

2017-18 2ND INTERIM FINANCIAL REPORT

Los Altos School District

March 12, 2018 Board Meeting

Overview

- 2 interim financial reports required by state law each year
- 2nd Interim reflects actual revenues and expenditures through Jan 31
- Action item – presented for review and approval
- Positive certification – we can meet our financial obligations for current and two future years

CHANGES SINCE 1ST INTERIM

General Fund: Overview

| General Fund | Adopted Budget | 1st Interim | 2nd Interim |
|---------------------------------------|-----------------------|--------------------|--------------------|
| | June | December | March |
| | (\$ in millions) | (\$ in millions) | (\$ in millions) |
| Revenues | 58.9 | 61.4 | 61.5 |
| <u>Expenditures (incl. transfers)</u> | <u>59.3</u> | <u>62.4</u> | <u>63.0</u> |
| Net Change | (0.4) | (1.0) | (1.5) |
| Fund Balance | 1.8 | 1.1 | 0.6 |
| Unrestricted Fund Balance | 1.3 | 0.8 | 0.6 |
| Reserves | 5.5% | 5.4% | 5.1% |

Fund Balances: All Funds

| End of Year Projected Fund Balance | Adopted Budget | 1st Interim | 2nd Interim |
|-----------------------------------------------|-----------------------|--------------------|--------------------|
| | June | December | March |
| General Fund (unrestricted) | 1,259,299 | 817,300 | 633,010 |
| Deferred Maintenance | 64,343 | 64,343 | 64,343 |
| Special Reserve | 2,595,931 | 2,595,931 | 2,595,931 |
| OPEB Special Reserve | 3,119,130 | 3,124,070 | 3,124,070 |
| Building | 1,019,525 | 934,025 | 886,329 |
| Capital Facilities | 21,968 | 812,893 | 1,007,893 |

Revenue Changes

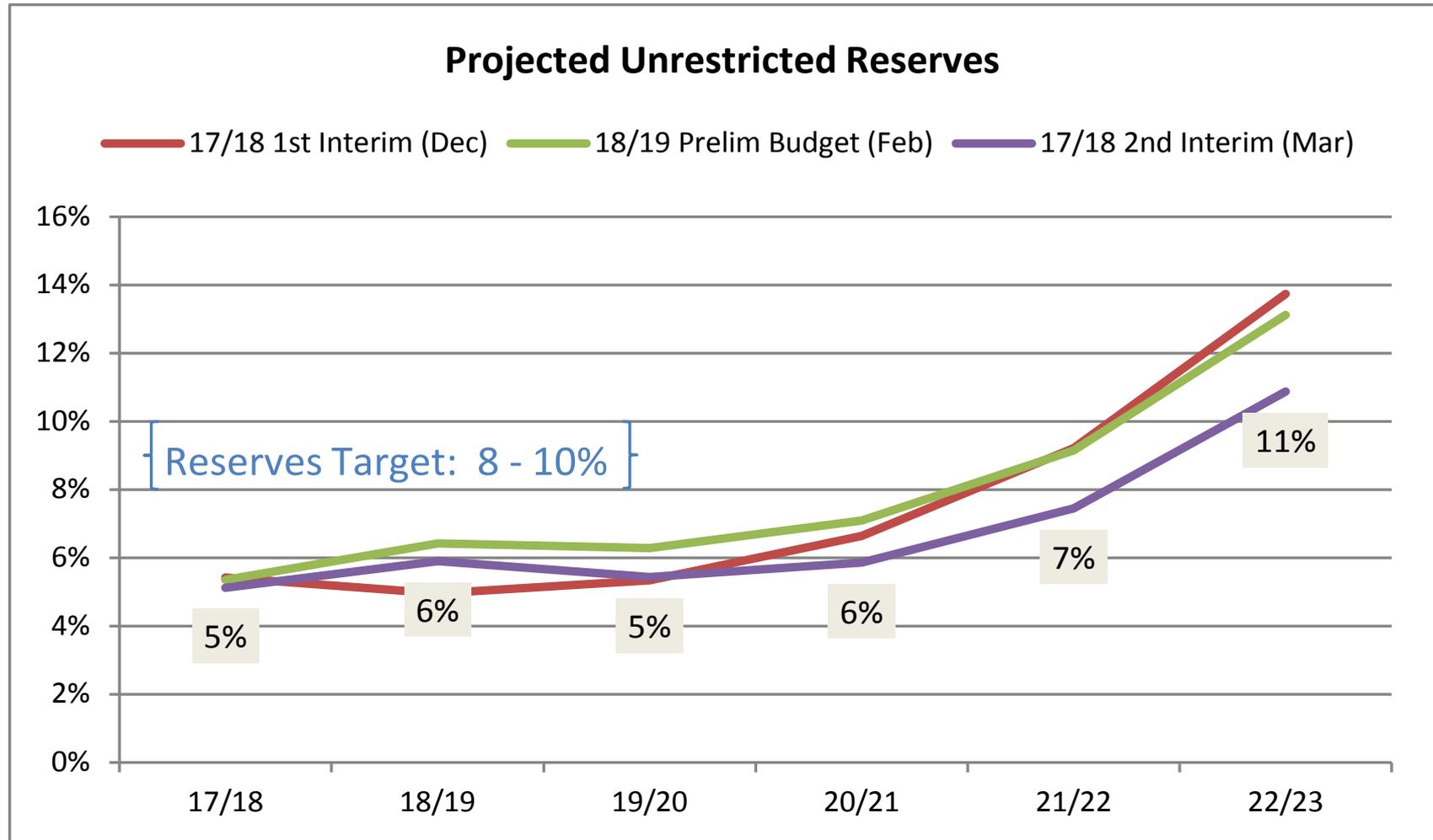
- **Net change: up 100k**
 - State reimbursement for out-of-district students attending Bullis Charter School (up 73k)
 - State funds 70% of per student entitlement for LCFF districts
 - Increase in parcel tax proceeds reflecting \$223 tax v. \$193
 - Offset by increase in transfer to Bullis Charter School for their share of tax increase (net change – 0)
 - Lottery proceeds projected upward by 36k
 - Miscellaneous minor adjustments (both positive and negative)

Expense Changes

- **Net change: up 600k**
 - Staffing costs updated – up 76k
 - Increases for facility upkeep costs – up 350k
 - Increased professional development – up 60k
 - Supplies & materials – down 9k
 - Miscellaneous other adjustments (123k increase)

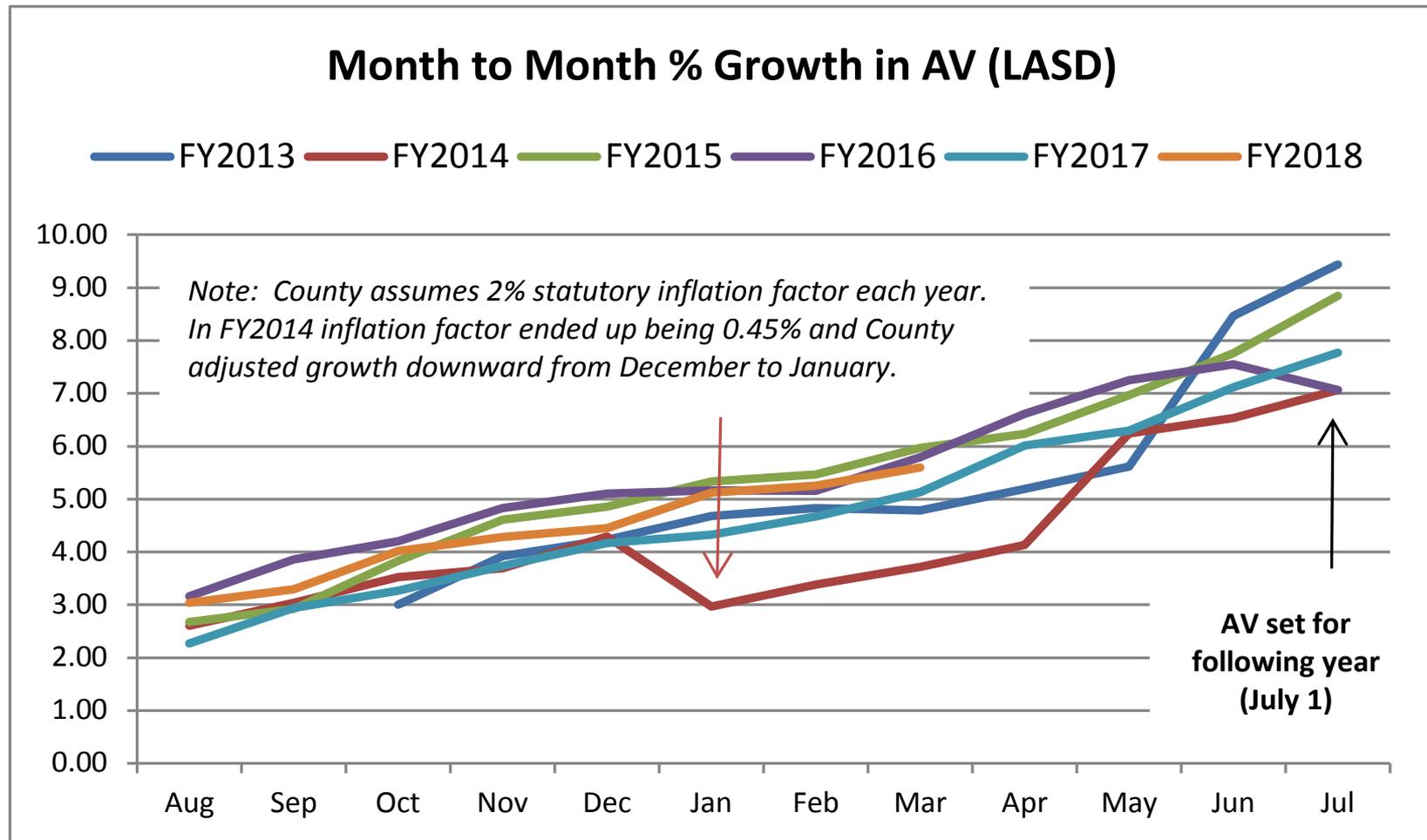
MULTI-YEAR PROJECTIONS

Multi-Year Projection (MYP)



Tax Growth

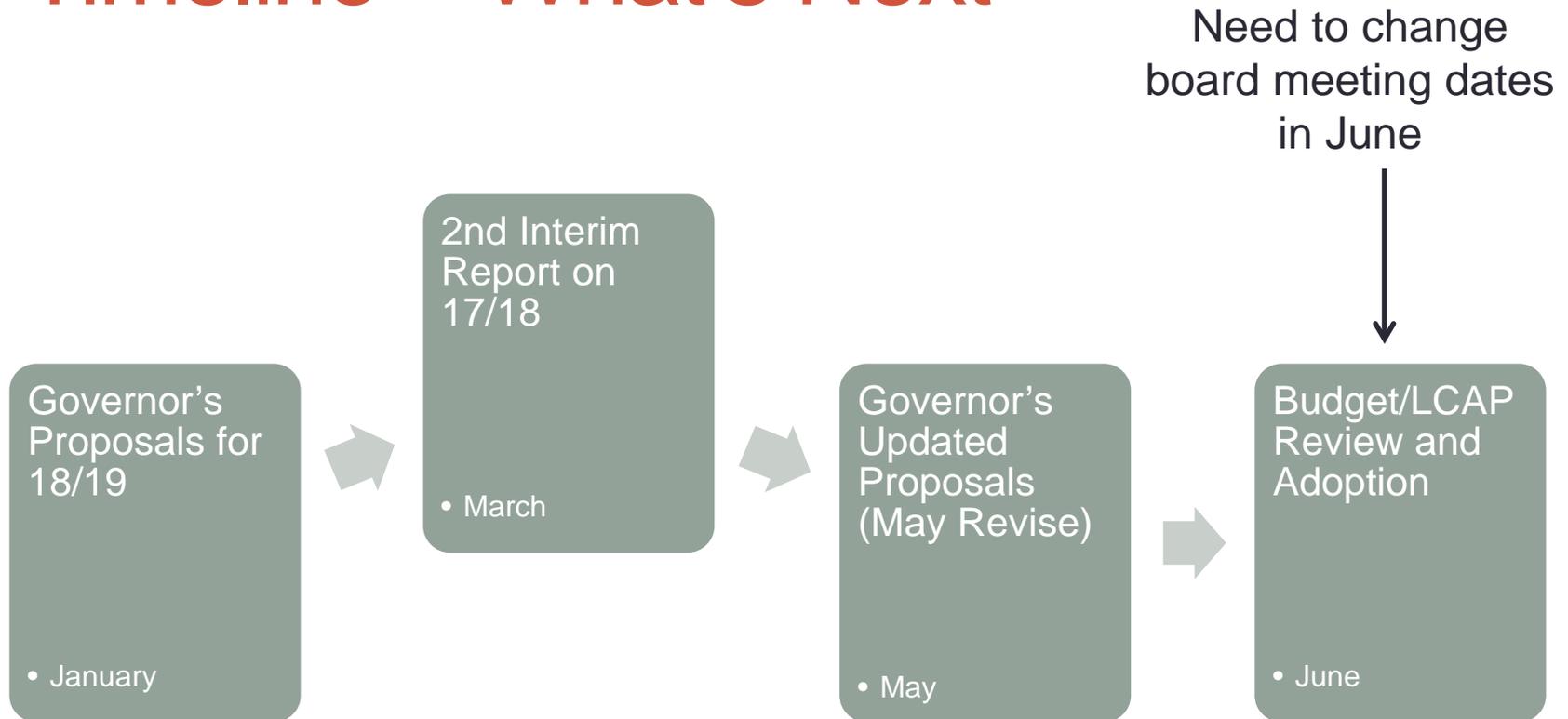
Where will we be next year?



Conclusion

- 2nd Interim Report shows that we have adequate reserves to make a positive certification that we can meet our financial obligations in the current and two subsequent years

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
 - The multi-year projection has not yet been vetted by our Citizens Advisory Committee for Finance

Multi-Year Projection – Status Quo Budget

| | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|----------------------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| % Change in Prop Tax Collections | 7.43% | 6.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Enrollment | 4,400 | 4,373 | 4,336 | 4,335 | 4,378 | 4,347 |
| In-district students @ charter school | 812 | 863 | 863 | 863 | 863 | 863 |
| <i>Total Enrollment, LASD + BCS</i> | 5,212 | 5,236 | 5,199 | 5,198 | 5,241 | 5,210 |
| Transfer of Prop Tax to BCS | 6,677,706 | 7,120,690 | 7,301,754 | 7,499,437 | 7,725,530 | 7,954,626 |
| Cost-of-Living Adjustment (COLA) | 1.56% | 2.51% | 2.41% | 2.80% | 3.17% | 3.17% |
| Foundation Funding, base | 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 |
| Parcel Tax | 790 | 790 | 790 | 790 | 790 | 790 |
| Class Size, K-3 | 22 | 22 | 22 | 22 | 22 | 22 |
| Class Size, 4-6 | 25 | 25 | 25 | 25 | 25 | 25 |
| Class Size, 7-8 | 24 | 24 | 24 | 24 | 24 | 24 |
| Teachers, FTE | 257 | 250 | 248 | 248 | 249 | 248 |
| Raises (across-the-board) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Cost of Step/Column Movement | 523,110 | 511,654 | 508,380 | 508,380 | 510,017 | 508,380 |
| Step/Col (converted to % salary inc.) | 1.7% | 1.7% | 1.7% | 1.7% | 1.7% | 1.7% |
| Health Benefit rate increases | 0.0% | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% |
| Health Benefits (converted to % salary inc.) | 0.0% | 1.4% | 1.4% | 1.5% | 1.6% | 1.7% |
| STRS rate increases | 1.9% | 1.9% | 1.9% | 1.0% | 0.0% | 0.0% |
| Total Comp (as % of salary) | 3.6% | 5.0% | 5.0% | 4.2% | 3.3% | 3.4% |
| LCFF/Revenue Limit | 34,460,381 | 35,106,152 | 35,684,233 | 36,685,031 | 38,205,223 | 39,155,987 |
| <i>Basic Aid Benefit</i> | <i>5,104,563</i> | <i>6,565,580</i> | <i>8,132,045</i> | <i>9,379,324</i> | <i>10,209,517</i> | <i>11,718,642</i> |
| Federal Sources | 1,109,139 | 1,136,978 | 1,164,380 | 1,196,982 | 1,234,927 | 1,274,074 |
| Other State Sources | 4,493,670 | 4,427,201 | 3,149,826 | 3,142,516 | 3,142,318 | 3,150,814 |
| Other Local Sources | 16,318,452 | 16,375,675 | 16,431,445 | 16,491,249 | 16,556,653 | 16,624,165 |
| Total Revenues | 61,486,205 | 63,611,587 | 64,561,929 | 66,895,101 | 69,348,637 | 71,923,682 |
| Certificated Salaries | 26,946,793 | 26,696,056 | 26,839,686 | 27,128,561 | 27,501,582 | 27,723,533 |
| Classified Salaries | 9,583,477 | 9,666,211 | 9,776,022 | 9,887,251 | 10,000,617 | 10,114,993 |
| Employee Benefits | 14,607,704 | 15,997,899 | 17,231,797 | 18,368,098 | 19,281,092 | 19,982,981 |
| Retiree Benefits | 972,164 | 1,013,481 | 1,056,554 | 1,101,457 | 1,148,269 | 1,197,071 |
| Books & Supplies | 1,918,526 | 1,587,604 | 1,615,442 | 1,651,828 | 1,701,442 | 1,734,270 |
| Contract Services | 8,205,518 | 7,685,815 | 7,782,482 | 7,921,351 | 8,065,514 | 8,214,757 |
| Capital Outlay | 182,070 | 186,941 | 192,919 | 199,106 | 205,852 | 212,906 |
| Other | 350,883 | 350,883 | 350,883 | 350,883 | 350,883 | 350,883 |
| Transfers Out | 228,521 | - | - | - | - | - |
| Total Expenses | 62,995,656 | 63,184,890 | 64,845,783 | 66,608,534 | 68,255,252 | 69,531,394 |
| Net Change | (1,509,451) | 426,697 | (283,855) | 286,567 | 1,093,385 | 2,392,289 |
| Unaudited Beginning Balance | 2,147,462 | 638,011 | 1,064,708 | 780,853 | 1,067,420 | 2,160,805 |
| Ending Balance | 638,011 | 1,064,708 | 780,853 | 1,067,420 | 2,160,805 | 4,553,094 |
| Encumbrances | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| General Fund Reserves | 633,011 | 1,059,708 | 775,853 | 1,062,420 | 2,155,805 | 4,548,094 |
| Reserves, Special Reserve Fund | 2,595,931 | 2,671,213 | 2,752,685 | 2,840,771 | 2,928,835 | 3,019,629 |
| Total Reserves | 3,228,942 | 3,730,921 | 3,528,538 | 3,903,191 | 5,084,640 | 7,567,723 |
| % of Expense | 5.13% | 5.90% | 5.44% | 5.86% | 7.45% | 10.88% |