

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

September 5, 2017

TO: Wendy K. Sinnette, Superintendent

FROM: Mark Evans, Chief Business and Operations Officer
Gretchen Bergstrom, Director of Fiscal Services

SUBJECT: Approve Summary of Revenue and Expenditures for 2016-17
(Unaudited)

Background

Each year the district is required to compile the unaudited financial data for the prior year and submit it to the State utilizing the State's standardized software. Per California Education Code §42100, this report must be submitted to the Governing Board and then the County Office of Education by September 15th. Although the prior fiscal year formally ended on June 30, final accounting tabulations are not generally completed by the District and LACOE until the end of August. These financial reports and the supporting documentation is then audited by a State approved independent auditing firm (Vavrinek, Trine, Day & Co., LLP) and the financial reports are finalized for submission to the Board of Education and the State by December 15th.

A significant component of the report is the "Ending Fund Balance" because it directly impacts the current budget year. The 2016-17 Ending Fund Balance for the Unrestricted General Fund increased from the projected balance of \$4,970,816 to \$ 6,559,738. This positive change of \$1,588,921 is summarized the chart below:

Changes to 2016-17 Unrestricted Ending Fund Balance			
	Projected in 2016-17 Budget	Unaudited Actuals	Impact on Fund Balance
Revenue	\$41,407,248	\$41,705,559	\$298,311
Expenses	34,757,300	33,833,722	923,578
Contribution to Restricted General Fund	6,283,024	5,929,429	353,595
Transfers in/out	607,854	594,417	13,437
Increase to 2016-17 Ending Balance			\$1,588,921

The 2016-17 Ending Fund Balance for the Restricted General Fund is \$441,557 and is restricted to specific programs.

General Fund Ending Balance 2016-17

The General Fund ending balance (inclusive of the reserve for Economic Uncertainties, revolving cash, warehouse inventory, school site and district carryover funds, legally restricted and other designated reserves, etc.) is currently estimated at \$7,001,295 (\$6,559,738 in Unrestricted and \$441,557 in Restricted). This amount is comprised of the following:

"Legally Restricted Reserves"

- \$441,557 in Restricted Lottery, State Mental Health funding, Ongoing & Major Maintenance Account, Educator Effectiveness, California Clean Energy Jobs Act (Prop 39) and restricted prepaid expenditures.

"Other Assigned Reserves"

- \$324,788 in Carryover Funds (Donations / PTA /etc.)
- \$1,011,519 in Textbooks
- \$391,480 in Career Tech Grant

"Other Committed Reserves"

- \$490,000 in Future PERS/STRS increased district contribution

"Other Reserves"

- \$4,285,892 Reserve for Economic Uncertainties
- \$ 6,030 Revolving Cash Fund
- \$ 50,029 Warehouse / Stores Inventory/Prepaid Expense

Currently, there are three adjustments that will need to be incorporated into the 2017-18 Budget and multi-year projection at First Interim reporting:

- Impact of the 2017-18 enrollment increase beyond budgeted projections – this should increase revenue in 2017-18 budget and multi-years
- One-time funding for the 2017-18 year approved in the Governor's Budget – this should increase revenue in 2017-18 budget
- Recalculation of salaries based on actual hires and resignations

The Unaudited Actuals Report also contains the other funds maintained by the district and several supplemental schedules for the Board's review.

Recommendation

It is recommended that the Governing Board approve the summary of District revenues and expenditures for 2016-17 (Unaudited).

It is also recommended that the Governing Board approve cash transfers for 2016-17.

Three Interfund Cash transfers were planned. Transfers were budgeted as \$16,000 from Fund 17.1 to Fund 01.0; \$65,000 from Fund 40.4 to Fund 13.0, and \$48,045 from Fund 01.0 to Fund 13.0. The actuals for the 2016-2017 are \$20,075.67 from Fund 17.1 to Fund 01.0, \$65,000 from Fund 40.4 to Fund 13.0, and \$48,045 from Fund 01.0 to Fund 13.0.

RECOMMEND APPROVAL:



Wendy K. Sinnette, Superintendent

Bd Mtg: 9-5-2017

Attachments

Attachment A

La Canada Unified School District 2016-17 Unaudited Actuals General Fund - Fund #01.0

	2013-14 Audited Actuals	2014-15 Audited Actuals	2015-16 Audited Actuals	2016-17 Unaudited Actuals	2017-18 Projected Budget
Revenues					
LCFF Revenue	24,845,776	26,744,529	29,522,148	31,471,218	32,142,036
Federal Revenue	892,324	894,848	892,201	901,419	882,845
Other State Revenue	3,995,572	3,510,389	5,631,837	4,715,681	4,003,810
Local Revenue	7,109,825	8,867,666	8,568,347	8,593,795	8,446,615
Total Revenues	36,843,497	40,017,431	44,614,533	45,682,113	45,475,306
Expenditures					
Certificated Salaries	17,398,128	18,753,098	20,014,493	19,963,732	19,839,223
Classified Salaries	5,625,328	6,676,341	7,414,549	7,737,536	8,007,619
Employee Benefits	6,509,089	7,347,639	7,894,906	7,980,582	8,759,624
Books & Supplies	1,577,724	1,958,606	1,821,465	2,143,249	2,336,244
Contracted Services	5,624,847	5,587,232	5,468,813	5,666,937	6,484,683
Capital Outlay	0	119,631	74,349	289,126	611,960
Other Outgo	13,325	14,393	15,000	17,127	16,963
Direct Support / Indirect Support	(32,819)	(33,982)	(40,240)	(37,128)	(42,115)
Total Expenditures	36,715,623	40,422,959	42,663,334	43,761,161	46,014,202
Other Financing Sources/Uses					
Interfund Transfers In	0	0	14,388	20,076	16,000
Interfund Transfers Out	(1,017,811)	(1,181,713)	(1,647,127)	(614,493)	(460,000)
Contributions From Unrestricted Funds	0	0	0	0	0
Total Other Financing Sources/Uses	(1,017,811)	(1,181,713)	(1,632,739)	(594,417)	(444,000)
Net Increase (Decrease) in Fund Balance	(889,937)	(1,587,240)	318,460	1,326,535	(982,895)
Beginning Balance	7,833,476	6,943,539	5,356,299	5,674,760	7,001,294
Net Increase/Decrease in Fund Balance	(889,937)	(1,587,240)	318,460	1,326,535	(982,895)
Ending Fund Balance	6,943,539	5,356,299	5,674,760	7,001,294	6,018,399
Components of Ending Fund Balance					
Revolving Cash	6,000	6,000	6,000	6,030	8,500
Stores/Prepays	46,849	62,224	154,948	60,175	365,530
Committed Funds - PERS/STRS	0	0	490,000	490,000	490,000
Legally Restricted	835,405	356,485	463,013	431,410	358,030
Assigned Funds - LCFF Gap	0	0	0	0	0
Assigned Funds - Donations	0	0	0	324,788	0
Assigned Funds - Textbooks	307,570	158,056	494,585	1,011,519	530,805
Assigned Funds - CTE Grant	0	0	0	391,480	0
Economic Uncertainties	0	4,773,534	4,066,214	4,285,892	4,264,383
Undesignated	5,747,715	0	0	0	1,151
Total Components of Ending Fund Balance	6,943,539	5,356,299	5,674,760	7,001,295	6,018,400
Reserve at 3.5%	OK	OK	OK	OK	OK
3.50%	1,320,670	1,456,163	1,550,363	1,552,445	1,626,037
3.00%	1,132,003	1,248,140	1,328,882	1,330,667	1,393,746

Attachment B

CBEDS to P2 ADA Projections

	A	B	C	D (C-B)	E (C-A)	F (C/A)
	CBEDS	P1 ADA	P2 ADA		Difference	%Difference
2017-18	4132	4060	4041 est	-19	-91	0.9773 est.
2016-17	4132	4060	4041	-19	-91	0.9780
2015-16	4092	4007	3988	-19	-104	0.9746
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
			Average:	-16	-93	0.9773

2017-18	4132	4038	0.9773	(under review)
seniors out	-362			
others in	95			
NPS 13	2			
TK/K in	265			
2018-19	4130	4036	0.9773	(under review)
seniors out	-353			
others in	88			
NPS 13	0			
TK/K in	265			
2019-20	4130	4036	0.9773	(under review)
seniors out	-340			
others in	75			
NPS 13	0			
TK/K in	265			
2020-21	4130	4036	0.9773	(under review)

* includes NPS

seniors out per Enrollment report 4/19/17
NPS per CDE Report Feb.2017

Projected ADA	2016-17	2017-18	2018-19	2019-20	2020-2021
ADA	4041	4038	4036	4036	4036
Increase/Decline from Prior Yr		-19	0	0	0
Funded ADA		4038	4036	4036	4036

Attachment C

	2015-16	2016-17	2017-18	2018-19	2019-20
Enrollment*	4092	4132	4132 est	4130 est	4130 est
Enrollment increase(decline) from prior year*	44	40	0	0	0
FTE loss related to Enrollment Decline/Other*	-2.0 FTE	0	0	0	0
Educational Foundation adjustments					
FTE Reductions	n/a	n/a	n/a	-6.0 FTE	n/a
LCFF CSR (K-3) 20:1	n/a	n/a	n/a	n/a	n/a
LCFF Gr 4-6 CSR	n/a	n/a	n/a	+6.0 FTE	n/a
ROP funding from LACOE	\$136,429	\$0	\$0	\$0	\$0
ADA to Enrollment factor est.*	97.46%	97.80%	97.73%	97.73%	97.73%
Governing Board/Other Elections	\$0	\$0	\$100,000	\$0	\$0
Employee Salary Compensation					
Classified 1% as of 7/1/17	4.00%	1.00%	TBD	TBD	TBD
Certificated .55% as of 7/1/16		0.55%			
Certificated 1.0% as of 7/1/17	4.25%	1.00%	TBD	TBD	TBD
Increases in salary costs					
Step and Column Increase Estimated	1.5% Cert \$252,640 1.0% Class \$44,507	1.75% Cert \$348,635 1.0% Class \$77,890	1.75% Cert \$342,666 1.0% Class \$77,120	1.75% Cert \$328,574 1.0% Class \$77,588	1.75% Cert \$333,916 1.0% Class \$78,363
STRS Employer rate projection estimate*	10.73%	12.58%	14.43%	16.28%	18.13%
increase over previous year	\$355,935	\$343,316	\$376,561	\$347,350	\$352,997
increase from 14-15 contribution	\$529,496	\$872,839	\$1,249,400	\$1,656,723	\$2,009,720
PERS Employer rate projection estimate*	11.85%	13.88%	15.53%	18.10%	20.80%
increase over previous year	\$59,051	\$171,569	\$139,693	\$205,002	\$217,525
increase from 14-15 contribution	\$116,752	\$230,620	\$370,313	\$575,315	\$792,840
Cost of 1% increase (salary and benefits)*					
Certificated	\$	227,681	\$	228,875	TBD
Classified	\$	94,357	\$	97,621	TBD
H & W Increase	1.02%	0.00%	1.56%	2.15%	2.35%
Supplemental Grant*	\$343,579	\$420,376	\$486,557	\$474,137	\$431,464
Technology infrastructure/equipment/support	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000
Routine Restricted Maintenance Contribution	3.0%	3.0%	3.0%	3.0%	3.0%
Utility Increase (under review)	-14.0% -\$178,201	8.00% \$96,050	12.00% \$160,457	5.00% \$68,115	5.00% \$71,521
Unrestricted Capital Outlay*	\$75,000	\$50,000	\$50,000	\$50,000	\$50,000
Special Education Increase Contribution (under review)	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000
GASB 45 (Post employment benefits contribution)	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000
Reserve level	3.50%	3.50%	3.50%	3.50%	3.50%
Projected Lease Income (under review)*	\$1,897,992	\$1,922,763	\$1,980,446	\$2,039,860	\$2,101,055
Fund 17 Lease Interruption Contingency	\$1,825,000	\$1,825,000	\$1,825,000	\$1,825,000	\$1,825,000
Mandated Block Grant	\$152,582	\$150,648	\$150,648	\$150,648	\$150,648
One Time Prior Year Mandate*	\$2,097,797	\$855,663	\$0	\$0	\$0
Parcel Tax Revenue	\$2,579,850	\$2,585,250	\$2,585,250	\$2,585,250	\$2,585,250
Educational Foundation Revenue*	\$2.0 M	\$2.0 M	\$2.0 M est	\$1.5 M est	\$1.5 M est
Transfer to Fund 40 (planned capital projects)	\$830,000	\$0	\$0	\$0	\$0
Deferred Maintenance Contribution (includes LCFF)	\$572,127	\$450,809	\$335,000	\$335,000	\$335,000
Educator Effectiveness Program	\$324,322	\$0	\$0	\$0	\$0.00
Lottery per ADA	\$140.00	\$144.00	\$144.00	\$144.00	\$144.00
Lottery Proposition 20 per ADA	\$41.00	\$45.00	\$45.00	\$45.00	\$45.00
Annual Budgetary Savings in Unrestricted General Fund (under review)*	\$333,443	TBD	TBD	TBD	TBD

*Changes reflected after March 1, 2017

SSC School District and Charter School Financial Projection Dartboard 2017-18 Governor's Proposed State Budget

This version of SSC's Financial Projection Dartboard is based on the 2017-18 Governor's Proposed State Budget. We have updated the cost-of-living adjustment (COLA), Consumer Price Index (CPI), and ten-year T-bill planning factors per the latest economic forecasts. We have also updated the Local Control Funding Formula (LCFF) factors. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are general guidelines.

LCFF ENTITLEMENT FACTORS				
Entitlement Factors per ADA	K-3	4-6	7-8	9-12
2016-17 Initial Grants	\$7,083	\$7,189	\$7,403	\$8,578
COLA at 1.48%	\$105	\$106	\$110	\$127
2017-18 Base Grants	\$7,188	\$7,295	\$7,513	\$8,705

Entitlement Factors per ADA	K-3	4-6	7-8	9-12
2017-18 Base Grants	\$7,188	\$7,295	\$7,513	\$8,705
Adjustment Factors	10.4% CSR	-	-	2.6% CTE
CSR and CTE amounts	\$748	-	-	\$226
2017-18 Adjusted Base Grants	\$7,936	\$7,295	\$7,513	\$8,931
Supplemental Grants (% Adj. Base)	20%	20%	20%	20%
Concentration Grants	50%	50%	50%	50%
Concentration Grant Threshold	55%	55%	55%	55%

LCFF DARTBOARD FACTORS					
Factor	2016-17	2017-18	2018-19	2019-20	2020-21
LCFF Planning Factors	SSC Simulator	SSC Simulator	SSC Simulator ¹	SSC Simulator ¹	SSC Simulator ¹
SSC Gap Funding Percentage	55.28%	23.67%	34.42%	35.88%	37.32%
Department of Finance Gap Funding Percentage	55.28%	23.67%	53.85%	68.94%	100.00%
Gap Funding Percentage (May Revise)	54.84%	-	-	-	-

PLANNING FACTORS					
Factor	2016-17	2017-18	2018-19	2019-20	2020-21
Statutory COLA	0.00%	1.48%	2.40%	2.53%	2.66%
COLA on state and local share only of Special Education, Child Nutrition, Foster Youth, Preschool, American Indian Education Centers/American Indian Early Childhood Education	0.00%	1.48%	2.40%	2.53%	2.66%
California CPI	2.37%	2.72%	2.92%	2.60%	2.73%
California Lottery	Base per ADA	\$144	\$144	\$144	\$144
	Proposition 20 per ADA	\$45	\$45	\$45	\$45
One-Time Discretionary Funds per ADA	\$214	\$48	-	-	-
Interest Rate for Ten-Year Treasuries	2.20%	2.50%	2.70%	2.90%	2.80%
CalPERS Employer Rate (projected)	13.888%	15.8%	18.7%	21.6%	24.9%
CalSTRS Employer Rate (statutory)	12.58%	14.43%	16.28%	18.13%	19.10%

RESERVES		
State Reserve Requirement	District ADA Range	Reserve Plan ¹
The greater of 5% or \$66,000	0 to 300	SSC recommends one year's increment of planned revenue growth
The greater of 4% or \$66,000	301 to 1,000	
3%	1,001 to 30,000	
2%	30,001 to 400,000	
1%	400,001 and higher	

¹ District reserve requirements as stated in the State Board of Education (SBE) adopted criteria and standards based solely on district size is not as relevant when financial volatility and exposure is disparate under the LCFF. We recommend that every district first observe the current SBE-required reserve for the traditional economic uncertainties. We also recommend the establishment of a separate reserve based on the annual LCFF revenue increase projected for the district in Year 2 and Year 3 of the multiyear projection. We recommend that the district develop a plan to, over time, set aside one year's growth in LCFF funding as a reserve due to the potential volatility inherent in state revenues. Within that set aside, we also recommend assigning the supplemental and concentration grant dollars.

Attachment E

OTHER FUNDS

Each fund is budgeted separately in the State's SACS Financial Report. The following is a very brief statement on each fund and the cash balance as of August 24, 2017.

13.0 Cafeteria Fund – This fund is used to account separately for federal, state, and local resources to operate the food service program. Cash balance - \$81,750.

14.0 Deferred Maintenance Fund – This fund is used to account for revenues that are restricted or committed for deferred maintenance purposes. The fund no longer receives State revenue however the district does an inter fund transfer. Cash balance \$661,035.

17.1 Special Reserve Fund Lease Interruption – This fund is used primarily to provide for the accumulation of general fund moneys for general operating purposes other than capital outlay. The district uses this fund in the event a long-term lease is interrupted. Cash balance \$1,818,120.

20.0 Special Reserve for Postemployment Benefits – This fund is used to account for future cost of postemployment benefits, GASB 45 Cash balance \$775,360.

21.0, 21.1 & 21.2 Building Fund – These funds are primarily for the expenditure of local bond funds. All previous bond funds have been expended. Cash balance \$45.62.

25.0 Capital Facilities Fund – Developer Fees. Cash balance \$652,384.

40.0 through 40.4 Special Reserve Fund for Capital Outlay Projects – These funds are used for the accumulation of general fund moneys for capital outlay purposes.

40.0 Facilities - Cash balance \$449,946.

40.1 Stadium Field – Cash balance \$108,031.

40.2 Sewer Connect – Cash balance \$322,948.

40.3 Field Agreement – Cash balance \$35,822.

40.4 Field Replacement – Cash balance \$196,321.