

**LA CAÑADA UNIFIED SCHOOL DISTRICT
BUSINESS SERVICES MEMORANDUM**

December 1, 2015

TO: Wendy K. Sinnette, Superintendent
FROM: Mark Evans, Chief Business and Operations Officer and Diane Clinton, Director of Fiscal Services
SUBJECT: Approval of First Interim Financial Report 2015-2016 – Second Reading

Background

Education Code Sections 35053(g), 42130, and 42131 require the Governing Board of each school district to certify at least twice a year (as of October 31st and January 31st) to the district's ability to meet its financial obligations for the remainder of that fiscal year and for the subsequent two fiscal years.

The certification by the Governing Board must be classified as follows:

Positive: A school district that, based on current projections, **will** meet its financial obligations for the **current fiscal year and two subsequent fiscal years**.

Qualified: A school district that, based on current projections, **may not** meet its financial obligations for the **current fiscal year or subsequent two fiscal years**.

Negative: A school district that, based on current projections, **will be unable** to meet its financial obligations for the **current fiscal year or subsequent fiscal year**.

Introduction

District Budget for 2015-16 and Multi-Year Projection Scenarios

The Governing Board, at its meeting on June 16th, 2015, adopted the District's Budget for 2015-16.

At its meeting on September 15, 2015, the Governing Board approved a summary of Revenue and Expenditures for 2014-15 (Unaudited), needed revisions to the Adopted Budget, and reviewed multi-year budgetary projections through 2017-2018.

Current Considerations/Budgetary Overview

The First Interim Report for 2015-2016 and the multi-year has some changes from the updated budget of September 2015.

Revenues:

- The LCFF revenues anticipated per ADA remain approximately the same for 2015-2016. The out years show an improvement due to the updated enrollment projection. The decline is reduced in the out years of the budget. One time revenues for 2015-16 are budgeted at \$530 per ADA for a total of \$2,100,390. Professional Development dollars included in the State Budget will generate \$324,322.

Expenditures:

- **Certificated Salaries:** The First Interim reflects the 4% negotiated increase and a 1% bonus as well as the savings resulting from retirees and the new teachers hired to replace them.

- **Classified Salaries:** The increase in certificated salaries reflects the 4% raise and a 1% bonus as well as the addition of 6.5 FTE staff members. The increase in new FTEs is required to address pupil services.
- **Benefits:** Costs of benefits are directly related to salaries, so the increase here is a result of the additional classified salaries and increases in STRS and PERS rates. Additionally Health and Welfare increases resulted from upticks in the COLA.
- **Transfers Out:** Additional resources have been allocated to the Capital Projects Fund (40.0). These specific funds are anticipated for this and the following budget year for the LCHS Field Replacement. These increases are to assure resources are available to meet the increasing costs for construction and maintenance.

Committed Funds

- Funds will be set aside by the Governing Board as committed for prescribed purposes. In the General Fund (01.0) \$490,000 is being committed to prepare for the upcoming increases in pension contributions. Increases are budgeted in the multi-year projection, but they will continue to grow in the years following. In the Lease Interruption Fund (17.1) \$1,500,000 is being committed to allow for loss of tenants and income, catastrophic damages or other unforeseen events that would impact the operations of the District. Current revenues from leases are allocated in the General Fund (01.0) and this commitment of funds allows time to adjust expenditures in the event of a change in revenues from leasees.

Multi-Year Considerations:

- The out year estimates of revenue remain predicated on the same revenue and expenditure assumptions used in the original budget. The School Services of California Dartboard is used to guide multi-year projections for revenue. Expenditures are adjusted to account for increases in Step and Column, benefits (including STRS and PERS increases), and other factors.

Recommendation

It is recommended that the Governing Board approve the First Interim Financial Report 2015-2016 - Second Reading. The First Interim Report meets a positive certification.

RECOMMEND APPROVAL:



Wendy K. Sinnette, Superintendent

R40-15-16

Bd Mtg: 12-01-15

La Canada Unified School District
Business Services
Budgetary Assumptions 2014-15 through 2017-18
December 1, 2015

	2014-15	2015-16	2016-17	2017-18
Enrollment*	4048	4080 est	4050 est	4000 est
Enrollment increase/decline from prior year	5	32	-30	-50
FTE loss related to Enrollment Decline/Other	0	-2.0 FTE	-2.0 FTE	-2.0 FTE
Educational Foundation additional FTE*				
Gr 4-6 CSR	+5.0 FTE	n/a	-5.0 FTE	
K Aides/Custodians Classified	+7.75 FTE	n/a	-7.75 FTE	
Counselors	+1.8 FTE	n/a	-2.0 FTE	
LCFF CSR (K-3) 20:1	+11.8 FTE	n/a	n/a	n/a
LCFF Gr 4-6 CSR		n/a	+5.0 FTE	
ROP funding from LACOE	\$354,560	\$136,429	\$0	\$0
ADA to Enrollment factor est. *	97.91%	97.58%	97.58%	97.58%
Governing Board/Other Elections	\$0	\$0	\$0	\$100,000
Employee Salary Compensation	4%	TBD	TBD	TBD
H & W Increase	0.85%	1.02%	1.60%	2.48%
Step and Column Increase Estimated*	1.5% Cert \$264,414 1.0% Class \$55,350	1.5% Cert \$252,640 1.0% Class \$44,507	1.5% Cert \$256,430 1.0% Class \$44,952	1.5% Cert \$260,276 1.0% Class \$45,402
Program Expansion (supplemental grant)*	\$217,482	\$334,422	\$375,698	\$405,103
Technology infrastructure/equipment/support	\$500,000	\$450,000	\$450,000	\$450,000
Routine Restricted Maintenance Contribution	3.0%	3.0%	3.0%	3.0%
Deferred Maintenance Contribution (includes LCFF)*	\$675,000	\$572,127	\$487,890	\$512,285
Utility Increase (under review)*	6.0% \$76,469	8.0% \$110,685	8.00% \$118,585	8.00% \$128,071
Capital Outlay*	\$207,208	\$75,000	\$75,000	\$75,000
Special Education Increase Contribution (under review)	n/a	\$125,000	\$125,000	\$125,000
GASB 45 (Post employment benefits contribution)	\$125,000	\$125,000	\$125,000	\$125,000
STRS Employer rate projection*	8.88%	10.73%	12.58%	14.43%
increase over last year	\$ 153,425	\$ 355,935	\$ 343,191	\$ 339,112
cumulative increase	\$ 153,425	\$ 509,360	\$ 852,551	\$ 1,191,663
PERS Employer rate projection*	11.771%	11.85%	13.05%	16.60%
increase over last year	\$ 77,742	\$ 39,010	\$ 62,366	\$ 185,880
cumulative increase	\$ 77,742	\$ 116,752	\$ 179,118	\$ 364,998
Reserve level	3.50%	3.50%	3.50%	3.50%
Projected Lease Income (under review)*	\$1,868,185	\$1,904,216	\$1,945,143	\$2,002,757
Fund 17 Lease Interruption Contingency	\$1,825,000	\$1,825,000	\$1,825,000	\$1,825,000
Mandated Block Grant	\$418,092	\$152,582	\$152,582	\$152,582
One Time Prior Year Mandate*	n/a	\$2,100,390	\$0	\$0
Parcel Tax Revenue*	\$2,597,400	\$2,579,850	\$2,559,850	\$2,539,850
Educational Foundation Revenue*	\$2.1 M	\$2.1 M	\$1.5 M est	\$1.5 M est
Transfer to Fund 40 (planned capital projects)*	\$350,000	\$830,000	\$350,000	\$350,000
Educator Effectiveness Program*	n/a	\$324,322	0	0
Lottery Non-Proposition 20	\$128.00	\$140.00	\$140.00	\$140.00
Lottery Proposition 20	\$34.00	\$41.00	\$41.00	\$41.00
Projected Annual Budgetary Savings in Unrestricted General Fund (under review)*	\$ 510,206	TBD	TBD	TBD

*Changes reflected after September 15, 2015

La Canada Unified School District
Projected Average Daily Attendance
December 1, 2015

CBEDS to P2 ADA Projections

	A	B	C	D (C-B)	E (C-A)	F (C/A)
	CBEDS*	P1 ADA	P2 ADA		Difference	%Difference
2014-15	4048	3991	3963	-28	-85	-0.9791
2013-14	4043	3960	3957	-3	-86	-0.9787
2012-13	4123	4037	4025	-12	-98	-0.9761
2011-12	4070	3980	3966	-14	-104	-0.9744
2010-11	4022	3930	3903	-27	-119	-0.9704
			Average:	-14	-82	-0.9758

2014-15	**	4048	3963	0.9791	
		seniors out			
		others in			
		NPS 15			
		K in			
2015-16	***	4096	3997	0.9758	(under review)
		seniors out			
		others in			
		NPS 13			
		K in			
2016-17	***	4050	3952	0.9758	(under review)
		seniors out			
		others in			
		NPS 13			
		K in			
2017-18	***	4000	3903	0.9758	(under review)
		seniors out			
		others in			
		NPS 13			
		K in			
2018-19	***	3950	3854	0.9758	(under review)

* includes NPS
** Includes 11 NPS
*** includes 15 NPS

seniors out per Enrollment report 10/27/2015
NPS per Sp Ed report 10/27/15

	*	*	*	*	*
Projected ADA	2014-15	2015-16	2016-17	2017-18	2018-19
ADA	3963	3997	3952	3903	3854
Increase/Decline from Prior Yr		33	-45	-49	-49
Funded ADA		3997	3997	3952	3903

*under review

LCFF Attendance Calculations									
CBEDS*		P2		as of 10/27/15					
Enrollment	ADA 97.91%	Enrollment	ADA 97.91%	Estimated**	Enrollment	ADA 97.58%	Estimated**	Enrollment	ADA 97.58%
2014-15	2014-15	2015-16	2015-16	2015-16	2016-17	2016-17	2017-18	2018-19	2017-18
K/TK	237	255	248.8	235	238.9	233.1	225	223.4	225.3
1	243	249	243.0	255	259.2	253.0	238.9	237.2	229.3
2	260	273	266.4	249.0	253.1	247.0	259.2	257.4	243.4
3	286	278	271.3	273.0	277.5	270.8	253.1	251.3	264.1
Total K/TK-3	1026	1055	1029.5	1012.0	1028.8	1003.9	976.2	969.3	962.2
4	280	312	304.4	278.0	282.6	275.8	277.5	275.6	257.9
5	320	293	285.9	312.0	317.2	309.5	282.6	280.6	282.8
6	308	345	336.7	293.0	297.9	290.6	317.2	314.9	288.0
Total 4-6	908	950	927.0	883.0	897.6	875.9	877.3	871.1	828.7
7	353	336	327.9	345.0	350.7	342.2	297.9	295.7	323.2
8	351	354	345.4	336.0	341.6	333.3	350.7	348.2	303.5
Total 7-8	704	690	673.3	681.0	692.3	675.5	648.6	644.0	626.7
9	362	352	343.5	354.0	359.9	351.2	341.6	339.2	357.4
10	339	364	355.2	352.0	357.8	349.2	359.9	357.3	348.0
11	346	338	329.8	364.0	370.0	361.1	357.8	355.3	366.7
12	363	347	338.6	338.0	343.6	335.3	370.0	367.4	364.6
Total 9-12	1410	1401	1367.1	1408.0	1431.3	1396.7	1429.3	1419.2	1436.7
Total K/TK-12	4048.0	4096.0	3996.88	3984.0			3931.4	3848.9	
Ungraded	0.0			66			69	101	
Total enrollment	4048.0	4096.0	3996.9	4050.0	4050.0	3952.0	4000.4	3949.9	3854.3
Estimated P2 ADA	3963.4		3996.9			3952.0			3854.3
Funded ADA	3963.4		3996.9			3996.9			3903.6
Current Year funding			Current Year enrollment			PY declining enrollment			PY declining enrollment

*CBEDS as of Oct 1, 2014
**under review

La Canada Unified School District
First Interim Budget 2015-16

December 1, 2015

1% Bonus, 0.5% sal inc all 17-18

SSC GAP%

GENERAL (Combined)

	First Interim Budget 2015-16		COLA: 0.85%		1.02%		1.02%		1.02%		1.60%		2.48%	
	Audited Actuals	Original Budget	Revised Budget	First Interim Budget	Projected Budget	Projected Budget	Projected Budget	Projected Budget	Projected Budget	Projected Budget	Projected Budget	Projected Budget	Projected Budget	Projected Budget
REVENUE	2014-15	2015-16	2015-16	2015-16	2015-16	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17
LCFF	26,744,529	29,593,246	29,788,370	29,731,483	30,121,834	31,037,291								
Federal	894,848	906,382	906,382	888,342	888,342	888,342								
Other State	3,510,389	5,366,134	5,242,715	5,589,670	3,144,968	3,144,968								
Other Local	8,867,666	8,329,171	8,515,050	8,344,531	7,649,029	7,650,643								
Total Revenue	40,017,431	44,164,933	44,452,517	44,534,026	41,804,163	42,721,234								
EXPENDITURES														
Certificated	18,753,098	18,454,268	18,454,268	19,239,732	18,550,879	18,330,363								
Classified	6,676,341	6,714,704	6,714,704	7,231,271	7,225,327	7,297,580								
Benefits	7,347,639	7,724,451	7,724,451	7,951,740	8,319,461	9,039,948								
Supplies	1,958,606	1,576,040	1,576,040	1,973,322	2,294,038	2,294,038								
Services	5,587,232	6,459,483	6,375,608	5,943,883	5,615,928	5,771,868								
Capital Outlay	119,631	50,000	50,000	75,000	75,000	75,000								
Other Outgo	14,393	15,000	15,000	15,000	0	0								
Direct / Indirect	-33,982	-42,000	-42,000	-44,396	-40,000	-40,000								
Total Expense	40,422,959	40,951,947	40,868,072	42,385,552	42,040,633	42,768,798								
DIFFERENCE	-405,527	3,212,986	3,584,445	2,148,474	-236,470	-47,564								
OTHER SOURCES/USES														
Transfer Out Fund 14	-675,000	-550,000	-550,000	-572,127	-487,890	-512,285								
Transfer Out Fund 20	-125,000	-125,000	-125,000	-125,000	-125,000	-125,000								
Transfer Out Fund 40	-350,000	-830,000	-830,000	-830,000	-350,000	-350,000								
Transfer Out Fund 13	0	0	0	-40,000	0	0								
Transfer In/(Out)	-31,713	16,000	16,000	16,000	16,000	16,000								
Cont to Rest Maint	0	0	0	0	0	0								
Cont to Restricted	0	0	0	0	0	0								
Total Other SIU	-1,181,713	-1,489,000	-1,489,000	-1,551,127	-946,890	-971,285								
FUND CHANGE	(1,587,239)	1,723,987	2,095,446	597,348	(1,183,359)	(1,018,848)								
Adjust	0	0	0	0	0	0								
BEG. BAL. 7/1	6,943,539	4,737,755	5,356,300	5,356,300	5,953,647	4,770,287								
END. BAL. 6/30	5,356,300	6,461,741	7,451,745	5,953,647	4,770,287	3,751,439								
Revolving Cash	6,000	8,500	8,500	8,500	8,500	8,500								
Stores/Prepays	62,224	7,500	7,500	7,500	7,500	7,500								
Legally Restricted	356,485	244,806	353,144	314,952	201,782	111,003								
Committed Funds	0	0	0	490,000	490,000	490,000								
Assigned Funds/LCFF Gap	158,056	0	0	0	390,351	903,424								
Economic Uncertainty	4,773,535	6,200,935	7,082,601	5,132,695	3,672,154	2,231,012								
Undesignated	0	0	0	0	0	0								
Unappropriated	0	0	0	0	0	0								
Reserve at 3.5%:	OK	OK	OK	OK	OK	OK								
3.50%	1,456,164	1,485,433	1,482,498	1,537,784	1,504,563	1,530,903								
3.00%	1,248,140	1,273,228	1,276,712	1,318,100	1,289,626	1,312,202								

La Canada Unified School District
First Interim Budget 2015-16
All Funds

ALL FUNDS
First Interim
Budget
2015-16

	GENERAL (Unrestricted)	GENERAL (Restricted)	GENERAL (Combined)	CAFETERIA [13]	DEFERRED MAINTENANCE [14]	LEASE INTERUPTION [17.1]	GASB 45 [20]	BUILDING 2004 FACILITIES [21.2]	CAPITAL FACILITIES [25]	FACILITIES [40.0]	STADIUM FIELD [40.1]	Sewer Connect [40.2]	Field Agreement Fund [40.3]	Field Replacement Fund [40.4]	SPECIAL RESERVE TOTAL [40]	SUMMARY (All Funds)
REVENUE	40,873,418	3,660,608	44,534,026	852,065	1,000	16,000	1,700	0	200,400	230,700	14,500	2,000	18,500	3,500	269,200	45,874,391
EXPENDITURES	33,032,612	9,352,940	42,385,552	916,633	335,057	0	0	0	294,000	252,990	500	0	2,500	500,000	755,990	44,687,232
DIFFERENCE	7,840,806	-5,692,332	2,148,474	-64,568	-334,057	16,000	1,700	0	-93,600	-22,290	14,000	2,000	16,000	-496,500	-486,790	1,187,159
Transfer Out Fund 1	-572,127	0	-572,127	0	0	0	0	0	0	0	0	0	0	0	0	-572,127
Transfer Out Fund 2	-125,000	0	-125,000	0	0	0	0	0	0	0	0	0	0	0	0	-125,000
Transfer Out Fund 4	-830,000	0	-830,000	0	0	0	0	0	0	0	0	0	0	0	0	-830,000
Transfer In Fund 17	16,000	0	16,000	0	0	0	0	0	0	0	0	0	0	0	0	16,000
Transfer In/Out	0	0	0	0	572,127	-16,000	125,000	0	0	0	0	0	0	830,000	830,000	1,511,127
Transfer Out Fund 1	-40,000	-40,000	-40,000	40,000	0	0	0	0	0	0	0	0	0	0	0	0
Cont to Rest Maint	-1,303,896	1,303,896	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cont to Restricted	-4,346,903	4,346,903	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FUND CHANGE	638,980	-41,533	597,348	-24,568	238,070	0	126,700	0	-93,600	-22,290	14,000	2,000	16,000	333,500	343,210	1,187,160
BEG. BAL. 7/1	4,999,815	356,485	5,356,300	30,163	296,499	1,825,000	516,251	217	277,600	327,234	90,902	318,122	134,932	753,662	1,624,852	9,926,882
END. BAL. 6/30	5,638,695	314,952	5,953,647	5,595	534,569	1,825,000	642,951	217	184,000	304,944	104,902	320,122	150,932	1,087,162	1,968,062	11,114,041
Revolving Cash	8,500	0	8,500	400	0	0	0	0	0	0	0	0	0	0	0	8,900
Stores/Prepays	7,500	0	7,500	4,000	0	0	0	0	0	0	0	0	0	0	0	11,500
Legally Restricted	0	314,952	314,952	1,195	0	0	0	0	0	0	0	0	0	0	0	316,147
Assigned Funds/LCP	0	0	0	0	534,569	0	642,951	217	184,000	304,944	104,902	320,122	150,932	1,087,162	1,968,062	3,329,799
Committed Funds	490,000	0	490,000	0	0	1,500,000	0	0	0	0	0	0	0	0	0	1,990,000
Economic Uncertain	5,132,695	0	5,132,695	0	0	325,000	0	0	0	0	0	0	0	0	0	5,457,695
Undesignated	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unappropriated	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0