

Los Altos School District  
December 11, 2017 Board Meeting

# **1<sup>st</sup> Interim Financial Report (2017-18)**

# Introduction

- Reflects actual data (revenue & expenses) through Oct. 31
- First formal update of current year projections since Adopted Budget
- Action item – presented for review and approval
- Positive certification – we can meet our financial obligations for current and two future years

# Overview

General Fund	Adopted Budget	1 <sup>st</sup> Interim
Revenues	58.9 M	61.4 M
Expenditures (incl. transfers)	59.3 M	62.4 M
Net Change	<0.4 >M	<1.0> M
Fund Balance	1.8 M	1.1 M
<b>Unrestricted Fund Balance</b>	<b>1.3 M</b>	<b>0.8 M</b>
<b>Reserves</b>	<b>5.5%</b>	<b>5.4%</b>

# General Fund Projections

- **Total Revenues – 61.4 M**
  - Compared to 58.9 M projected in Adopted Budget (June)
- Variances primarily due to
  - Higher than anticipated property tax revenues (340k)
  - Increase in one-time discretionary allocation from state (440k)
  - Increase in facility use fee collections (175k)

# General Fund Projections

- **Other Revenue Variances**
- Revenue changes with offsetting expenditure changes
  - Prop 39 energy grants (585k)
  - Increase in STRS on-behalf contribution (410k)
  - Premium (interest income) on TRAN (337k)

# General Fund Projections

- **Total Expenditures – 62.4 M (including 200k in transfers)**
  - Compared to 59.3 M projected in June
- Variances primarily due to
  - 610k of unspent program manager monies carried forward into current year
  - Cost of new teachers less than those leaving LASD
  - 660k increase in special education services

# General Fund Projections

- **Other Expenditure Variances**
- Expenditure changes with offsetting revenue changes
  - Prop 39 energy grants (697k)
    - Offset by Prop 39 revenue and beginning balance
  - Increase in STRS on-behalf contribution (410k)
  - Premium (interest income) on TRAN (380k)

# Ending Balance/Reserves

- **General Fund ending balance now projected at 1.1 M**
  - Compared to June projection of 1.8 M
  - Expenditures/Transfers exceed Revenues by 1.0 M
- **Reserves**
  - Non-spendable Ending Balance – 5,000 (revolving cash)
  - Assigned Ending Balance – 299,954
    - Estimated 17/18 OPEB obligation
  - Unassigned/Unappropriated Ending Balance
    - **Unassigned/Unappropriated – 800k**
      - 500k lower than projected in June
      - **When Special Reserve Fund added, total reserves are 5.4%**



# 1<sup>st</sup> Interim v. Adopted Budget (Other Funds)

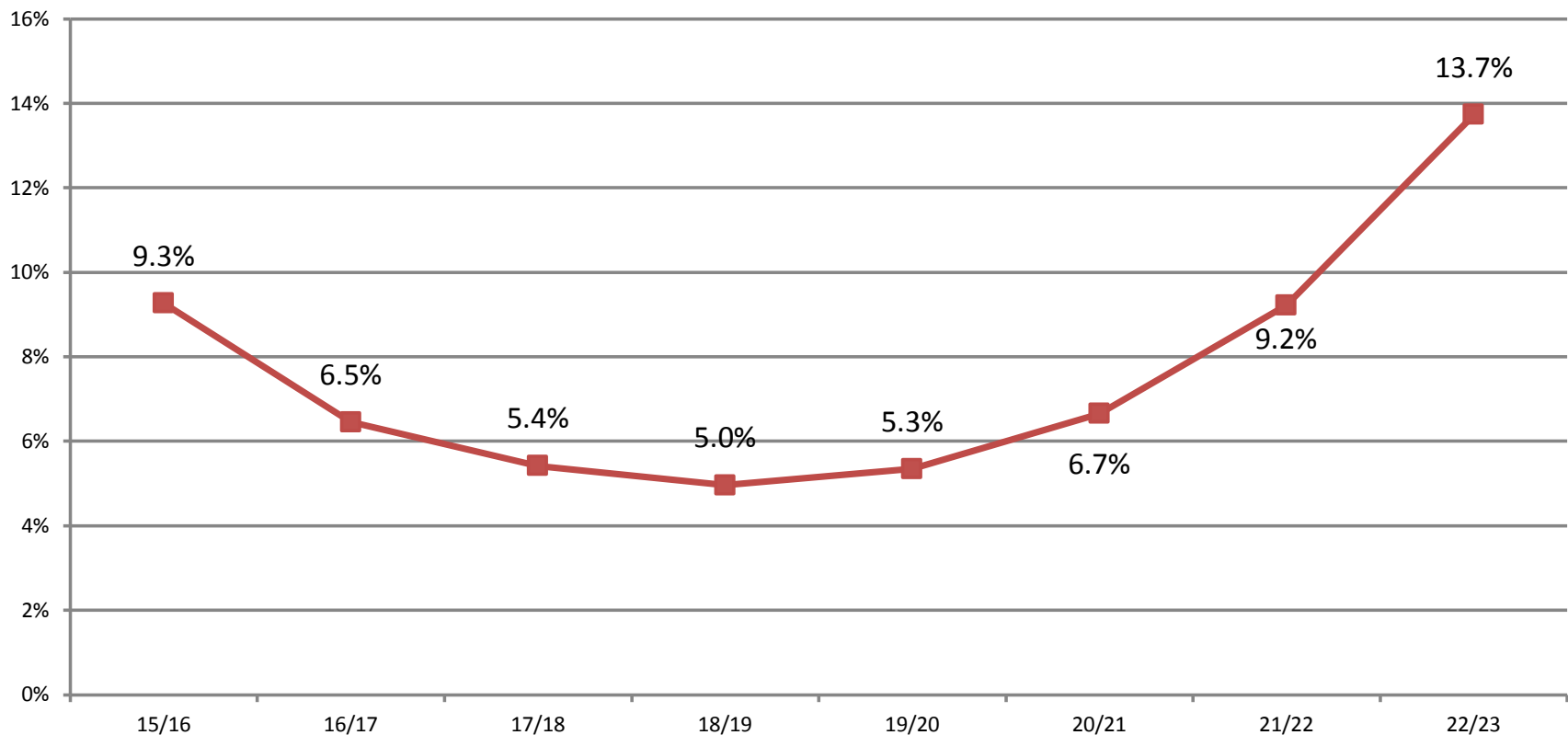
- **Deferred Maintenance Fund**
  - No change; fund balance remains at 64K
- **Special Reserve Fund**
  - No change; fund balance at 2.6M
- **Special Reserve Fund for Post-employment Benefits**
  - Transfer in of 200K for 16/17 OPEB liability
  - Fund balance remains at 3.1M
- **Building Fund**
  - Fund balance projected at 900K (compared to 1.0M in June)
- **Capital Facilities Fund**
  - Fund balance up from 22K to 813K
  - Increase due to developer fees collected from major housing project

# Multi-Year Projections (MYP)

- 3 Year Forecast (required by state)
  - 2017/18 through 2019/20
  - **Reserves remain approximately the same throughout the 3 year period**
- 6 Year Forecast
  - 2017/18 through 2022/23
  - **Under baseline forecast, reserves continue growing to 13.7%**
  - **With annual cost-of-living salary increases, reserves drop below 3% state requirement by 2019/20**

# 1<sup>st</sup> Interim Projection (baseline)

**Projected Unrestricted Reserves**  
(as of December 2017)

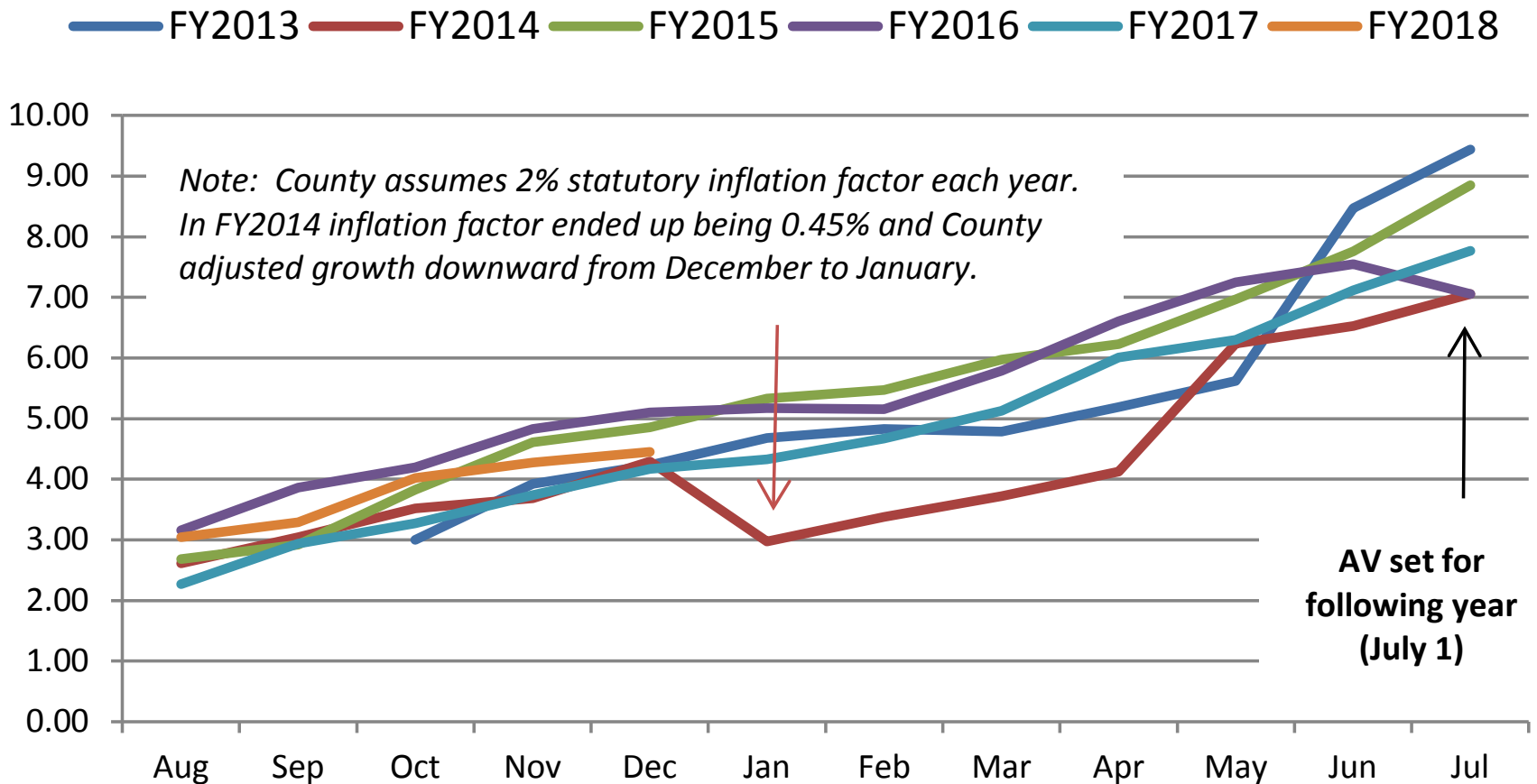


# Key Assumptions - MYP

- Property Tax growth rate of 7.4% in current year and 5% thereafter
  - LCFF funding not a factor as property tax revenues outstrip the state guarantee
- Enrollment & Staffing
  - Slight (1.4%) decline over 6 year period
  - 3 fewer teachers needed due to decline
  - BCS enrollment growth to 900, per their forecast
- No across-the-board raise in 17/18 and future years, in baseline forecast
- Health Benefit rate increases at 7.5% per year
- **All of these assumptions to be vetted by CACF**

# History of AV Growth

## Month to Month % Growth in AV (LASD)



# Conclusion

- 1<sup>st</sup> Interim Report shows that we have adequate reserves in the current and two subsequent years
- Staff recommends approval of the 1<sup>st</sup> Interim Financial Report

# Timeline – What's Next



# Appendix

- Next Page – Multi-Year Projection
  - The multi-year projection rolls current year revenue streams and current year program expenses forward—with some exceptions
    - Carryovers are one-time expenses and thus not carried forward
    - Other one-time revenues or expenses not carried forward
  - The multi-year projection has not yet been vetted by our Citizens Advisory Committee for Finance



	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
% Change in Prop Tax Collections	6.43%	7.43%	5.00%	5.00%	5.00%	5.00%	5.00%
Enrollment	4,522	4,400	4,373	4,336	4,335	4,378	4,347
In-district students @ charter school	782	812	863	863	863	863	863
<i>Total Enrollment, LASD + BCS</i>	<i>5,304</i>	<i>5,212</i>	<i>5,236</i>	<i>5,199</i>	<i>5,198</i>	<i>5,241</i>	<i>5,210</i>
Transfer of Prop Tax to BCS	5,721,552	6,230,058	6,618,097	6,776,678	6,954,179	7,136,243	7,322,985
Cost-of-Living Adjustment (COLA)	0.00%	1.56%	2.15%	2.35%	2.57%	2.57%	2.57%
Foundation Funding, base	2,945,000	2,795,000	2,795,000	2,795,000	2,795,000	2,795,000	2,795,000
Foundation Funding, one-time	505,000	505,000	505,000	505,000	505,000	505,000	505,000
Parcel Tax	790	790	790	790	790	790	790
Class Size, K-3	23	23	23	23	23	23	23
Class Size, 4-6	25	25	25	25	25	25	25
Class Size, 7-8	25	25	25	25	25	25	25
Teachers, FTE	251	249	248	246	246	247	246
Raises (across-the-board)	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cost of Step/Column Movement	512,521	509,248	507,611	504,338	504,338	505,975	504,338
Step/Col (converted to % salary inc.)	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
Health Benefit rate increases	2.3%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Health Benefits (converted to % salary inc.)	0.4%	1.4%	1.4%	1.4%	1.5%	1.6%	1.7%
STRS rate increases	1.9%	1.9%	1.9%	1.9%	1.0%	0.0%	0.0%
Total Comp (as % of salary)	9.0%	4.9%	5.0%	5.0%	4.2%	3.3%	3.4%
LCFF/Revenue Limit	35,738,722	34,397,410	34,954,107	35,510,692	36,435,916	37,743,097	38,475,801
<i>Basic Aid Benefit</i>	<i>1,940,042</i>	<i>5,552,210</i>	<i>6,756,961</i>	<i>8,345,980</i>	<i>9,671,918</i>	<i>10,740,091</i>	<i>12,489,651</i>
Federal Sources	1,105,381	1,130,097	1,154,394	1,181,522	1,211,887	1,243,033	1,274,979
Other State Sources	3,796,451	4,420,813	3,155,162	3,149,827	3,142,517	3,142,319	3,150,815
Other Local Sources	16,977,119	15,879,461	15,909,634	15,963,931	16,023,255	16,084,250	16,147,031
<b>Total Revenues</b>	<b>59,557,715</b>	<b>61,379,991</b>	<b>61,930,258</b>	<b>64,151,952</b>	<b>66,485,494</b>	<b>68,952,790</b>	<b>71,538,277</b>
Certificated Salaries	26,381,279	26,982,088	26,512,410	26,651,911	26,937,200	27,303,676	27,518,509
Classified Salaries	9,079,579	9,506,989	9,415,764	9,525,492	9,636,048	9,747,368	9,859,576
Employee Benefits	13,167,104	14,555,614	15,812,141	17,031,313	18,153,231	19,053,012	19,745,451
Retiree Benefits	1,045,431	988,703	1,030,723	1,074,529	1,120,196	1,167,804	1,217,436
Books & Supplies	2,575,703	1,927,137	1,532,724	1,561,143	1,600,966	1,653,524	1,688,716
Contract Services	7,984,801	7,740,013	7,191,308	7,285,768	7,432,781	7,584,159	7,740,445
Capital Outlay	367,158	182,070	159,588	165,528	171,967	178,687	185,713
Other	347,050	350,884	350,884	350,884	350,884	350,884	350,884
Transfers Out	356,077	201,217	299,954	286,552	253,930	208,263	160,655
<b>Total Expenses</b>	<b>61,304,182</b>	<b>62,434,715</b>	<b>62,305,495</b>	<b>63,933,121</b>	<b>65,657,203</b>	<b>67,247,377</b>	<b>68,467,383</b>
<b>Net Change</b>	<b>(1,746,466)</b>	<b>(1,054,724)</b>	<b>(375,237)</b>	<b>218,832</b>	<b>828,291</b>	<b>1,705,413</b>	<b>3,070,894</b>
Unaudited Beginning Balance	3,893,928	2,147,462	1,092,738	717,501	936,333	1,764,624	3,470,037
Ending Balance	2,147,462	1,092,738	717,501	936,333	1,764,624	3,470,037	6,540,931
Encumbrances	569,360	5,000	5,000	5,000	5,000	5,000	5,000
OPEB Obligation	201,217	299,954	286,552	253,930	208,263	160,655	111,023
General Fund Reserves	1,376,884	787,784	425,949	677,402	1,551,361	3,304,382	6,424,908
Reserves, Special Reserve Fund	2,580,931	2,595,931	2,664,983	2,739,070	2,817,133	2,897,421	2,979,998
<b>Total Reserves</b>	<b>3,957,816</b>	<b>3,383,715</b>	<b>3,090,932</b>	<b>3,416,472</b>	<b>4,368,494</b>	<b>6,201,804</b>	<b>9,404,906</b>
<b>% of Expense</b>	<b>6.46%</b>	<b>5.42%</b>	<b>4.96%</b>	<b>5.34%</b>	<b>6.65%</b>	<b>9.22%</b>	<b>13.74%</b>