



LOS GATOS UNION

SCHOOL DISTRICT

Our Community, Our Students, Our Future

2019-20

Adopted Budget

June 11, 2019

- Budget Overview
 - Budget Goals
 - Revenue
 - Expenses
 - Budget Assumptions
 - Multi Year Projections
 - Key Impacts on Budget

Budget Overview

- Develop and retain high quality staff with appropriate annual salary adjustments
- Maintain robust program offerings in alignment with Strategic Planning Goals
- Create a sustainable budget that leverages potential revenue from Parcel Tax, Home & School and Foundation and provides good stewardship on expenditures
- Build appropriate reserves to buffer fluctuations in property taxes and avoid significant program cuts (15% Reserve Policy)

Budget Goals

- COMMUNITY SOURCES (LOCAL)
 - Property Tax
 - Parcel Tax
 - Community Redevelopment Fund (RDA)
 - Facilities Fees
 - Bonds (Not included in general operating income)

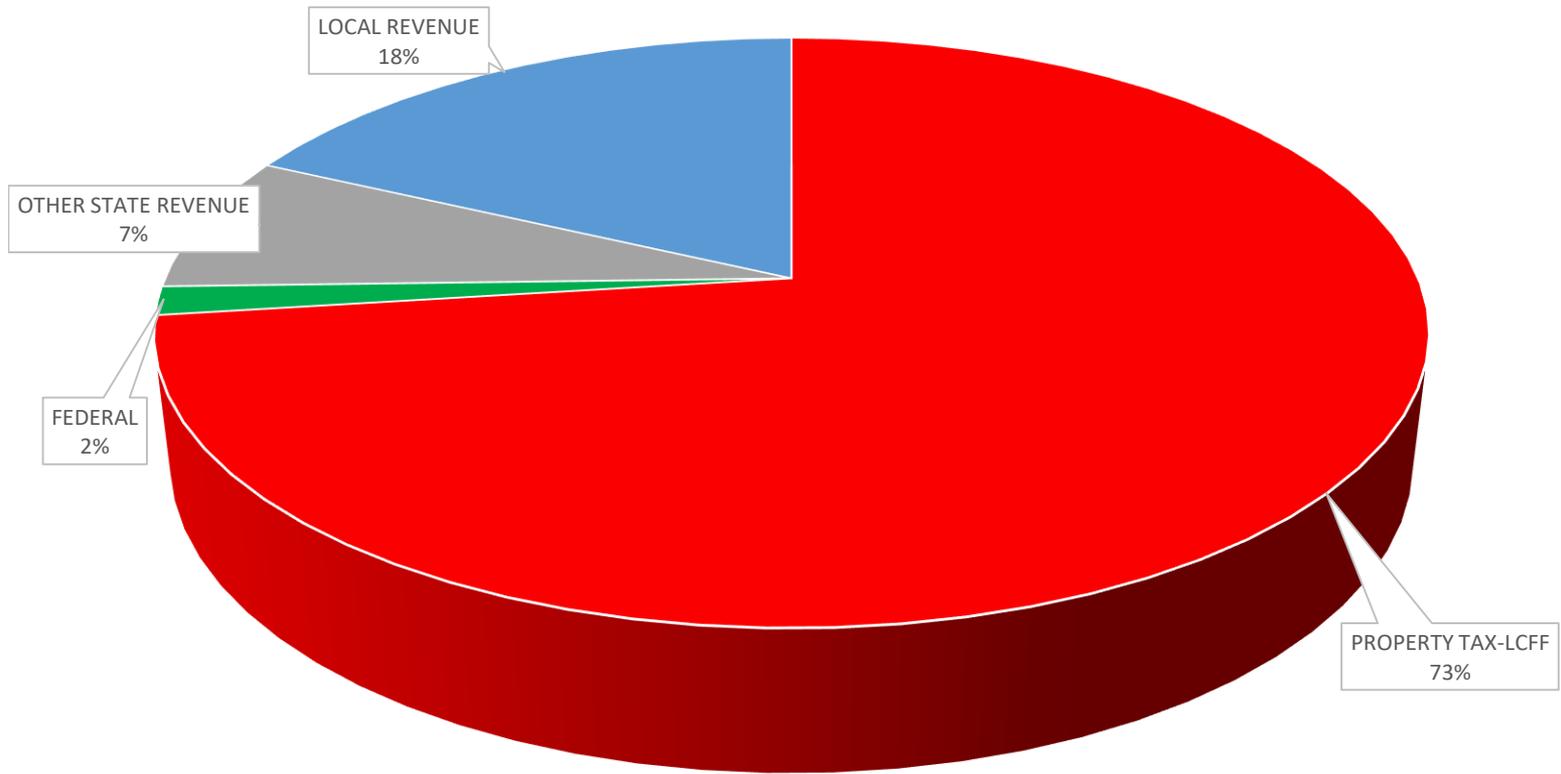
- PARENTS (LOCAL)
 - Los Gatos Education Foundation Grant
 - H&SC Grants
 - Restricted Donations

- STATE & FEDERAL
 - Lottery, Title I+, State Aid, Special Education, EPA, Mandated Cost, One Time State Grants (going away)

- CURRENTLY NO OTHER VIABLE SOURCES OF FUNDING

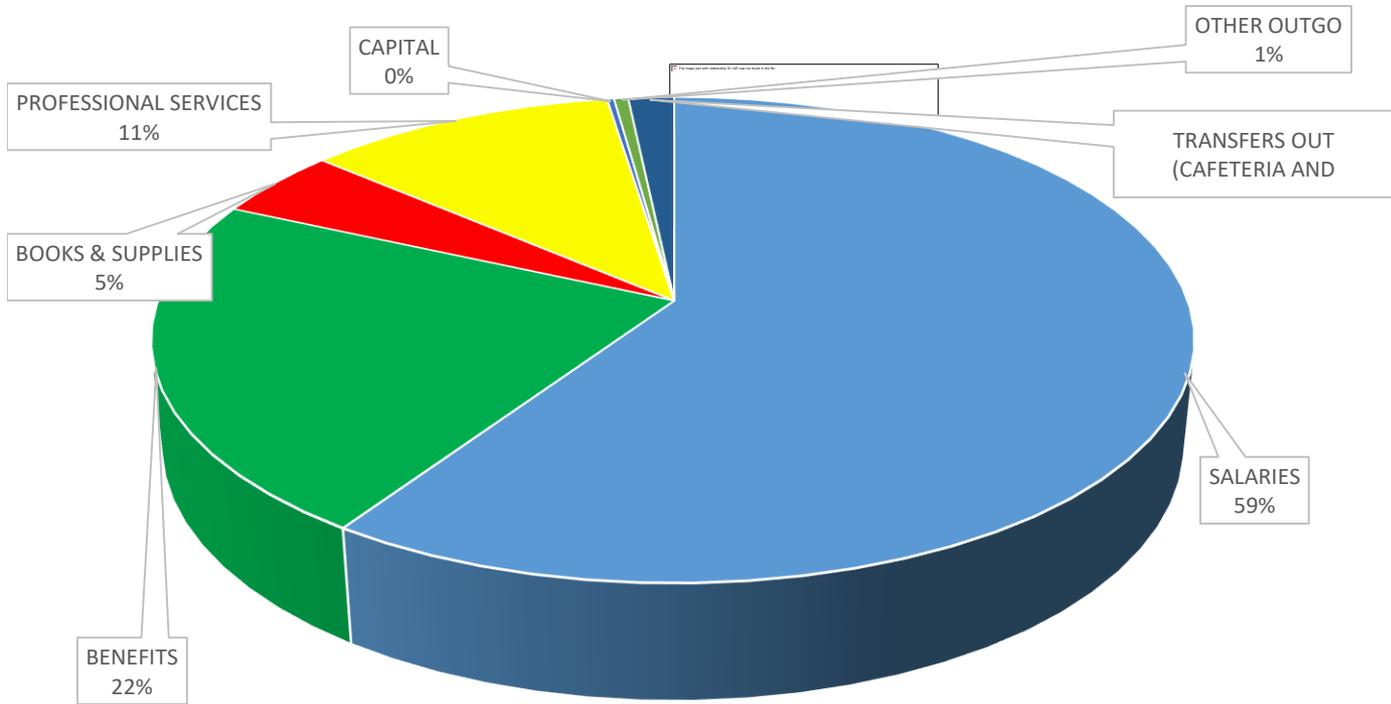
Sources of Funding

FY19-20 Revenue



Revenue

FY19-20 Expenses



Expenses

- SALARIES & BENEFITS (81%)
 - Cost of living adjustment, Step & Column, STRS, PERS
 - STRS & PERS have been increasing approximately 2% per year
 - Due to Collective Bargaining agreements, permanent status and State mandates Step, Column, Number of staff and retirement benefits are largely predetermined
- BOOKS & SUPPLIES (6%)
 - Instructional Materials-Text books & Consumables, Teacher supplies, Technology equipment, Custodial/Maintenance supplies & equipment
- SERVICES & OTHER EXPENSES (11%)
 - Consulting & Professional Services; Facilities & Maintenance Contracts, Professional Development; SPED-Tuition, Consultants & Transportation; Technology licenses, software, internet, telephones; Utilities/Insurance
- CAPITAL & TRANSFERS (2%)

EXPENSES PRIMARILY FIXED

BASE ASSUMPTIONS	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24
FULL TIME EMPLOYEES	253.9	247.9	246.19	244.19	244.19	244.19	244.19	244.19
ENROLLMENT	3,254	3,122	3,022	2,917	2,826	2,778	2,727	2,727
PROPERTY TAX: Annual increase in property tax. Anticipated a lower than average annual increase due to housing market fluctuations and changing tax laws	8.08%	5.05%	6.82%	4.75%	3.50%	3.50%	5.00%	5.00%
STATE COLA: Included in LCFF Funded Districts but not applicable to Community Funded Districts	0.00%	1.56%	2.71%	3.26%	3.00%	2.80%	3.16%	2.50%
PARCEL TAX: Current Parcel Tax expires in June 2022 (Loss of revenue equates to a % of revenue)							6.40%	6.40%
STEP & COLUMN: Amount of annual adjustment based on current bargaining agreements	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
RETIREMENT: Annual mandated increase in retirement costs related to STRS. This is similar to PERS retirement	1.85%	1.85%	1.85%	0.42%	1.40%			
PROJECTED SALARY ADJUSTMENT: (Included in budget projections) This is a placeholder and does not represent a cap nor a floor			2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Multi Year Assumptions

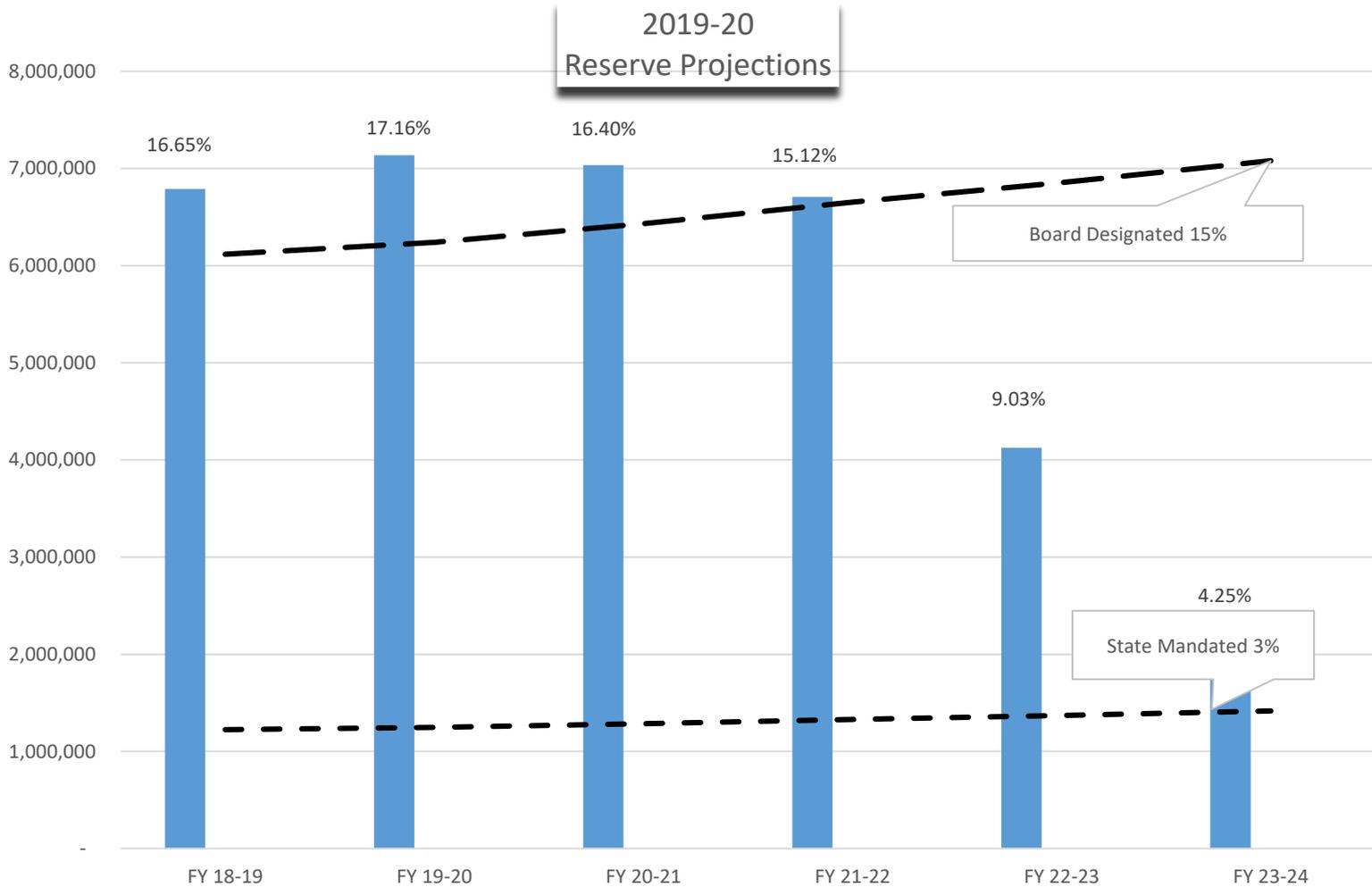
LGUSD Multi Year Projections 19-20 Adopted Budget

	FY18-19 2nd Int	FY18-19 Est Actual	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24
REVENUE							
PROPERTY TAX %	6.89%	6.89%	4.75%	3.5%	3.5%	5%	5%
PROPERTY TAX-LCFF	\$30,307,234	\$30,309,234	\$31,607,517	\$32,666,722	\$33,760,701	\$35,378,114	\$37,087,860
FEDERAL	\$653,714	\$653,714	\$609,850	\$628,146	\$645,734	\$666,139	\$682,792
OTHER STATE REVENUE	\$3,109,834	\$2,855,097	\$2,551,383	\$2,296,327	\$2,281,175	\$2,266,835	\$2,272,619
OTHER LOCAL REVENUE	\$2,982,486	\$2,970,456	\$3,072,854	\$3,280,338	\$3,388,613	\$3,541,401	\$3,701,047
FOUNDATION	\$810,000	\$810,000	\$900,000	\$1,000,000	\$1,030,000	\$1,060,900	\$1,092,727
H&SC	\$913,596	\$913,596	\$827,650	\$852,479	\$878,050	\$904,395	\$931,516
PARCEL TAX	\$2,750,000	\$2,750,000	\$2,750,000	\$2,750,000	\$2,750,000	\$0	\$0
TOTAL REVENUE	\$41,526,864	\$41,262,097	\$42,319,254	\$43,474,012	\$44,734,274	\$43,817,784	\$45,768,561

EXPENSES							
COLA % (In addition to Step & Column)	2%	3.7%	2%	2%	2%	2%	2%
SALARIES	\$24,163,731	\$25,100,827	\$25,105,304	\$26,033,990	\$26,945,179	\$27,888,261	\$28,864,350
BENEFITS	\$9,206,555	\$8,855,689	\$9,483,427	\$9,825,229	\$10,109,092	\$10,409,567	\$10,712,962
BOOKS & SUPPLIES	\$2,233,072	\$1,784,552	\$1,945,955	\$1,984,539	\$2,024,205	\$2,065,205	\$2,112,347
PROFESSIONAL SERVICES	\$4,948,359	\$4,770,168	\$4,732,590	\$4,626,248	\$4,862,914	\$4,907,801	\$5,055,035
CAPITAL	\$35,670	\$35,661	\$106,225	\$184,412	\$189,944	\$195,642	\$201,512
OTHER OUTGO	\$208,640	\$235,000	\$215,000	\$221,450	\$228,094	\$234,936	\$241,984
MAINTENANCE)	\$661,000	\$661,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000
TOTAL EXPENSES	\$41,457,027	\$41,442,897	\$42,288,501	\$43,575,867	\$45,059,428	\$46,401,412	\$47,888,191

REVENUE OVER (UNDER) EXPENSES	\$69,837	-\$180,800	\$30,753	-\$101,856	-\$325,154	-\$2,583,627	-\$2,119,629
ENDING BALANCE	\$9,154,018	\$8,902,551	\$8,933,304	\$8,831,449	\$8,506,294	\$5,922,667	\$3,803,037
RESTRICTED RESERVES (1)	\$2,112,015	\$1,462,015	\$1,148,048	\$1,148,048	\$1,148,048	\$1,148,048	\$1,148,048
ASSIGNED RESERVES	\$650,000	\$650,000	\$650,000	\$650,000	\$650,000	\$650,000	\$650,000
UNRESTRICTED RESERVES	\$6,392,003	\$6,790,536	\$7,135,256	\$7,033,401	\$6,708,246	\$4,124,619	\$2,004,989
RESERVE %	15.7%	16.7%	17.2%	16.4%	15.1%	9.0%	4.2%

Multi Year Projections



Reserves

- Strategic Plan Investments
- Enrollment / Staffing
- Class Size
- Collective Bargaining with Competitive Salaries and COLA
- Annual property tax adjustment
- Loss of one-time State discretionary funding
- Local Revenue
 - Parcel Tax Renewal and adding some escalation factor
 - Needing increased and sustained donations to Foundation and H&SC
- RDA restrictions on use of funds for facilities only
- Burden of Pension Costs

KEY IMPACTS ON BUDGET



Adopted Budget	June 2019
Strategic Planning	August 2019-ongoing
Property Tax Estimated Tax Roll	November 2018
1 st Interim Budget Presentation	December 2019
Negotiations	January 2020-ongoing
2 nd Interim Budget Presentation	Mar 2020
20-21 Budget Approval	June 2020

Budget Timeline
