



Budget Advisory Task Force

Meeting #3

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Chief Business Official

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Welcome & Thank You!

Dr. Kimberly McGrath
Superintendent

REED UNION SCHOOL DISTRICT



- Name
- Role or Professional Affiliation
- Connection to RUSD
- What brought you here today?

NORMS

- Share the Air
 - Listen Actively
 - Engage and Disagree Respectfully
 - Assume Positive Intent
 - One Voice at a Time
 - Focus on Ideas, Not Individuals
-

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PURPOSE

- Provide input and recommendations
 - Ensure transparency and accountability
 - Identify areas for improvement
 - Build community engagement
 - Build long-term understanding of the District's budget
 - Advisory
 - Bring ideas in and out
-

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AGENDA

- Welcome by Dr. Kimberly McGrath, Superintendent
 - Introductions, norms and expected behaviors, scope & purpose
 - Strategic plan alignment, Year 2 vertically aligned goals, & Board Reserve Policy
 - Brief recap of prior meeting topics
 - Check in on timeline and next steps
 - Key Takeaways from the 2024/25 Unaudited Actuals & Audit Reports
 - Overview of 2025/26 1st Interim Budget & Multi Year Projections
 - Enrollment projections and staffing to enrollment ratios
 - Budgetary pressure points & revenue assumptions
 - Viable (and non-viable options) for community consideration
 - Next Steps: Feedback via [Online Survey](#)
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Strategic Plan, Pillar #6: Finance

“RUSD will responsibly steward fiscal resources to create nurturing, educational, and innovative opportunities for all RUSD students.”

FY 2025/26 1st Interim Budget Report

“The District’s operating budget for fiscal year 2025–26 is \$33.3 million, with a projected year-end unrestricted reserve of 34.4%. Based on current projections, operating expenditures are expected to rise to \$34.2 million in FY 2026–27 (with reserves declining to 30%), and to \$35.18 million in FY 2027–28 (with reserves further decreasing to 25.8%).”

Year 2, Vertically Aligned Goal:

“The District will collaborate with its Budget Advisory Committee to develop a three-year framework for achieving a balanced budget to be presented to the board.”

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Reserve Guidelines

The District maintains a minimum committed fund balance of not less than 27 percent (inclusive of the percentage required by 5 CCR 15450) of budgeted general fund expenditures and other financing uses as a Reserve for Economic Uncertainties. Because amounts in the non-spendable, restricted, committed, and assigned categories are subject to varying constraints on their use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned and unrestricted. The Governing Board believes a reserve of this level is prudent to maintain a high bond rating and to protect the service level provided by the District from financial uncertainty.

In determining the minimum committed fund balance amount, the Governing Board considered the California Department of Education's recommendations for minimum fund balances for community funded districts plus risks specific to the District including potential catastrophic losses due to natural disasters based on historical data from similar districts, uncertainty around future state and federal funding, historical data around economic fluctuations, and uncertainty around unknown legal liabilities.

Use of the Reserve for Economic Uncertainties must be approved by Board action, and any shortfall shall be replenished as soon as reasonably possible.

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SYNOPSIS

May 8, 2025

- Purpose and charge of the Budget Advisory Task Force
- Fundamentals of public school finance
- Education of major components of District revenue and expenditure categories

September 28, 2025

- Review of adopted FY 2025/26 budget
- Review of financial statements and 2 Year fiscal forecast
- Board adopted reserve policy
- Highlight of key operating pressures on the budget

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Subsequent Year Budget & LCAP
(June)

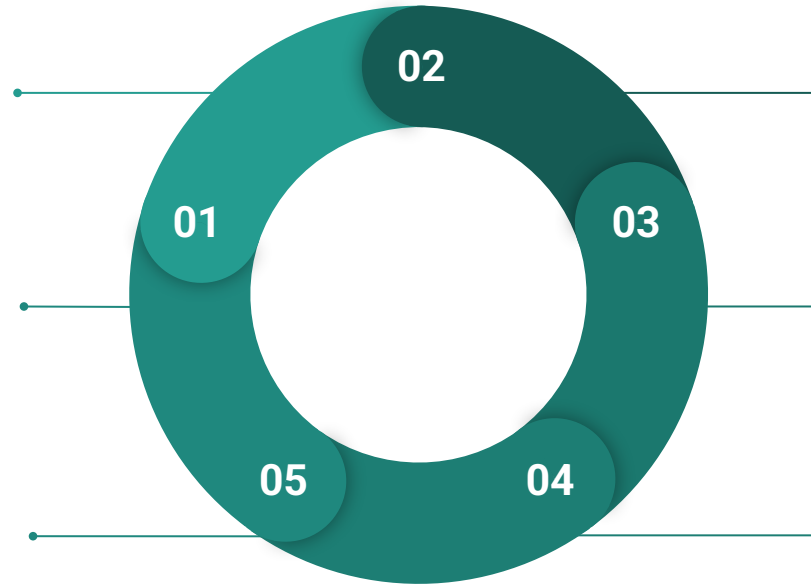
BAC Meeting #1 (May 2025)

BAC Meeting #4 (May 2026)

2nd Interim Budget Update
(March)

Independent Auditor's Report
(January)

BAC Meeting #3 (January 2026)



45 Day Budget Revision
(August)

Prior Year Unaudited Actuals
(September)

BAC Meeting #2 (Sept. 2025)

1st Interim Budget Update
(December)

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RUSD's Fiscal Year 2024/25 Unaudited Actuals financial report outlined year-end total general fund revenue and transfers in of **\$30.42** million and expenditures and other uses of **\$30.29** million, with a net general fund carryforward of **\$131,419**.

- The District's total revenue and transfers in of **\$30.42** million is within ~0.3% of that estimated in the 2024/25 budget.
 - The District's total expenditures and other uses of **\$30.29** million is within ~2.0% of that estimated in the 2024/25 budget.
 - The net general fund carryforward of **\$131,419** increases the District's ending fund balance to \$14,315,946, of which \$1.75 million is restricted and \$12.56 million is unrestricted.
 - Of the \$12.56 million in unrestricted funds, \$1.21 million (4%) reflects the statutory minimum reserve for economic uncertainties required under Education Code § 42127, while \$6.96 million (23%) represents the District's Board-committed reserve for economic uncertainties pursuant to Policy 3105.1.
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Financial Highlight:

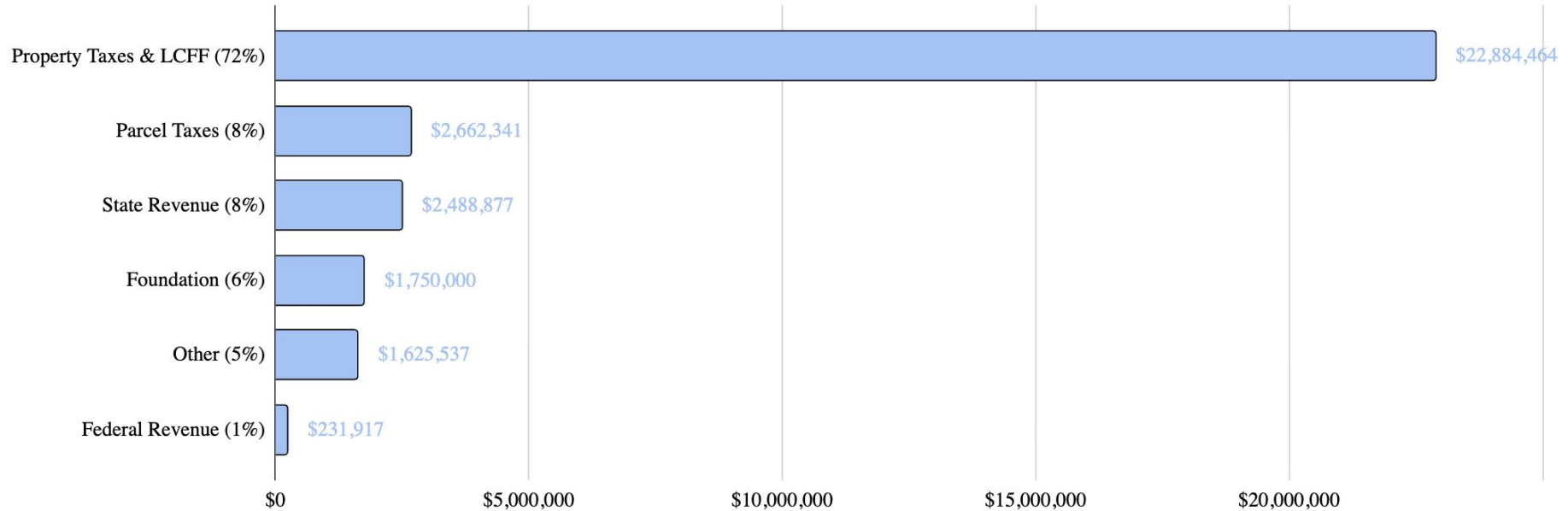
“ The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 4%.” *(page 5, Audit Report).*

Financial Statement Findings:

“No Material Weaknesses Identified. No Significant Deficiencies Identified. “No matters to report for the fiscal year ended June 30, 2025.” (page 88, Audit Report).

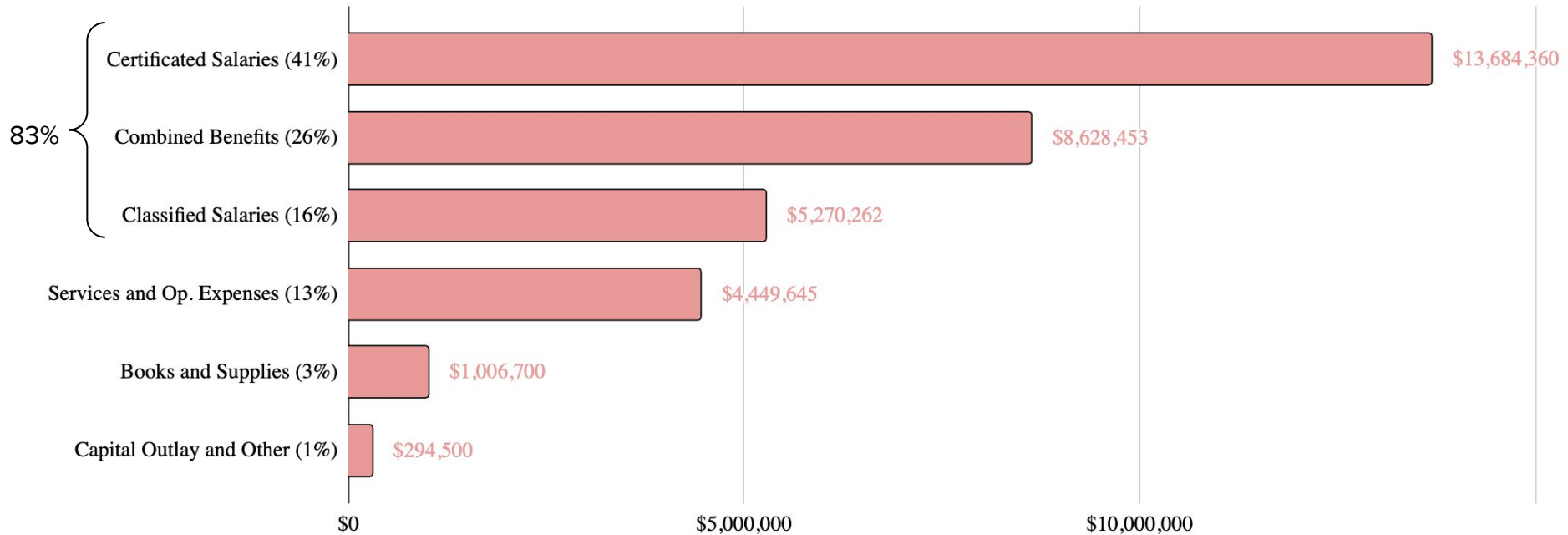
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Total FY 2025/26 Budgeted Revenue: **\$31,643,136**



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Total FY 2025/26 Budgeted Expenditures: **\$33,333,920**



FY 2025/26 1st Interim, December 15, 2025

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	FY2024/25 (Unaudited Actuals) Sept. 9, 2025	FY 2025/26 (1st Interim) Jun. 3, 2025	FY 2026/27 (Forecast) Jun. 3, 2025	FY 2027/28 (Forecast) Jun. 3, 2025
E. Change in Fund Balance	\$131,419	-\$1,405,784	-\$1,586,089	-\$1,515,475
F. Beginning Balance	\$14,184,528	\$14,208,148	\$12,802,365	\$11,216,276
G. Ending Balance	\$14,315,946	\$12,802,365	\$11,216,276	\$9,700,801
H. Components of Ending Balance	---	---	---	---
1. Revolving Cash & Prepaid	\$2,000	\$0	\$0	\$0
2. Restricted Balances	\$1,753,381	\$1,255,923	\$797,271	\$587,964
3. Board Policy Designated	\$6,967,189	\$8,048,141	\$8,261,221	\$7,697,265
4. State Required Reserves	\$1,211,685	\$1,006,018	\$1,032,653	\$1,415,573
5. Unassigned / Unappropriated	\$4,383,691	\$2,492,283	\$1,125,131	\$0

Unrestricted Reserve Forecast (as of FY 25/26 1st Interim)

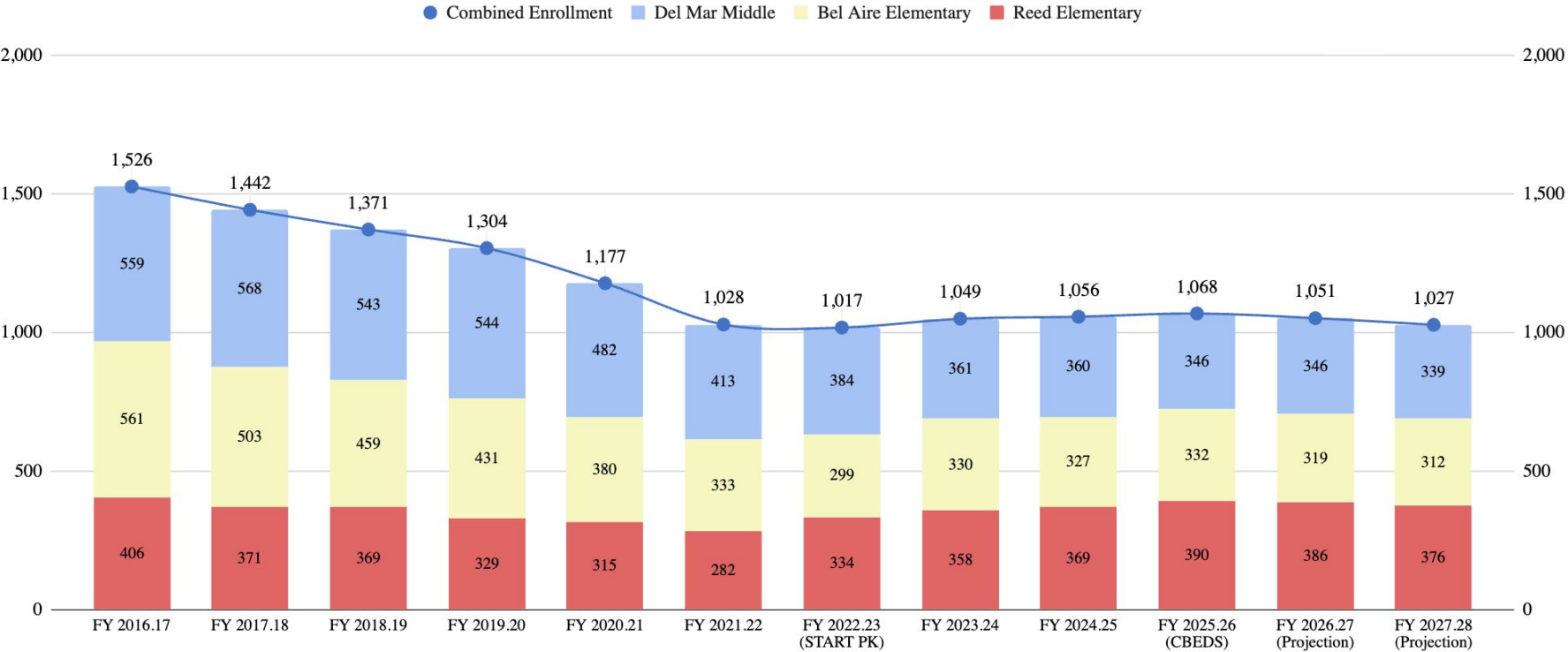
41.5%

34.4%

30.3%

25.8%

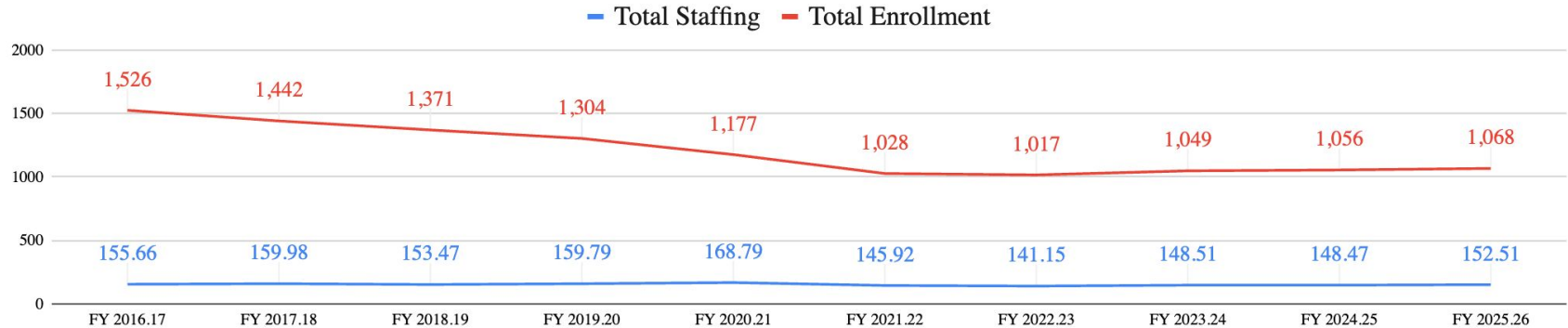
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Enrollment History

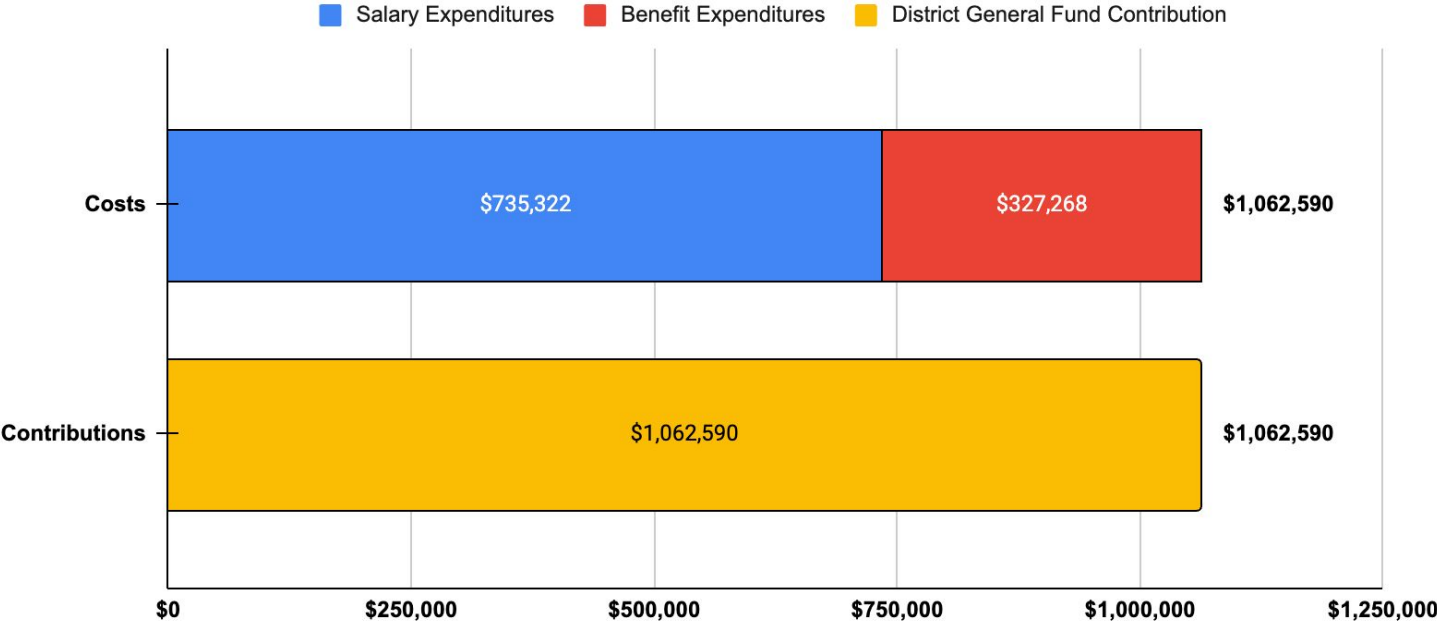
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Reed Union SD	FY 2016.17	FY 2017.18	FY 2018.19	FY 2019.20	FY 2020.21 (Pandemic)	FY 2021.22	FY 2022.23 (START PK)	FY 2023.24	FY 2024.25	FY 2025.26 (CBEDS)	Delta
Total Staffing	155.66	159.98	153.47	159.79	168.79	145.92	141.15	148.51	148.47	152.51	-3.15 Staff
Total Enrollment	1,526	1,442	1,371	1,304	1,177	1,028	1,017	1,049	1,056	1,068	-458 Students
Ratio: (Students per Staff FTE)	9.8	9.0	8.9	8.2	7.0	7.0	7.2	7.1	7.1	7.0	



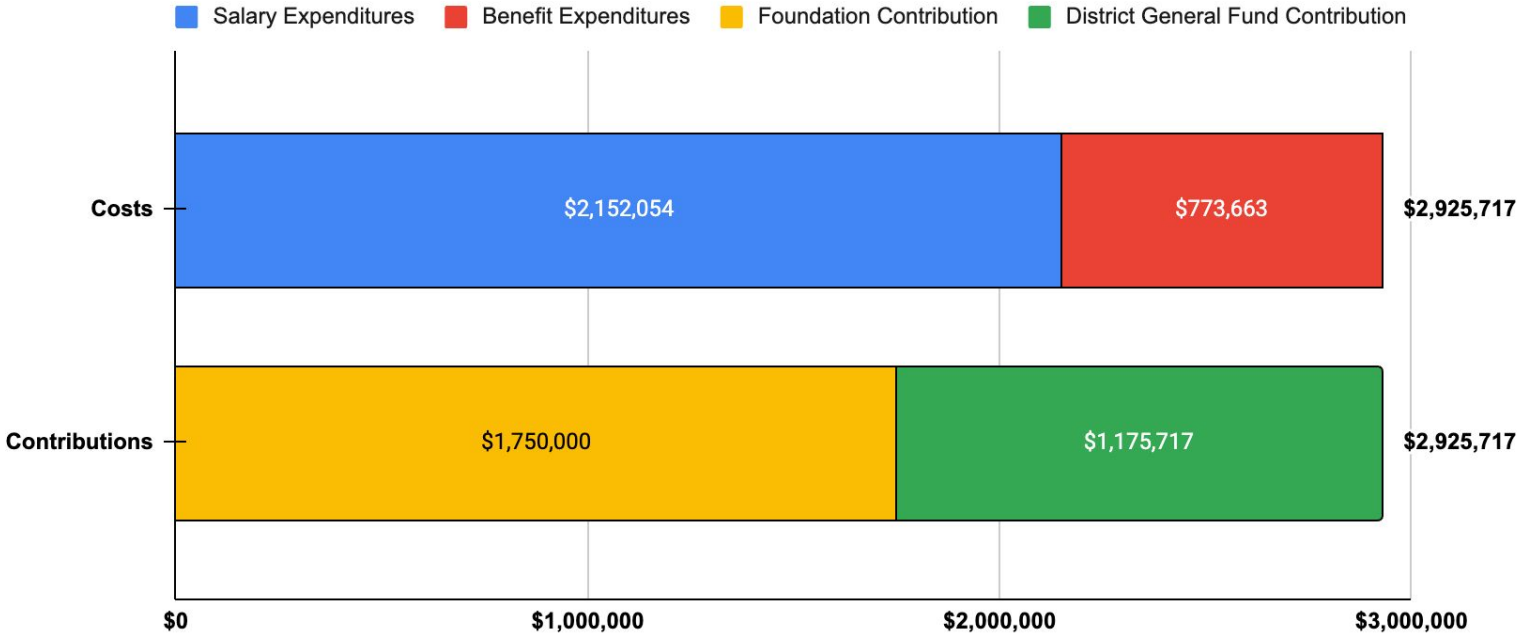
Enrollment & Staffing Ratios

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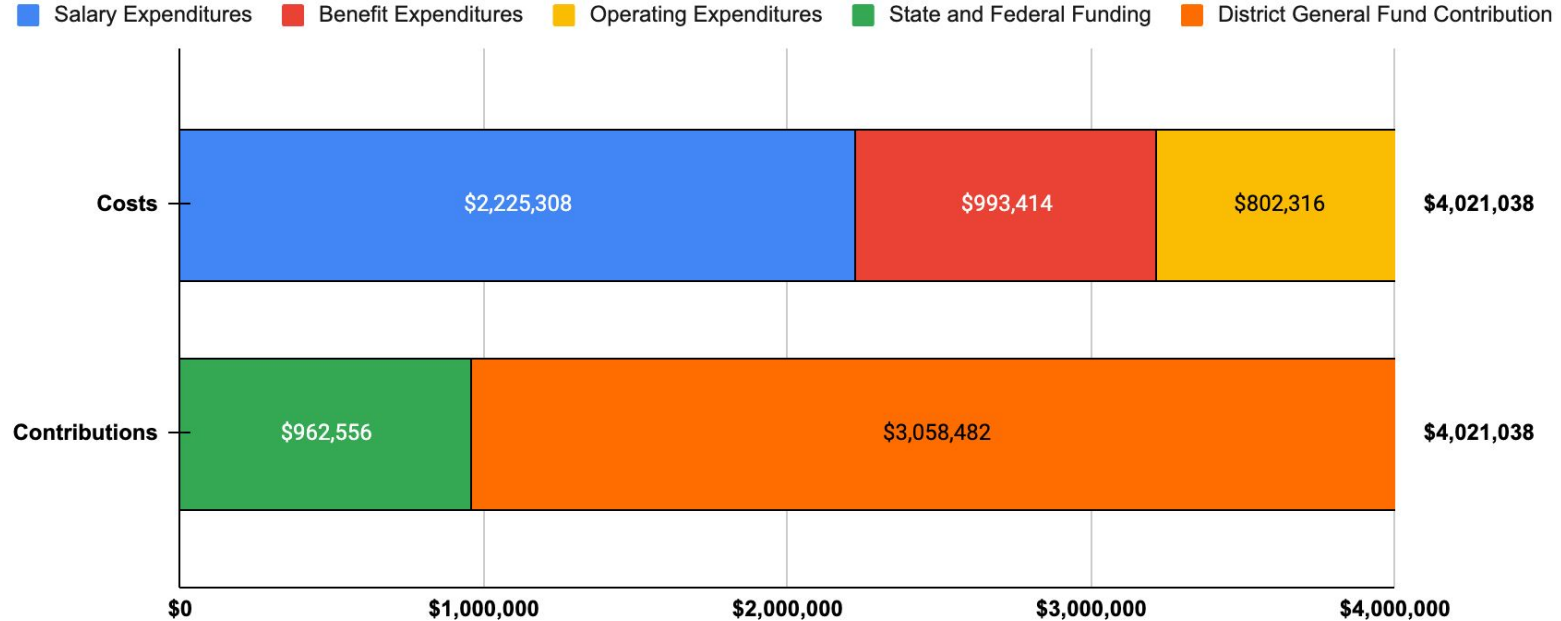
The District launched a Pre-K program in FY 2022/23, ahead of the State’s required full implementation in FY 2025/26. As a community-funded district, RUSD does not receive additional per-ADA funding to operate this program. By FY 2025/26, the District operates five Pre-K classrooms staffed by five teachers and five instructional aides, serving students at an average ratio of 19.4:1.

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The Foundation is budgeted to contribute \$1.75 million in FY 2025/26 to support elective programs. However, the total cost of salaries and benefits for these programs is projected at \$2.95 million. As a result, the District’s General Fund must provide an additional \$1.175 million to cover the shortfall. This does not include supplies and other associated operating expenditures.

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District Priorities:

1. Prioritize revenue generation where possible.
 - Pro: Mitigates impacts to programs
 - Con: Limited options
2. Seek structural budget solutions over reliance on one-time solutions.
 - Pro: Sustainable over time
 - Con: One time funding cycles from the State
3. Staffing reductions achieved via attrition whenever possible.
 - Pro: Avoids layoffs
 - Con: Driven by employee decisions and timing

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 (1)	• One Time State Funding	• TBD
 (2)	• Increased Property Tax Revenue?	• 4.17% in FY 25/26 • 4% Projected in FY 26/27 • 3.85% Projected in FY 27/28
 (3)	• General Obligation Bond driven reduction in M&O budget pressure.	• Replacement of aging facilities with new build.
 (4)	• Increased support from the Foundation and PTA?	• TBD

Revenue Variables that MAY Influence the District's Multi Year Projection

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(1)	FY 27/28 Collective Bargaining	• Increases to Salaries beyond Step and Column • Increases to Capped Benefits Contributions
(2)	Federal Funding Assumptions	• \$230k Budget in FY 25/26 (1%)
(3)	General Obligation Bond	• Failure to pass a General Obligation Bond would put increasing pressure on Maintenance and Operations

Expenditure Variables that MAY influence the District's Multi Year Projection

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Examples of **non-feasible** ideas (as a Local Educational Agency)?

1. Pension System Reform

- e.g. shifting away from CalSTRS and CalPERS to a 401k retirement system

2. Directing General Fund Cash Investments

- e.g. Investing District cash away from the Marin County Treasury

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13%

Operating Expenditures

Most costs are related to the operations of a School District and not feasible to reduce (e.g. utilities, insurance, supplies, legal, IT).

- 
- *Field Trips (\$305k)*
 - *After School Tutoring (\$115k)*
 - TBD
 - TBD
 - TBD
 - TBD

9%

Foundation Programs

The Foundation is budgeted to contribute \$1.75 million to support elective programs. However, the total cost for these programs is projected at \$2.95 million, requiring a \$1.175 contribution from the General Fund..

- 
- Art, Music, Spanish, STEM, PE, Library (16.4 FTE)

TBD %

Student Services

The District provides services beyond core academics, inclusive of Student Well Being, Inclusion, Belonging and Equity, and Athletics.

- 
- Inclusion & Belonging
 - Counseling
 - Athletics

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7%

Staff FTE to Student Ratio

Over ~10 years, the District's student enrollment has declined by ~450 students, but overall staffing has declined by ~3 FTE.

- 
- Increase Class Sizes

TBD %

Other Ideas

TBD

- 
- OPEB Investment (\$200k)
 - Retirement Incentives?

TBD %

Other Ideas

TBD

- 
- TBD
 - TBD



Questions?

- What are you interested in learning more about?
- NOTE (1/26/26)
 - TBD

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TEXT

- Collect both quantitative and qualitative feedback from this group.
 - An online survey will be distributed shortly to gather broader input.
 - By March Meeting (#4), all feedback will be synthesized into a draft report.
 - The draft report will be shared with this group for review and discussion.
 - By April, report will be presented to the RUSD Board.
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SUPPLEMENTAL
SLIDES

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	FY2025/26 (1st Interim Update) Dec. 15, 2025	FY2026/27 (Updated Forecast) Dec. 15, 2025	FY2027/28 (Updated Forecast) Dec. 15, 2025	
A. Revenue				NOTES on Forecast Assumptions
1. LCFF Sources	\$205,652	\$205,652	\$201,792	Remains at \$200 x ADA (Average Daily Attendance)
2. Property Taxes	\$22,678,812	\$23,565,437	\$24,452,949	Secured Property Tax Rates: FY 25/26 (4.17%); FY 26/27 (4.00%); FY 27/28 (3.85%)
3. Federal Sources	\$231,917	\$231,917	\$231,917	Title Funds + Individuals with Disabilities Education Act (IDEA)
4. State Sources	\$1,422,752	\$1,134,403	\$1,153,186	State COLA: FY 25/26 (2.3%); FY 26/27 (3.02%); FY 27/28 (3.42%)
a. CalSTRS on Behalf	\$1,066,125	\$1,066,125	\$1,066,125	Based on proportionate share percentage of total employer contributions
5. Parcel Taxes (Local)	\$2,662,341	\$2,742,211	\$2,824,478	Parcel Tax Growth Rate remains at (3%) in FY 26/27 and in FY 27/28 respectively
6. Foundation for Reed Schools (Local)	\$1,750,000	\$1,750,000	\$1,750,000	Foundation Contributions remain projected at \$1.75 million in FY 26/27 and FY 27/28.
7. Other Local Sources	\$80,000	\$80,000	\$80,000	Facilities Use Permits and Cash Clearing Accounts
a. Interest Revenue	\$517,215	\$501,124	\$505,721	10 Year Treasury Forecast: FY 26/27 (4.36%); FY 27/28 (4.40%) on Cash held in County
b. Local Transportation on Behalf	\$350,383	\$350,383	\$350,383	Remains Budgeted on Measure AA Funding + Ross SD Transfer
c. Special Education Apportionment	\$677,939	\$698,413	\$722,298	State COLA: FY26/27 (3.02%); FY27/28 (3.42%)
Total Revenue	\$31,643,136	\$32,325,665	\$33,338,849	

Current Year → 2 Year Forecast (Revenue)

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	FY2025/26 (1st Interim Update) Dec. 15, 2025	FY2026/27 (Updated Forecast) Dec. 15, 2025	FY2027/28 (Updated Forecast) Dec. 15, 2025	
B. Expenditures				NOTES on Forecast Assumptions
1. Certificated Salaries	\$13,684,360	\$14,350,220	\$14,626,227	Step and Column (3%) + Increases to Salary Schedules (FY27) - 1.0 FTE Adjustment
2. Classified Salaries	\$5,270,262	\$5,377,866	\$5,539,202	Step and Column (3%) + Increases to Salary Schedules (FY27) - One Time Off Schedule
3. Employee Benefits	---			
a. CalSTRS	\$2,536,560	\$2,660,335	\$2,711,834	CalSTRS Contribution Rates (Certificated) remains flat at 19.1%.
b. CalSTRS on Behalf	\$1,066,125	\$1,066,125	\$1,066,125	Based on proportionate share percentage of total employer contributions
c. CalPERS	\$1,451,927	\$1,461,777	\$1,532,458	26.81% (FY25/26); 26.90% (FY26/27); 27.80% (FY27/28)
d. Health & Welfare	\$2,461,922	\$2,461,922	\$2,708,114	Projected Increase to Employee Only; Emp. +1 (\$18,100 Cap); Family (\$22,260 Cap)
e. Statutory	\$941,919	\$974,636	\$998,414	SS (6.20%), SUI (0.50%), WC (1.33%), MCare (1.45%)
f. OPEB	\$170,000	\$170,000	\$170,000	\$75k Certificated; \$95k Classified; CERBT Trust Investment to Section D.
4. Books and Supplies	\$1,006,700	\$918,212	\$937,068	Reduction in CY+1, CY+2 associated with Curriculum Adoption
5. Services and Operating Expenditures	\$4,449,645	\$4,492,160	\$4,611,382	CPI: FY25/26 (3.09%); FY26/27 (2.82%); FY27/28 (2.72%)
6. Capital Outlay	\$6,000	\$0	\$0	
7. Other Outgo	\$288,500	\$288,500	\$288,500	Updated AB602 Excess Cost Estimate from SELPA + Reconciliation of Apple Leases
Total Expenditures	\$33,333,920	\$34,221,754	\$35,189,324	

Current Year → 2 Year Forecast (Expenditures)

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	FY2025/26 (1st Interim Update) Dec. 15, 2025	FY2026/27 (Updated Forecast) Dec. 15, 2025	FY2027/28 (Updated Forecast) Dec. 15, 2025	
C. Net (Before Transfers In)	-\$1,690,784	-\$1,896,089	-\$1,850,475	
D. Other Financing Sources / Uses				NOTES on Forecast Assumptions
1. Transfers In	\$485,000	\$510,000	\$535,000	<i>Increase informed by Increased Lease Revenue from Fund 42</i>
2. Transfers Out	\$0	\$0	\$0	
3. Net Contributions	\$200,000	\$200,000	\$200,000	<i>Shift of CERBT Trust Investment Outgo from Section B</i>
Total Other Financing Sources / Uses	\$685,000	\$710,000	\$735,000	
E. Change in Fund Balance	-\$1,405,784	-\$1,586,089	-\$1,515,475	
F. Beginning Balance	\$14,208,149	\$12,802,365	\$11,216,276	
G. Ending Balance	\$12,802,365	\$11,216,276	\$9,700,801	
H. Components of Ending Balance	---	---	---	NOTES on Forecast Assumptions
1. Revolving Cash & Prepaid	\$0	\$0	\$0	
2. Restricted Balances	\$1,255,923.39	\$797,270.82	\$587,963.50	
3. Board Policy Designated	\$8,048,140.68	\$8,261,221.05	\$7,697,264.93	<i>NOTE: Board Reserve Policy: FY25/26 (24%), FY26/27 (24%), FY27/28 (21.8%)</i>
4. State Required Reserves	\$1,006,017.59	\$1,032,652.63	\$1,415,572.96	<i>NOTE: Statutory Reserve: FY25/26 (3%), FY26/27 (3%), FY27/28 (4%)</i>
5. Unassigned / Unappropriated	\$2,492,283.42	\$1,125,131.49	\$0.00	

Unrestricted Reserve % (w/ Board Dsg.)

34.4%

30.3%

25.8%

NOTE: This is reflected in Projection Pro (FCMAT) MYP

Current Year → 2 Year Forecast (Forecasted Fund Balance)

Expenditures & Key Variables



CERTIFICATED AND CLASSIFIED SALARIES

- Certificated Employees: Teachers, Counselors, Psychologists, Speech Therapists, etc.
- Classified Employees: Instructional Aides, Office Managers, Custodians, etc.

BENEFITS

- Statutory: Social Security (6.20%), SUI (0.50%), WC (1.06%), MCare (1.45%)
- Health: Employee Only (\$14,106), Employee +1 (\$18,099), Family (\$22,260)
- Retirement: CalSTRS (19.10%), CalPERS (27.05%)
- Post Retirement Benefits (OPEB): \$355 / Month to Age 65

BOOKS AND SUPPLIES

- Instructional Materials, Curriculum, Administrative Supplies, M&O Supplies, etc.

SERVICES AND OPERATING EXPENDITURES

- Vendor Contracts, NPS & NPA, Educational Consultants, Utilities, Insurance, Networks, Legal, Professional Development, etc.

CAPITAL OUTLAY

- Equipment (e.g. Playgrounds)

OTHER OUTGO

- MCOE (Special Ed. Tuition) and Apple Device Leases

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Sources of Public Education Funding

	Ongoing Revenue *	One Time Revenue	Contributions	Contributions
Unrestricted Revenue	Property Taxes (Local) Lottery (State)		Property Taxes (Local) 	<u>Operations</u> Educator Salaries and Benefits 
Restricted Revenue	Parcel Taxes (Local) Foundation (Local) Special Ed. Grants (State and Federal) Title Funding (Federal)	COVID Funding (Federal) Instructional Block Grant (State) Educator Eff. Grant (State)	<u>Operations</u> Special Education Maintenance & Operations	Parcel Taxes (Local)

Unrestricted Revenue: Revenue that a school district can generally use for any educational purpose at its discretion, without specific limitations or restrictions.

Restricted Revenue: Revenue with specific limitations or conditions imposed on how they can be used. Set by the source of the funding (e.g., grants).

Ongoing Funding: Recurring sources of revenue that are expected to continue over time under current assumptions.

One Time Funding: Funds received for a specific purpose or period, with no guarantee of future availability.

Landscape of Public Education (RUSD Lens)



FEDERAL

Department of Education: Title Programs, Special Ed. Funding

Department of Agriculture: National School Lunch Program

STATE:

Department of Education: Special Education, Transportation, After-school Programs, Prop 28

COUNTY

Marin County Office of Education: Fiscal Oversight, Solvency Monitoring, Intervention

Marin County Department of Finance: Property Tax Division

LOCAL

Foundation for Reed Schools

Parent Teacher Association

Town of Tiburon, City of Belvedere, Tiburon Peninsula Traffic Alliance