

Los Gatos Union School District FY 17-18 Adopted Budget Report

Board of Trustees Meeting June 12, 2017

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Agenda Discussion

- Budget Calendar
- Current Budget Assumptions
- FY Estimated Actuals vs. FY 17/18
 - General Fund
- Highlight of Other Funds
- Multi-Year Projections & Reserve Levels
- Property Taxes and LCFF
- Areas of Focus

District Budget Calendar

- Unaudited Actuals: Due 09/15/17
- 1st Interim: 10/31/16; Due 12/15/17
- January – Governor's January Revise Budget
- 2nd Interim: 1/31/18; Due 3/15/18
- May - Governor's May Revise Budget
- June - Estimated Actuals for FY 17/18 & Budget Adoption for FY 18/19

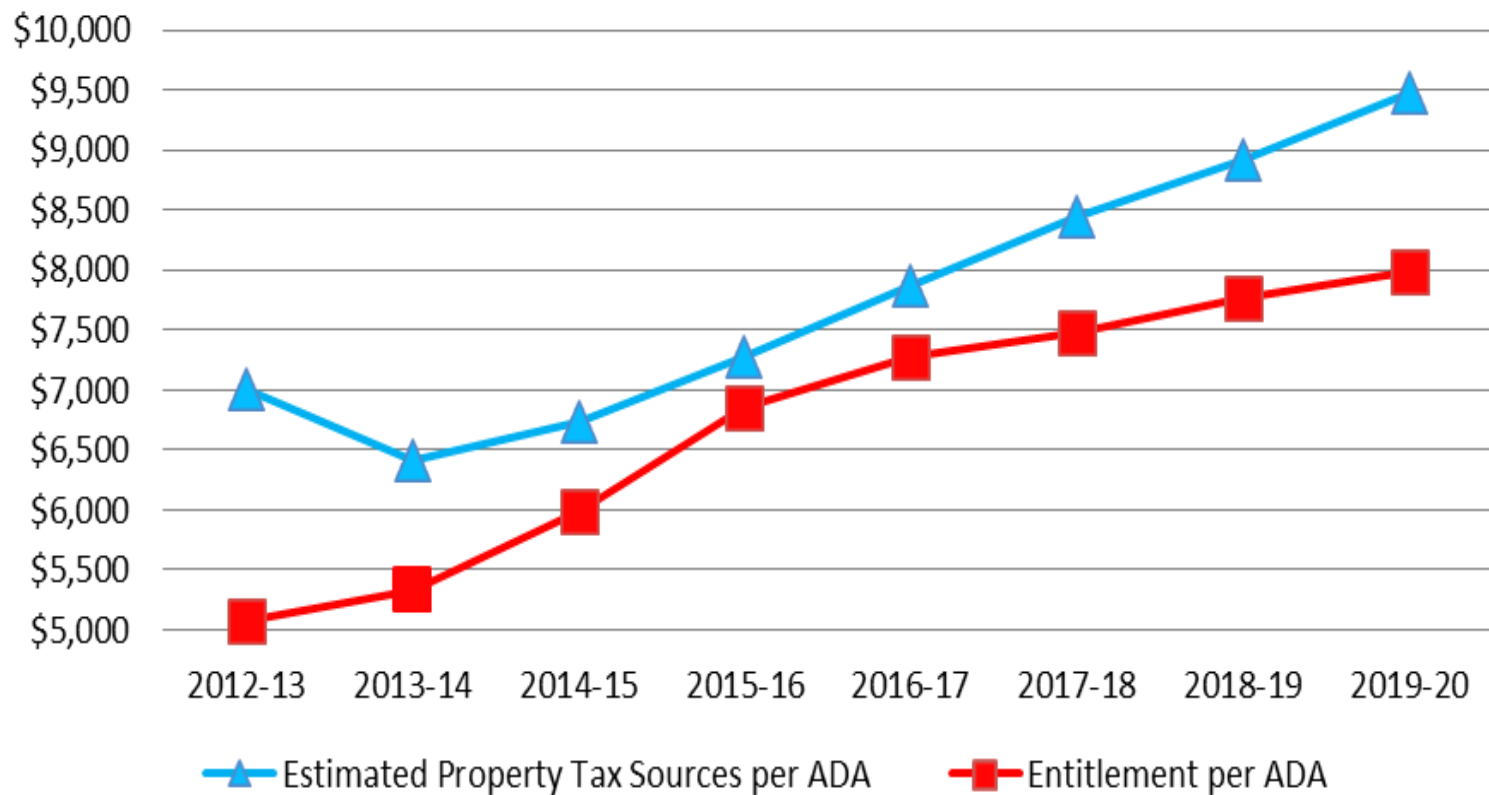
Governor's May Revise Update

- For 2017-2018
 - No increase in special education funding and changes to the funding model
- For 2018-19
 - Budget proposal to provide \$173 per ADA in one-time funds with payment in May of 2019.
 - Not in our Multi-year projections

Budget Assumptions

- Property Taxes Assumptions
 - FY 17-18 - 5.5% growth for secured rolls
 - FY 18-19 - 5% growth
 - FY 19-20 - 5% growth
- Basic Aid funding vs. LCFF funding (per ADA)
 - FY 17-18 \$8,409 vs. \$7,472
 - FY 18-19 \$8,874 vs. \$7,764
 - FY 19-20 \$9,445 vs. \$7,985

Projected Property Taxes and LCFF



Budget Assumptions

- Lottery \$189/ADA FY 17/18 to FY 19/20
- Mandated Block Grant \$28/ADA FY 17/18 to FY 19/20
- CalSTRS/CalPERS increased personnel costs

Employer rates				
	FY 16/17	FY 17/18	FY 18/19	FY 19/20
PERS	13.888%	15.531%	18.100%	20.800%
STRS	12.58%	14.43%	16.28%	18.13%

Budget Assumptions

- Education Protection Act (EPA) funds \$640K in FY 17/18 - FY19/20
- Future step/column cost included in projections
- Salary enhancement of 3% in FY 17/18
- No salary enhancement for 18/19 or 19/20 projected at this time
- Reduction of 6 FTE in FY 17/18 due to declining enrollment
- LGEF Grants at \$510K for 17/18, 810K for FY 18/19 to FY19/20
- HSC Personnel Grants at \$315K for 17/18 only
- Budget aligned to actions in LCAP

General Fund – Unrestricted Revenues

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UNRESTRICTED	2016-17 Estimated Actuals	2017-2018 Adopted Budget	Increase / (Decrease)	Percentage
BEGINNING FUND BALANCE	\$6,595,782	\$6,172,854	(\$422,928)	-6.41%
<i>REVENUE</i>				
LCFF Sources/Property Taxes	25,516,057	26,884,785	1,368,728	5.36%
Federal Revenues				
Other State Revenue	1,275,949	564,000	-711,949	-55.80%
Other Local Revenue	5,038,207	4,987,254	-50,953	-1.01%
TOTAL REVENUE	\$31,830,213	\$32,436,039	\$605,826	1.90%

1. State revenue reduced for one-time funds received in FY16/17

General Fund – Unrestricted Expenditures

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UNRESTRICTED	2016-17 Estimated Actuals	2017-2018 Adopted Budget	Increase / (Decrease)	Percentage
<i>EXPENDITURES</i>				
Certificated Salaries	16,338,953	16,669,480	330,527	2.02%
Classified Salaries	3,029,186	3,245,173	215,987	7.13%
Employee Benefits	5,577,896	5,963,977	386,081	6.92%
Books and Supplies	618,026	807,005	188,979	30.58%
Services, Operating Expenses	2,670,918	2,276,308	-394,610	-14.77%
Capital Outlay	5,000	10,000	5,000	100.00%
Other Outgo	0	0	0	
Transfers of Indirect Costs	-1,252	-1,165	87	-6.95%
TOTAL EXPENDITURES	\$28,238,727	\$28,970,778	\$732,051	2.59%

1. Salaries – Adjustments to staffing, salary settlement, & step and column
2. Employee Benefits - CalSTRS & CalPERS employer contribution rate increases
3. Books & Supplies - part of textbook adoption
4. Operating Expenses – Election and parcel tax expenses

General Fund – Unrestricted Transfers & Ending Balance

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UNRESTRICTED	2016-17 Estimated Actuals	2017-2018 Adopted Budget	Increase / (Decrease)	Percentage
<i>OTHER FINANCING SOURCES</i>				
Transfers In	1,428,363	811,922	-616,441	0.00%
Other Sources/Uses	0	0	0	0.00%
Contributions	-3,924,414	-4,177,004	252,590	-6.44%
Transfers Out and Other Uses	1,518,363	95,000	-1,423,363	-93.74%
TOTAL - OTHER FINANCING	-\$4,014,414	-\$3,460,082	\$554,332	-13.81%
INCOME <i>minus</i> EXPENSES & TRANSFERS	-\$422,928	\$5,179	\$428,107	-101.22%
ENDING FUND BALANCE	\$6,172,854	\$6,178,033	\$5,179	0.08%

1. Transfers in – \$811,922 transferred from Fund 17
2. Contributions – special education and routine maintenance
3. Transfer Out - 1.4M was transferred out in FY 16/17 for Fisher Fields

General Fund – Restricted Revenues

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RESTRICTED	2016-17 Estimated Actuals	2017-2018 Adopted Budget	Increase / (Decrease)	Percentage
<i>BEGINNING FUND BALANCE</i>	\$1,444,258	\$1,382,800	-\$61,458	-4.26%
<i>REVENUE</i>				
LCFF Sources/Property Taxes	\$798,903	\$795,317	-3,586	-0.45%
Federal Revenues	642,874	631,846	-11,028	-1.72%
Other State Revenue	1,697,172	1,685,686	-11,486	-0.68%
Other Local Revenue	2,014,793	855,658	-1,159,135	-57.53%
<i>TOTAL REVENUE</i>	\$5,153,742	\$3,968,507	-\$1,185,235	-23.00%

1. Other local revenue – recognized when received

General Fund – Restricted Expenditures

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RESTRICTED	2016-17 Estimated Actuals	2017-2018 Adopted Budget	Increase / (Decrease)	Percentage
<i>EXPENDITURES</i>				
Certificated Salaries	2,479,024	2,380,992	-98,032	-3.95%
Classified Salaries	1,380,900	1,382,552	1,652	0.12%
Employee Benefits	2,549,406	2,618,579	69,173	2.71%
Books and Supplies	817,628	724,064	-93,564	-11.44%
Services, Operating Expenses	1,693,104	954,022	-739,082	-43.65%
Capital Outlay	9,660	0	-9,660	100.00%
Other Outgo	208,640	208,640	0	0.00%
Direct Support/Indirect Costs	1,252	1,165	-87	-6.95%
<i>TOTAL EXPENDITURES</i>	\$9,139,614	\$8,270,014	-\$869,600	-9.51%

1. Salaries – Changes in staffing
2. Employee Benefits – Increased employer contributions for STRS/PERS
3. Supplies & Services – spending reduced by revenue received

Per Pupil Spending Trends

					Projected	Projected
(\$000's)	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Expenditures	28,241	30,426	31,975	33,857	37,378	37,241
Enrollment	3,210	3,280	3,345	3,371	3,285	3,234
State Funding	976	1,589	1,021	4,013	2,973	2,250
% of Expenditures	3.46%	5.22%	3.19%	11.85%	7.95%	6.04%
Per Pupil \$ Dollars	\$8,798	\$9,276	\$9,559	\$10,044	\$11,378	\$11,515

Expenditures excludes transfers to other funds, June enrollment.

* = Starting in FY 14-15 Includes STRS in behalf payments by State

Multi-Year Projections

Los Gatos USD - Multi Year Projection				
Unrestricted	FY 16-17	FY 17-18	FY 18-19	FY 19-20
LCFF Sources/Property Tax	\$25,516,057	\$26,884,785	\$28,089,150	\$29,367,382
Federal Revenues				
Other State Revenues	\$1,275,949	\$564,000	\$553,640	\$547,448
Other Local Revenues	\$5,038,207	\$4,987,254	\$5,076,922	\$5,128,403
Transfers In	\$1,428,363	\$811,922		
Contributions	-\$3,924,414	-\$4,177,004	-\$4,333,557	-\$4,506,627
Total Revenues	\$29,334,162	\$29,070,957	\$29,386,155	\$30,536,606
Expenditures				
Certificated Salaries	16,338,953	16,669,480	16,919,522	17,173,314
Classified Salaries	3,029,186	3,245,173	3,293,850	3,343,257
Employee Benefits	5,577,896	5,963,977	6,156,899	6,676,951
Books and Supplies	618,026	807,005	614,350	900,000
Services, Other Operating Expenses	2,670,918	2,276,308	2,304,308	2,411,916
Capital Outlay	5,000	10,000	10,000	10,000
Other Financial Uses	-1,252	-1,165	-1,165	-1,165
Transfers Out	1,518,363	95,000	100,000	110,000
Total Expenditures	\$29,757,090	\$29,065,778	\$29,397,764	\$30,624,273
Revenue Over (Under) Expenditures	-\$422,928	\$5,179	-\$11,610	-\$87,667
Beginning Fund Balance	\$6,595,782	\$6,172,854	\$6,178,033	\$6,166,424
Ending Balance, June 30	\$6,172,854	\$6,178,033	\$6,166,424	\$6,078,757
Reserve Percentage	15.93%	16.55%	16.36%	15.55%

Cafeteria and Deferred Maintenance Funds FY 2017-18

SPECIAL REVENUE FUNDS	CAFETERIA FUND 13	DEFERRED MAINTENANCE FUND 14
BEGINNING FUND BALANCE	\$18,589	\$1,391,204
REVENUE	\$590,351	\$7,000
EXPENDITURES	\$685,351	\$902,000
REVENUE OVER (Under) EXPENSES	-\$95,000	-\$895,000
Transfers In (Out)	\$95,000	\$550,000
ENDING FUND BALANCE	\$18,589	\$1,046,204

Special Reserve Fund FY 2017-18

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SPECIAL RESERVE - NONCAPITAL	FY 2017-18
BEGINNING FUND BALANCE	\$ 811,922
REVENUE	\$0
EXPENDITURES	\$0
REVENUE OVER (Under) EXPENSES	\$0
Transfers In (Out)	-\$811,922
ENDING FUND BALANCE	\$0

Capital Funds

FY 2017-18

	CAPITAL FACILITIES FUND 25	SPECIAL RESERVE CAPITAL OUTLAY FUND 40
BEGINNING FUND BALANCE	\$8,207	\$4,979,409
REVENUE	\$201,500	\$35,000
EXPENDITURES	\$0	\$1,826,000
REVENUE OVER (Under) EXPENSES	\$201,500	-\$1,791,000
Transfers In (Out)		\$0
ENDING FUND BALANCE	\$209,707	\$3,188,409

Future Challenges

- Closely monitor enrollment and property tax growth rates for FY 17/18, FY 18/19 and FY 19/20
- Increase cost of living adjustments for Bay Area
- Increase in personnel costs for CalSTRS and CalPERS increases
- Limited purchasing power of current Local Funding Measure at \$290

Conclusion

- District maintains a strong balance sheet
- Staff recommends that the Board of Trustees approve the FY 2017-18 Adopted Budget as presented with a positive status on June 14th
- Comments/Questions