

**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 leases.

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	-363		
		others in	152		
		NPS 15	4		
		K in	255		
2015-16	***	4096	3997	0.9758	(under review)
		seniors out	-342		
		others in	63		
		NPS 13	-2		
		K in	235		
2016-17	***	4050	3952	0.9758	(under review)
		seniors out	-338		
		others in	53		
		NPS 13	0		
		K in	235		
2017-18	***	4000	3903	0.9758	(under review)
		seniors out	-361		
		others in	76		
		NPS 13	0		
		K in	235		
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

La Canada Unified School District
Business Services
December 1, 2015

LCFF Attendance Calculations CBEDS*	P2 Enrollment ADA 97.91% 2014-15	as of 10/27/15		2016-17		2017-18		2018-19		ADA 97.58% 2017-18	ADA 97.58% 2018-19
		Enrollment 2015-16	Estimated** ADA 97.58% 2015-16	Enrollment 2016-17	Estimated** ADA 97.58% 2016-17	Enrollment 2017-18	Estimated** ADA 97.58% 2017-18	Enrollment 2018-19	Estimated** ADA 97.58% 2018-19		
K/TK	237	255	248.8	235	238.9	233.1	225	228.9	225	223.4	225.3
1	243	249	243.0	255	259.2	253.0	238.9	243.1	228.9	237.2	229.3
2	260	273	266.4	249.0	253.1	247.0	259.2	263.8	243.1	257.4	243.4
3	286	278	271.3	273.0	277.5	270.8	253.1	257.6	263.8	251.3	264.1
Total K/TK-3	1026	1055	1029.5	1012.0	1028.8	1003.9	976.2	993.4	960.8	969.3	962.2
4	280	312	304.4	278.0	282.6	275.8	277.5	282.4	257.6	275.6	257.9
5	320	293	285.9	312.0	317.2	309.5	282.6	287.6	282.4	280.6	282.8
6	308	345	336.7	293.0	297.9	290.6	317.2	322.7	287.6	314.9	288.0
Total 4-6	908	950	927.0	883.0	897.6	875.9	877.3	892.7	827.5	871.1	828.7
7	353	336	327.9	345.0	350.7	342.2	297.9	303.1	322.7	295.7	323.2
8	351	354	345.4	336.0	341.6	333.3	350.7	356.9	303.1	348.2	303.5
Total 7-8	704	690	673.3	681.0	692.3	675.5	648.6	660.0	625.8	644.0	626.7
9	362	352	343.5	354.0	359.9	351.2	341.6	347.6	356.9	339.2	357.4
10	339	364	355.2	352.0	357.8	349.2	359.9	366.2	347.6	357.3	348.0
11	346	338	329.8	364.0	370.0	361.1	357.8	364.1	366.2	355.3	366.7
12	363	347	338.6	338.0	343.6	335.3	370.0	376.5	364.1	367.4	364.6
Total 9-12	1410	1401	1367.1	1408.0	1431.3	1396.7	1429.3	1454.4	1434.7	1419.2	1436.7
Total K/TK-12	4048.0	4096.0	3996.88	3984.0	3996.9	3952.0	3931.4	4000.4	3848.9	3903.6	3854.3
Ungraded	0.0			66			69		101		
Total enrollment	4048.0	4096.0	3996.9	4050.0	4050.0	3952.0	4000.4	4000.4	3949.9	3903.6	3854.3
Estimated P2 ADA	3963.4		3996.9		3963.4	3952.0		3903.6		3903.6	3854.3
Funded ADA	3963.4		3996.9		3963.4	3952.0		3903.6		3903.6	3903.6
	Current Year funding		Current Year enrollment		PY declining 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%		1.60%		2.48%	
	Audited Actuals 2014-15	Original Budget 2015-16	Revised Budget 2015-16	First Interim Budget 2015-16	Projected Budget 2016-17	Projected Budget 2017-18				
REVENUE										
LCFF	26,744,529	29,583,246	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	5,386,134	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	44,462,517	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
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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	-830,000	-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)
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Adjust

BEG. BAL. 7/1	6,943,539	4,737,755	5,356,300	5,356,300	5,953,647	4,770,287
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END. BAL. 6/30

	5,356,300	6,461,741	7,451,745	5,953,647	4,770,287	3,751,439
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Revolving Cash

	6,000	8,500	8,500	8,500	8,500	8,500
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Stores/Prepays

	62,224	7,500	7,500	7,500	7,500	7,500
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Legally Restricted

	356,485	244,806	353,144	314,952	201,782	111,003
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Committed Funds

	0	0	0	490,000	490,000	490,000
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Assigned Funds/LCFF Gap

	158,056	0	0	0	390,351	903,424
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Economic Uncertainty

	4,773,535	6,200,935	7,082,601	5,132,695	3,672,154	2,231,012
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Undesignated

	0	0	0	0	0	0
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Unappropriated

	0	0	0	0	0	0
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Reserve at 3.5%:

3.50%	OK	OK	OK	OK	OK	OK
	1,456,164	1,485,433	1,482,498	1,537,784	1,504,563	1,530,903
3.00%	OK	OK	OK	OK	OK	OK
	1,248,140	1,273,228	1,270,712	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	-40,000	0	-40,000	40,000	572,127	-16,000	125,000	0	0	0	0	0	0	830,000	830,000	1,511,127
Transfer Out Fund 1	-1,303,896	1,303,896	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cont to Rest Maint	-4,346,903	4,346,903	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cont to Restricted	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
FUND CHANGE	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
BEG. BAL. 7/1	5,638,695	314,952	5,953,647	5,695	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
END. BAL. 6/30	8,500	0	8,500	400	0	0	0	0	0	0	0	0	0	0	0	8,900
Revolving Cash	7,500	0	7,500	4,000	0	0	0	0	0	0	0	0	0	0	0	11,500
Stores/Prepays	0	314,952	314,952	1,195	0	0	0	0	0	0	0	0	0	0	0	316,147
Legally Restricted	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
Assigned Funds/LCF	490,000	0	490,000	0	0	1,500,000	0	0	0	0	0	0	0	0	0	1,990,000
Committed Funds	5,132,695	0	5,132,695	0	0	325,000	0	0	0	0	0	0	0	0	0	5,457,695
Economic Uncertain	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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