



**Los Gatos Union School District  
FY 14-15 2nd Interim Report  
Board of Trustees Meeting  
March 10, 2015**

Martin Fregoso, Assistant Superintendent-Business Services/CBO  
Tom Gray, Director of Fiscal Services

# 2nd Interim Presentation

- Budget Calendar
- Current Budget Assumptions
- 1st Interim vs 2<sup>nd</sup> Interim comparison highlights
  - General Fund
- Highlight of Other Funds
- Multi-Year Projections & Reserve Levels
- Property Taxes and LCFF
- Potential Challenges Ahead

# District Budget Calendar

- 1<sup>st</sup> Interim: 10/31/14 cutoff; Due 12/15/14
- January – Governor’s Budget Proposal for FY 15-16
- 2<sup>nd</sup> Interim: 1/31/15 cutoff; Due 3/15/15
- March / April – Staff Review/Budget Development Process
- May – Governor’s May Revise Budget Proposal
- June - Estimated Actuals FY 14-15 & Budget Adoption for FY 15-16

## 2<sup>nd</sup> Interim Assumptions

- Property Taxes Assumptions
  - FY 15-16 – 5.5% growth (year-to-date 4.75%)
  - FY 16-17 – 4% growth
  - FY 17-18 – 3% growth
- Basic Aid status secure with FY 14-15 LCFF funding - \$5,930
- Lottery: \$162/ADA (Unrestricted/Restricted)

## 2<sup>nd</sup> Interim Assumptions

- Continued contributions from LGEF and Home & School Clubs for personnel (\$600K-\$700K)
- Future Step/Column cost included in projections
- 3 additional teachers for growth, next 2 years
- Salary enhancements for FY 14-15 included

# General Fund – Unrestricted Revenues

<b>UNRESTRICTED</b>	<b>2014-15 1st Interim</b>	<b>2014-15 2nd Interim</b>	<b>Increase / (Decrease)</b>	<b>Percentage</b>
<b><i>REVENUE</i></b>				
LCFF Sources/Property Taxes	22,126,000	22,286,000	160,000	0.72%
Other State Revenue	696,481	696,481	0	0.00%
Other Local Revenue	4,723,062	4,750,749	27,687	0.59%
<b>TOTAL REVENUE</b>	<b>\$ 27,545,543</b>	<b>\$ 27,733,230</b>	<b>\$ 187,687</b>	<b>0.68%</b>

1. LCFF/Property Taxes – change due to roll corrections
2. Other Local Revenue – Redevelopment Agency pass-thru transfer

# General Fund – Unrestricted Expenditures

<b>UNRESTRICTED</b>	<b>2014-15 1st Interim</b>	<b>2014-15 2nd Interim</b>	<b>Increase / (Decrease)</b>	<b>Percentage</b>
<b><i>EXPENDITURES</i></b>				
Certificated Salaries	13,828,824	14,593,086	764,262	5.53%
Classified Salaries	2,561,415	2,697,079	135,664	5.30%
Employee Benefits	4,407,062	4,531,361	124,299	2.82%
Books and Supplies	447,869	454,604	6,735	1.50%
Services, Operating Expenses	1,822,777	1,944,689	121,912	6.69%
<b>TOTAL EXPENDITURES</b>	<b>\$ 23,120,708</b>	<b>\$ 24,273,580</b>	<b>\$ 1,152,872</b>	<b>4.99%</b>

1. Salary and benefit increases – due to negotiated settlements for FY 14-15
2. Supplies – adjustment to budget categories/donations
3. Services – additional expected costs for utilities and professional services

# General Fund – Unrestricted Expenditures

<b>UNRESTRICTED</b>	<b>2014-15 1st Interim</b>	<b>2014-15 2nd Interim</b>	<b>Increase / (Decrease)</b>
<b><i>OTHER FINANCING SOURCES</i></b>			
Transfers In	9,000	309,000	300,000
Contributions	-3,202,889	-3,304,883	101,994
Transfers Out and Other Uses	575,000	775,000	200,000
<b>TOTAL - OTHER FINANCING</b>	<b>-\$3,768,889</b>	<b>-\$3,770,883</b>	<b>\$1,994</b>
<b>INCOME <i>minus</i> EXPENSES &amp; TRANSFERS</b>	\$655,946	-\$311,233	\$967,179
<b>ENDING FUND BALANCE</b>	<b>\$5,828,481</b>	<b>\$4,861,302</b>	<b>-\$967,179</b>

1. Transfers In – Transfer from Fund 17 to maintain 15% reserve in fund 01
2. Contributions – Increase to Routine Maintenance and Spec Ed
3. Transfers Out – Increased contribution to deferred maintenance

## General Fund – Restricted Revenues

<b>RESTRICTED</b>	<b>2014-15 1st Interim</b>	<b>2014-15 2nd Interim</b>	<b>Increase / (Decrease)</b>	<b>Percentage</b>
<b><i>BEGINNING FUND BALANCE</i></b>	<b>\$1,270,479</b>	<b>\$1,270,479</b>	<b>\$0</b>	<b>0.00%</b>
<b><i>REVENUE</i></b>				
Federal Revenues	576,841	612,007	35,166	6.10%
Other State Revenue	257,058	258,153	1,095	0.43%
Other Local Revenue	2,457,252	2,565,047	107,795	4.39%
<b><i>TOTAL REVENUE</i></b>	<b>\$3,291,151</b>	<b>\$3,435,207</b>	<b>144,056</b>	<b>4.38%</b>

1. Federal Revenues – Increase in Spec Ed/Teacher Quality
2. Other Local Revenue – recognition of H&SC contributions/site ASB funds

# General Fund – Restricted Expenditures

<b>RESTRICTED</b>	<b>2014-15 1st Interim</b>	<b>2014-15 2nd Interim</b>	<b>Increase / (Decrease)</b>	<b>Percentage</b>
<b><i>EXPENDITURES</i></b>				
Certificated Salaries	1,949,825	2,059,621	109,796	5.63%
Classified Salaries	1,232,897	1,313,104	80,207	6.51%
Employee Benefits	884,076	896,258	12,182	1.38%
Books and Supplies	1,579,105	1,626,539	47,434	3.00%
Services, Operating Expenses	1,273,234	1,211,425	-61,809	-4.85%
Other Outgo	122,220	107,220	-15,000	-12.27%
<b><i>TOTAL EXPENDITURES</i></b>	<b>\$7,107,630</b>	<b>\$7,280,440</b>	<b>172,810</b>	<b>2.43%</b>

1. Certificated and Classified Salaries – Negotiated salary increases FY 14-15
2. Employee Benefits – Negotiated salary increases FY 14-15
3. Supplies/Services – moved funds between categories

# General Fund – Unrestricted/Restricted Revenues

<b><u>COMBINED (Unrestricted &amp; Restricted)</u></b>	<b>2014-15 1st Interim</b>	<b>2014-15 2nd Interim</b>	<b>Increase / (Decrease)</b>	<b>Percentage</b>
<b><i>REVENUE</i></b>				
LCFF Sources/Property Taxes	22,126,000	22,286,000	160,000	0.7%
Federal Revenues	576,841	612,007	35,166	6.1%
Other State Revenue	953,539	954,634	1,095	0.1%
Other Local Revenue	7,180,314	7,315,796	135,482	1.9%
<b><i>TOTAL REVENUE</i></b>	<b>\$30,836,694</b>	<b>\$31,168,437</b>	<b>\$331,743</b>	<b>1.1%</b>

# General Fund – Unrestricted/Restricted Expenditures

<b><u>COMBINED (Unrestricted &amp; Restricted)</u></b>	<b>2014-15 1st Interim</b>	<b>2014-15 2nd Interim</b>	<b>Increase / (Decrease)</b>	<b>Percentage</b>
<b><i>EXPENDITURES</i></b>				
Certificated Salaries	15,778,649	16,652,707	874,058	5.5%
Classified Salaries	3,794,312	4,010,183	215,871	5.7%
Employee Benefits	5,291,138	5,427,619	136,481	2.6%
Books and Supplies	2,026,974	2,081,143	54,169	2.7%
Services, Operating Expenses	3,096,011	3,156,114	60,103	1.9%
Other Outgo	176,220	161,220	-15,000	-8.5%
<b><i>TOTAL EXPENDITURES</i></b>	<b>\$30,228,338</b>	<b>\$31,554,020</b>	<b>\$1,325,682</b>	<b>4.4%</b>

# General Fund – Unrestricted/Restricted Expenditures

<b><u>COMBINED (Unrestricted &amp; Restricted)</u></b>	<b>2014-15 1st Interim</b>	<b>2014-15 2nd Interim</b>	<b>Increase / (Decrease)</b>
Transfers In	9,000	341,134	332,134
Contributions	-	-	-
Transfers Out and Other Uses	575,000	807,134	232,134
<b><i>INCOME minus EXPENSES &amp; TRANSFERS</i></b>	\$42,356	(\$851,583)	(\$893,939)
<b>ENDING FUND BALANCE</b>	<b>\$6,485,370</b>	<b>\$5,591,431</b>	<b>(\$893,939)</b>

# Per Pupil Spending Trends

						Projected	Projected	Projected
(\$000's)	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17
Expenditures	27,329	26,680	26,981	28,241	30,426	31,554	31,232	31,951
Enrollment	2,914	3,027	3,137	3,210	3,280	3,345	3,385	3,433
State Funding	1,612	1,197	403	976	1,589	955	758	773
% of Expenditures	5.90%	4.50%	1.50%	3.46%	5.22%	3.03%	2.43%	2.42%
<b>Per Pupil \$ Dollars</b>	<b>\$9,379</b>	<b>\$8,814</b>	<b>\$8,601</b>	<b>\$8,798</b>	<b>\$9,276</b>	<b>\$9,433</b>	<b>\$9,227</b>	<b>\$9,307</b>

Expenditures excludes transfers to other funds

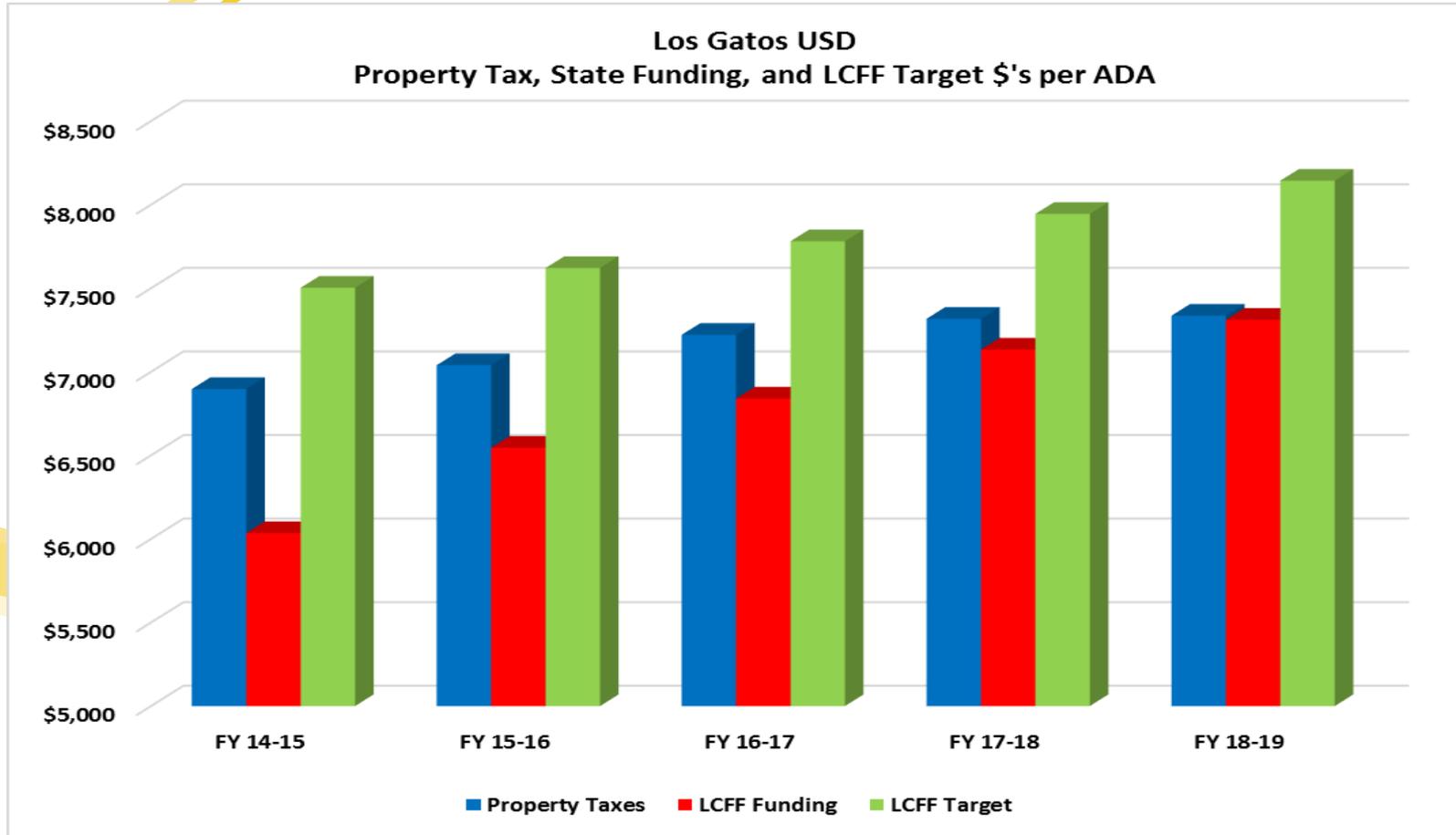
# Multi-Year Projections

See slide 8

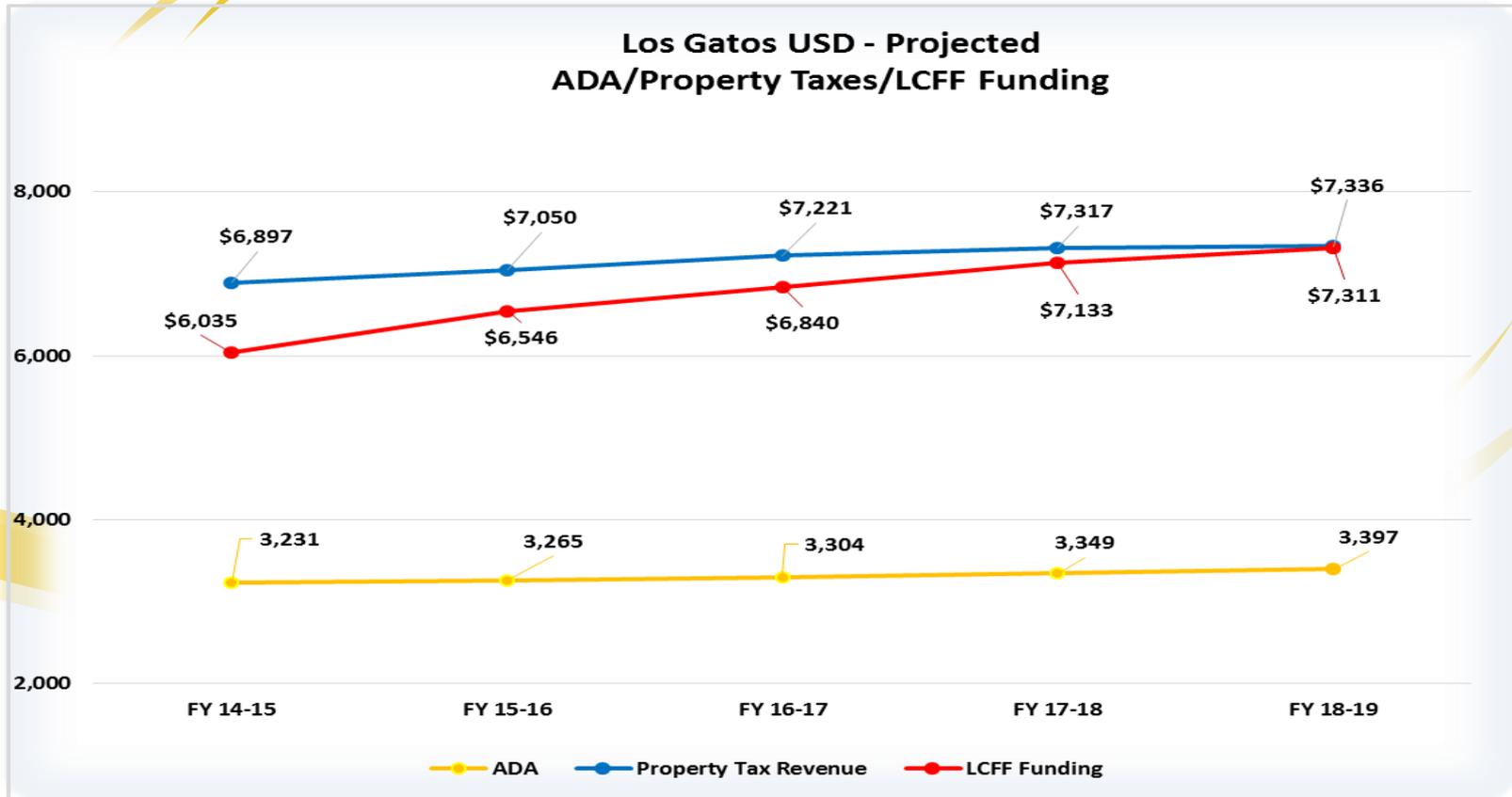
<b>Los Gatos USD - Multi Year Projection</b>			
<b>Unrestricted</b>	<b>FY 14-15</b>	<b>FY 15-16</b>	<b>FY 16-17</b>
LCFF Sources/Property Tax	\$22,286,000	\$23,014,780	\$23,847,731
Other State Revenues	\$696,481	\$500,000	\$515,000
Other Local Revenues	\$4,750,749	\$4,807,741	\$4,845,784
Transfers In	\$309,000	\$659,000	\$559,000
Contributions	-\$3,304,883	-\$3,355,000	-\$3,415,000
<b>Total Revenues</b>	<b>\$24,737,347</b>	<b>\$25,626,521</b>	<b>\$26,352,515</b>
<b>Expenditures</b>			
Certificated Salaries	14,593,086	14,836,776	15,287,316
Classified Salaries	2,697,079	2,698,245	2,744,863
Employee Benefits	4,531,361	4,860,361	5,314,380
Books and Supplies	454,604	925,000	505,000
Services, Other Operating Expenses	1,944,689	1,884,000	1,920,000
Debt Service	54,000	54,000	65,000
Transfers Out	775,000	445,000	445,000
<b>Total Expenditures</b>	<b>\$25,048,580</b>	<b>\$25,702,143</b>	<b>\$26,280,320</b>
<b>Revenue Over (Under) Expenditures</b>	<b>-\$311,233</b>	<b>-\$75,622</b>	<b>\$72,195</b>
Beginning Fund Balance	\$5,172,535	\$4,861,302	\$4,785,680
<b>Ending Balance, June 30</b>	<b>\$4,861,302</b>	<b>\$4,785,680</b>	<b>\$4,857,875</b>
<b>Reserve Percentage</b>	<b>15.02%</b>	<b>15.11%</b>	<b>15.00%</b>

FY 14-15 salary enhancements included

# Projected Property Taxes and LCFF



# Projected Property Taxes and LCFF



# Cafeteria and Deferred Maintenance Funds

SPECIAL REVENUE FUNDS	<b>CAFETERIA FUND 13</b>	<b>DEFERRED MAINTENANCE FUND 14</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$34,715</b>	<b>\$12,717</b>
REVENUE	\$592,300	\$50
EXPENDITURES	\$607,300	\$0
REVENUE OVER (Under) EXPENSES	-\$15,000	\$50
Transfers In (Out)	\$15,000	\$400,000
<b>ENDING FUND BALANCE</b>	<b>\$34,715</b>	<b>\$412,767</b>

# Special Reserve Fund

<b>SPECIAL RESERVE - NONCAPITAL</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$2,209,808</b>	<b>\$1,919,308</b>	<b>\$ 1,277,369</b>	<b>\$ 732,734</b>
REVENUE	\$9,500	\$8,061	\$5,365	\$3,077
EXPENDITURES	\$0	\$0	\$0	\$0
REVENUE OVER (Under) EXPENSES	\$9,500	\$8,061	\$5,365	\$3,077
Transfers In (Out)	-\$300,000	-\$650,000	-\$550,000	-\$725,000
<b>ENDING FUND BALANCE</b>	<b>\$1,919,308</b>	<b>\$1,277,369</b>	<b>\$732,734</b>	<b>\$10,812</b>

# Capital Funds

	<b>BUILDING FUND 21</b>	<b>CAPITAL FACILITIES FUND 25</b>	<b>SPECIAL RESERVE CAPITAL OUTLAY FUND 40</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$915,989</b>	<b>\$1,428,341</b>	<b>\$11,637,692</b>
REVENUE	\$0	\$305,400	\$48,150
EXPENDITURES	\$915,989	\$9,000	\$4,000,000
REVENUE OVER (Under) EXPENSES	-\$915,989	\$296,400	-\$3,951,850
Transfers In (Out)			\$360,000
<b>ENDING FUND BALANCE</b>	<b>\$0</b>	<b>\$1,724,741</b>	<b>\$8,045,842</b>

# Future Challenges

- Property Tax Growth
- Enrollment Growth
- Facilities
- LCFF Funding Levels
- Local support will continue to be critical

# Conclusion

- District maintains a strong balance sheet
- Staff recommends that the Board of Trustees approve the 2<sup>nd</sup> Interim Report for FY 2014-15 with a positive status.
- Comments/Questions