

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

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2nd Interim Presentation

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

District Budget Calendar

- 1st Interim: 10/31/14 cutoff; Due 12/15/14
- January – Governor's Budget Proposal for FY 15-16
- 2nd 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

2nd 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)

2nd 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

UNRESTRICTED	2014-15 1st Interim	2014-15 2nd Interim	Increase / (Decrease)	Percentage
<i>REVENUE</i>				
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%
TOTAL REVENUE	\$ 27,545,543	\$ 27,733,230	\$ 187,687	0.68%

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

General Fund – Unrestricted Expenditures

UNRESTRICTED	2014-15 1st Interim	2014-15 2nd Interim	Increase / (Decrease)	Percentage
<i>EXPENDITURES</i>				
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%
TOTAL EXPENDITURES	\$ 23,120,708	\$ 24,273,580	\$ 1,152,872	4.99%

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

UNRESTRICTED	2014-15 1st Interim	2014-15 2nd Interim	Increase / (Decrease)
<i>OTHER FINANCING SOURCES</i>			
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
TOTAL - OTHER FINANCING	-\$3,768,889	-\$3,770,883	\$1,994
INCOME <i>minus</i> EXPENSES & TRANSFERS			
	\$655,946	-\$311,233	\$967,179
ENDING FUND BALANCE	\$5,828,481	\$4,861,302	-\$967,179

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

RESTRICTED	2014-15 1st Interim	2014-15 2nd Interim	Increase / (Decrease)	Percentage
<i>BEGINNING FUND BALANCE</i>	\$1,270,479	\$1,270,479	\$0	0.00%
<i>REVENUE</i>				
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%
<i>TOTAL REVENUE</i>	\$3,291,151	\$3,435,207	144,056	4.38%

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

RESTRICTED	2014-15 1st Interim	2014-15 2nd Interim	Increase / (Decrease)	Percentage
<i>EXPENDITURES</i>				
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%
<i>TOTAL EXPENDITURES</i>	\$7,107,630	\$7,280,440	172,810	2.43%

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

<u>COMBINED (Unrestricted & Restricted)</u>	2014-15 1st Interim	2014-15 2nd Interim	Increase / (Decrease)	Percentage
<i>REVENUE</i>				
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%
<i>TOTAL REVENUE</i>	\$30,836,694	\$31,168,437	\$331,743	1.1%

General Fund – Unrestricted/Restricted Expenditures

<u>COMBINED (Unrestricted & Restricted)</u>	2014-15 1st Interim	2014-15 2nd Interim	Increase / (Decrease)	Percentage
<i>EXPENDITURES</i>				
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%
<i>TOTAL EXPENDITURES</i>	\$30,228,338	\$31,554,020	\$1,325,682	4.4%

General Fund – Unrestricted/Restricted Expenditures

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

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%
Per Pupil \$ Dollars	\$9,379	\$8,814	\$8,601	\$8,798	\$9,276	\$9,433	\$9,227	\$9,307

Expenditures excludes transfers to other funds

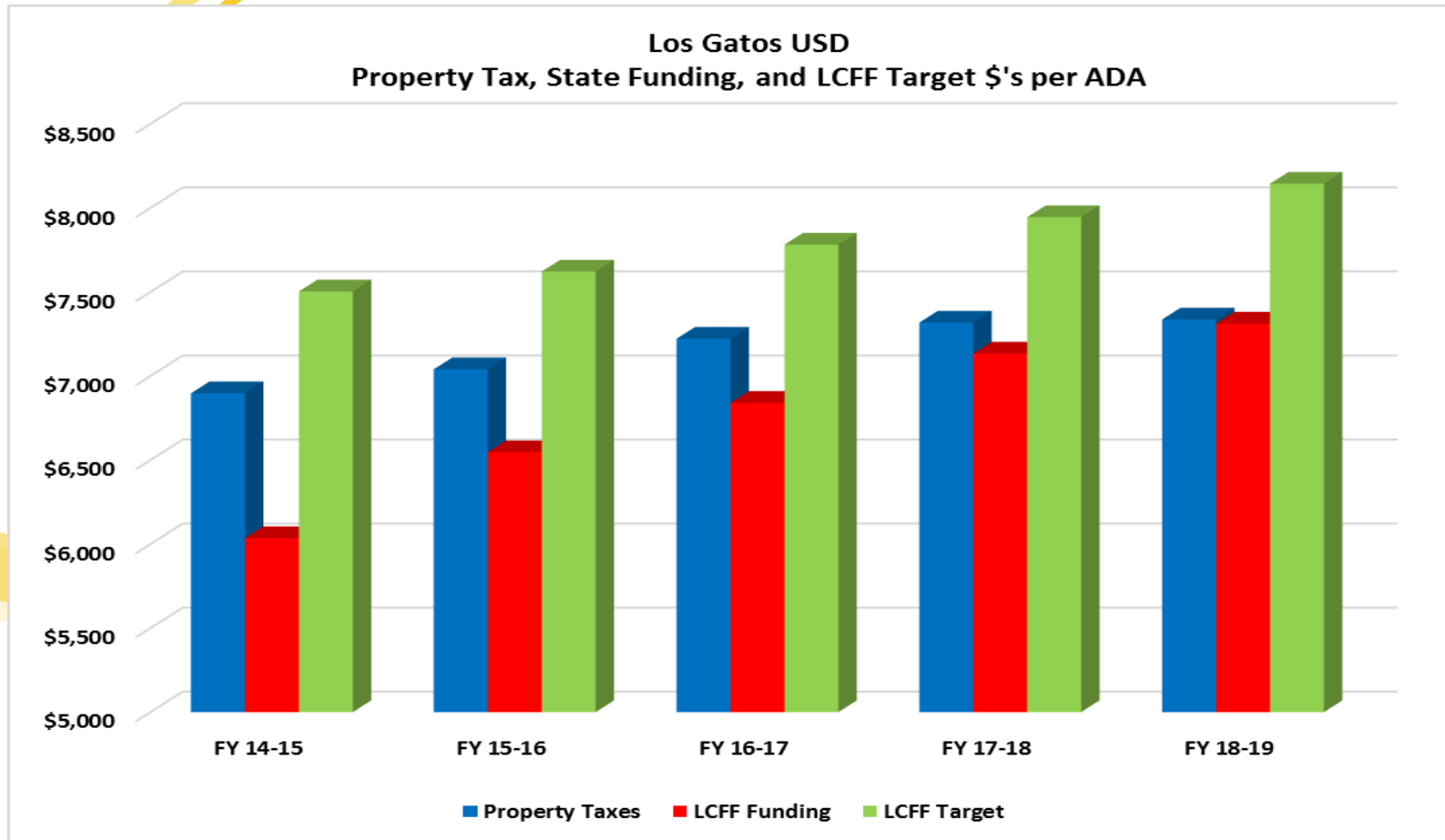
Multi-Year Projections

See slide 8

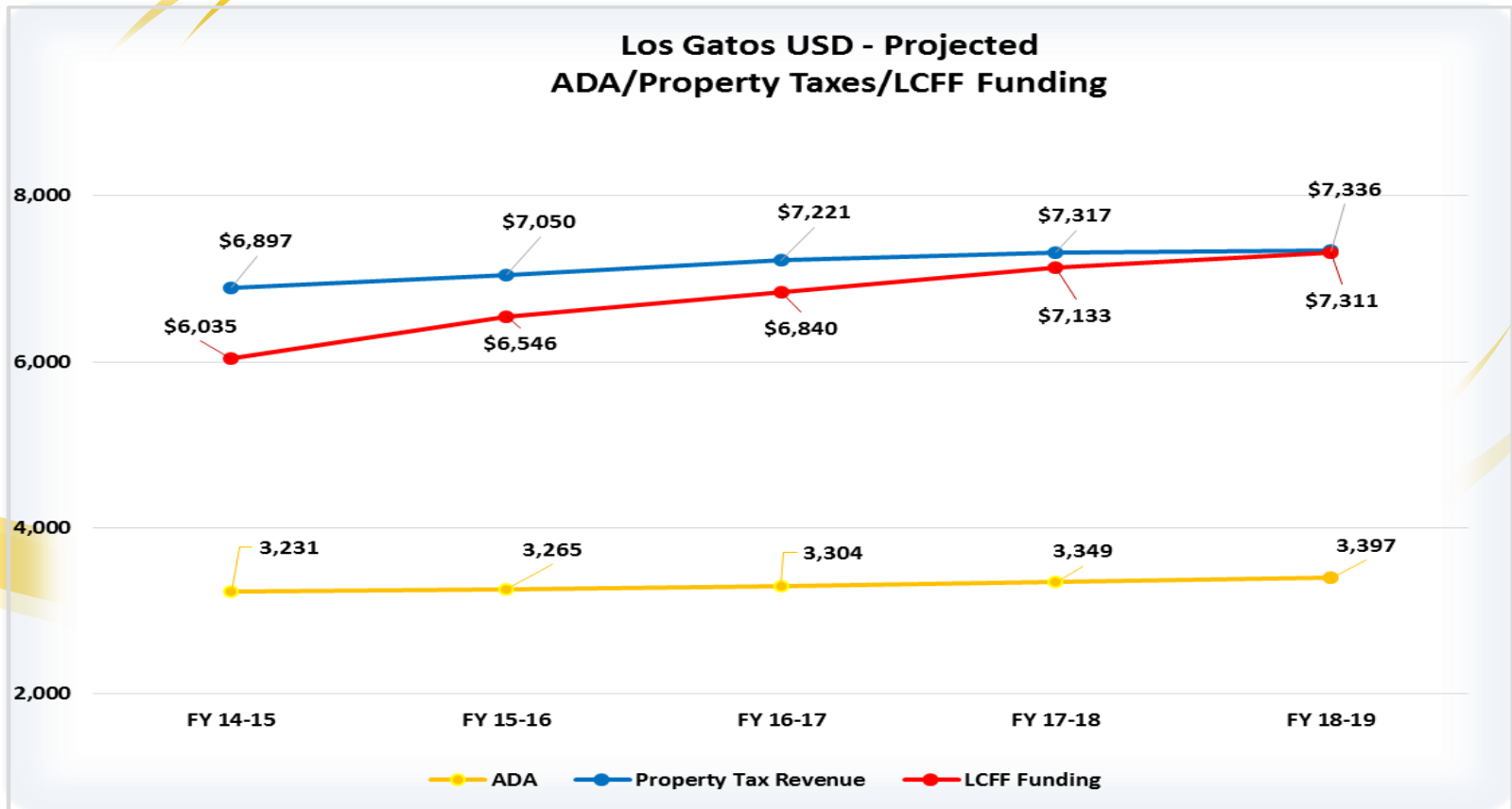
Los Gatos USD - Multi Year Projection			
Unrestricted	FY 14-15	FY 15-16	FY 16-17
LCFF Sources/Property Tax	\$22,286,000	\$23,014,780	\$23,847,731
Other State Revenues	\$696,481	\$500,000	\$515,000
Other Local Revenues	\$4,750,749	\$4,807,741	\$4,845,784
Transfers In	\$309,000	\$659,000	\$559,000
Contributions	-\$3,304,883	-\$3,355,000	-\$3,415,000
Total Revenues	\$24,737,347	\$25,626,521	\$26,352,515
Expenditures			
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
Total Expenditures	\$25,048,580	\$25,702,143	\$26,280,320
Revenue Over (Under) Expenditures	-\$311,233	-\$75,622	\$72,195
Beginning Fund Balance	\$5,172,535	\$4,861,302	\$4,785,680
Ending Balance, June 30	\$4,861,302	\$4,785,680	\$4,857,875
Reserve Percentage	15.02%	15.11%	15.00%

FY 14-15 salary enhancements included

Projected Property Taxes and LCFF



Projected Property Taxes and LCFF



Cafeteria and Deferred Maintenance Funds

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

Special Reserve Fund

SPECIAL RESERVE - NONCAPITAL	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
BEGINNING FUND BALANCE	\$2,209,808	\$1,919,308	\$ 1,277,369	\$ 732,734
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
ENDING FUND BALANCE	\$1,919,308	\$1,277,369	\$732,734	\$10,812

Capital Funds

	BUILDING FUND 21	CAPITAL FACILITIES FUND 25	SPECIAL RESERVE CAPITAL OUTLAY FUND 40
BEGINNING FUND BALANCE	\$915,989	\$1,428,341	\$11,637,692
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
ENDING FUND BALANCE	\$0	\$1,724,741	\$8,045,842

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 2nd Interim Report for FY 2014-15 with a positive status.
- Comments/Questions