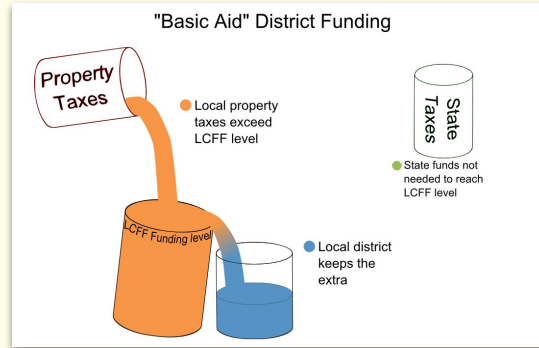
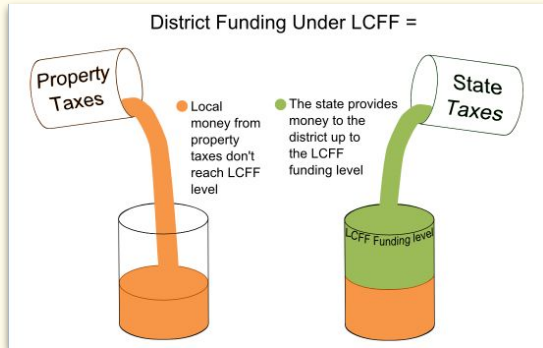
- **Process**
How site and department budgets are determined
- **Board/Public Review**
How the District's financials are presented

Financing

- **G.O. Bonds**
Overview of voter approved debt
- **Certificates of Participation**
Non-voter approved debt for capital improvements

Community Funded

What makes us special?



Property Taxes

Every district in the state receives property taxes as part of their educational funding

LCFF Formula

The Local Control Funding Formula dictates the **MINIMUM** amount of funding districts receive based on their demographics

Excess Property Taxes

When the amount of property tax revenue exceeds the minimum guarantee for LCFF, districts are considered community funded (aka basic aid)

Milestones

7/1

Fiscal Year Start

12/30

Property Tax Revenues

4/15

Property Tax Revenues

12/15

1st Interim
Prior year fiscal audit

3/15

2nd Interim
Budget Development

6/30

Fiscal Year End
Close the Books

Fiscal Year Start

Operating Budget Approval

Prior to July 1 each year the Board will review the proposed budget as an information item, usually in **late May**, before taking action to **approve the budget in June**.

○ Closing the Books

The Business office will still be in the process of closing the books for the prior fiscal year well past July

○ What This Means

Closing the books simply means that the previous year's purchase orders are being closed that are assigned for various expenditures

○ Purchase Orders

Purchase orders assign money within the budget and are assumed to be fully spent until they are closed (encumbered)

○ Carryover

Often, the purchase orders are closed and not fully expended, creating carryover funds

1st Interim

First Budget Adjustment

Prior to **December 15** each year the Board will review and approve the first budget adjustment proposed by staff known as the 1st Interim. This adjustment takes into account the financial information of actual revenue and expenditure data through **the end of October**.

○ Actual Revenues

The 1st Interim will recognize the carryover as a result of closing the books

○ Property Taxes

The first large installment of property taxes isn't seen until late December so 1st Interim still is based on a forecast

○ Expenditure Data

1st Interim will recognize the actual staffing and program costs seen through the end of October

○ Prior Year Audit

The annual audit is usually presented at the same meeting as 1st Interim, or in the following meeting

2nd Interim

Second Budget Adjustment

Prior to **March 15** each year the Board will review and approve the second budget adjustment proposed by staff known as the 2nd Interim. This adjustment takes into account the financial information of actual revenue and expenditure data through **the end of January**.

○ Actual Revenues

The 2nd Interim will recognize 1st of the 2 largest receipts of property tax revenue we receive in late December

○ Property Taxes

During this time we typically receive an updated property tax revenue forecast from our consultant

○ Expenditure Data

2nd Interim will recognize the actual staffing and program costs and compare it to the 1st Interim

○ Negotiations

The 2nd Interim serves as the basis of financial data for negotiation purposes

Fiscal Year End

Reconciling Operating Budget

The purchase order system is closed in **mid-April** each year so that the closing process can begin. Closing the books takes several months and is usually completed by the **end of August**. Once closed, no purchase orders can be initiated and only existing purchase orders can be used to pay for products/services.

○ Summer Sprint

The busiest time of year for the Business office is when the school year ends

○ What This Means

While beginning a new fiscal year, business staff is reconciling all of the previous year's expenditures in preparation for the annual audit

○ Annual Audit

The audit looks at the processes and procedures in place, as well as specific expenditures, to make sure they were done in accordance with all laws

○ Unmodified

When reading or listening to the District's auditor, you want to hear the term "unmodified"

Budget



Revenues

This next section provides information to the District's revenues, which will include an identification of where the revenues come from

Revenue Sources

Property Taxes

- **Secured Roll Taxes**

Largest source of revenue and most predictable

- **Unsecured Roll Taxes**

Relatively small and varies from year to year

- **Prior Year Taxes**

Relatively small and varies from year to year

State & Local

- **State Aid**

State funding for specific programs/categoricals based on average daily attendance

- **Local**

Donations & grants received through the year, interest, and SELPA funding for special education

Federal

- **Special Education**

Very small amount to support required services

- **Categoricals**

Small amount of highly restricted funding

Revenue Sources

Property Taxes

\$75,031,000

- **Secured Roll Taxes**
\$71,731,000
- **Unsecured Roll Taxes**
\$2,200,000
- **Prior Year Taxes**
\$1,100,000

State & Local

\$11,907,894

- **State Aid**
\$6,680,263
- **Local**
\$5,227,631

Federal

\$920,780

- **Special Education**
\$468,906
- **Categoricals**
\$451,874

\$89,150,000

Total Revenues

When accounting for the 3 primary revenue sources plus a small amount of funding we receive for LCFF.

Expenditures

Staffing

- **Salaries**

Costs for all classifications of employees in the district

- **Benefits**

Retirement costs, medical benefit costs, statutory benefits

Services

- **Contracts**

Transportation costs, legal services, utilities, non-employee vendors providing services

Supplies

- **Instructional Supplies**

Products to support the classroom learning

- **Non-Instructional Supplies**

Refreshments, copiers, etc...

Expense by Category

\$88,128,000

Certificated Salaries

\$33,361,035

Classified Salaries

\$12,912,940

Employee Benefits

\$20,569,205

Contracted Services

\$14,854,242

Books & Supplies

\$3,227,669

Capital Outlay & Other

\$3,202,909

Development

A glowing orange tent is pitched on a grassy hillside in a mountainous landscape at dusk. The tent is illuminated from within, casting a warm glow. The background features dark, silhouetted mountains under a sky with soft, purple and blue hues from the setting or rising sun. The overall scene is serene and atmospheric.

**Process for Building
the Budget**



Collaboration

Each year we begin meeting with all of our school sites and departments starting around this time to review their historical budgets, discuss any large planned expenditures or changes in programs, and provide a handout for them to complete.

We focus on the non-staffing related items and a total budget amount is provided based on what we predict they may experience in terms of rising or declining costs of good and services.



Collaboration

For next year, each school site is planning on having 5% more towards their budget than they had for this year.

Departments don't necessarily receive a set percentage increase like the school sites. An example of this would be how we budget with technology services, where they have a refresh schedule that provides for large variances in replacing student and staff computers, servers, access points, etc...

Subfund: 0101 GENERAL FUND

7-Year Budget Summary by Major Object/Object

Major Object Object	1	2	3	4	5	6	7			2025-26	
	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25			Preliminary	
							Budget -	Encumbrance -	Actual -	Balance =	
4000 BOOKS AND SUPPLIES											
4310 MATERIALS & SUPPLIES-INSTRUCT	31,065	35,232	46,582	33,947	40,798	58,132	55,178	22,572	32,606	1	
4312 COPIER PAPER	5,559	3,949	5,011	3,561	5,777	3,648	6,000	4,304	1,696	-	
4320 TECHNOLOGY SUPPLIES	-	-	-	953	745	-	-	-	-	-	
4322 INK/PRINTER SUPPLIES	15,153	13,981	9,832	5,319	18,865	8,815	12,000	3,289	8,711	-	
4325 REFRESHMENTS - NOT FOOD SERV	2,530	885	9	3,106	4,181	3,304	3,330	2,049	1,281	0	
4340 GENERAL SUPPLIES-NON INSTRUCT	1,268	1,634	2,446	1,387	8,087	6,293	10,000	7,932	2,068	-	
4355 COPIER SUPPLIES	-	-	-	233	465	-	-	-	-	-	
4368 SUBSCRIPTIONS	315	1,632	29	-	-	-	-	-	-	-	
4410 EQUIPMENT-NEW \$500-\$5000	5,765	521	1,110	6,113	979	2,877	500	-	481	19	
4462 COMPUTER PRINTERS \$300-\$5000	1,361	-	-	-	2,840	-	-	-	-	-	
Total Major: 4000 BOOKS AND SUPPLIES	63,015	57,537	65,028	54,619	82,739	83,070	87,008	40,145	46,843	20	-
5000 SVCS & OTHER OPER EXP											
5220 TRAVEL & CONFERENCE	9,256	2,845	550	814	242	2,744	2,719	400	1,319	1,000	
5259 OTHER TRAVEL EXP TAXABLE-CIE	-	-	150	550	1,200	1,200	1,200	-	600	600	
5299 TAXABLE MILEAGE-CERTIFICATED	1,500	1,500	1,500	1,375	1,500	1,500	1,500	-	750	750	
5310 DUES & MEMBERSHIPS	1,525	1,603	1,603	1,525	1,625	1,916	1,691	-	1,691	0	
5620 RENTAL EXPENSE	558	553	642	4,902	3,792	4,311	4,982	3,825	1,156	1	
5650 SOFTWARE/COPIER MAINTENANCE FEE	2,835	1,555	1,983	5,275	6,825	7,560	7,241	5,717	1,157	368	
5680 LANDSCAPE	-	-	-	-	-	-	-	-	-	-	
5690 MISC REPAIR	150	-	-	1,950	-	-	-	-	-	-	
5760 CATERING - FOOD SERVICES	-	-	-	-	-	-	260	-	-	260	
5805 ANNUAL SOFTWARE LICENSE FEE	-	-	-	1,770	842	903	1,329	-	1,329	-	
5813 SUBSCRIPTIONS - ONLINE	-	-	-	299	300	-	-	-	-	-	
5830 CONSULTANTS-INSTRUCTIONAL	451	454	795	-	-	-	-	-	-	-	
5835 CHARTER BUS-HOME TO SCHOOL	2,675	-	-	3,043	1,234	2,227	8,000	5,707	2,293	-	
5860 MISC OUTSIDE VENDOR	995	3,071	2,850	1,910	995	2,470	1,280	-	1,280	-	
5865 CHARTER BUS-ATHLETIC/FIELD TRIP	2,129	58	-	2,033	3,829	4,304	7,000	7,000	-	-	
5870 OUTSIDE PRINTING	-	-	-	-	-	1,922	-	-	-	-	
5910 POSTAGE/DELIVERY	308	695	660	-	-	37	200	-	-	200	
Total Major: 5000 SVCS & OTHER OPER EXP	22,376	11,734	10,682	25,445	22,384	31,094	37,492	22,649	11,573	3,180	-
6000 CAPITAL OUTLAY											
6110 SITE IMPROVEMENT	2,300	-	-	-	-	-	-	-	-	-	
6410 EQUIPMENT OVER \$5000 (Copier Replacement)	-	-	-	19,136	-	-	-	-	-	-	
Total Major: 6000 CAPITAL OUTLAY	2,300	-	-	19,136	-	-	-	-	-	-	-
TOTAL:	87,692	69,271	75,680	99,200	105,122	114,164	124,410	62,794	58,417	3,199	-



Budget Monitoring

In addition to the budget adoption and interim approvals, there are multiple other reports that can be accessed throughout the year to review the District's financials.

- Monthly Financial [Board Report](#)
- Warrant List in Consent in the [Board Agenda](#)
- Fiscal Reporting on [Business Website](#)

Financing



Exploring Debt



General Obligation Bonds

In 2001 voters in Laguna Beach passed a General Obligation (G.O.) bond to support facilities improvements throughout the District.

The G.O. bond is an ad valorem tax that is added to property owners within the school district to repay the debt associated with the bond. For Laguna property owners, the amount added to the property tax bill is slightly less than \$10 per \$100,000 of assessed value.



General Obligation Bonds

The passage of the bond provided the school district access to \$39 million to support facilities upgrades.

The bond is set to be paid off by the property owners in 2028.

There has been discussion, though no formal action or decision, of possibly exploring an extension of the bond to support more facilities improvements.



Bond Extension

The extension of the bond would require voter approval, requiring more than 55% of votes being in support. If extended, the district could get access to approximately \$80 million for more facilities upgrades.

It is a lengthy process to pursue and campaign for any bond, whether new or an extension, that requires action by the Board of Education.



Bond Process

Usually a surveying consultant and campaign consultant are brought on to determine the feasibility of a bond. If the Board decides to pursue the bond, a resolution calling election at least 88 days prior to election date must be done by the Board.



Certificates of Participation

COPs are non-voter approved debt. Instead of the debt being paid off by the property owners, the District's General Fund is used to make the annual debt payment.

COPs can only be used for capital improvements.

The District may explore the use of COPs to fund energy efficiency projects, which is captured in the [February 13 Board Agenda](#). The item was pulled from the meeting, but can be referenced for info.

A scenic landscape featuring a calm lake in the foreground, a dense forest of evergreen trees in the middle ground, and misty mountains in the background. The scene is partially framed by two large, rounded green shapes. The top-right shape contains the word 'Thank' in white, and the bottom-left shape contains the word 'You' in white.

Thank

You