



EXECUTIVE SUMMARY

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LOS ALTOS SCHOOL DISTRICT

Key Budget Facts

ENROLLMENT **3,360**

Revenues per Student



Expenditures per Student



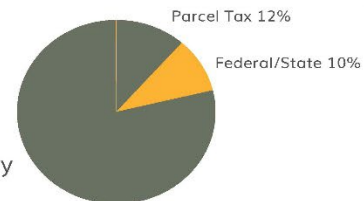
Property Tax Growth

5.5%



\$78.7M BUDGET General Fund

88% of LASD funding comes from the local community



Funding Sources



- Direct Instruction & Support (78%)
- General Administration (11%)
- Plant Services (10%)
- Other Outgo (1%)

78% of Our Money Goes Directly to Students

Staffing

\$115,033

Average Teacher Salary

Number of Teachers **202 FTE**

Total Employees **437 FTE**

- 100% of LASD teachers participate in professional development
- All nine schools have been recognized as California Distinguished Schools



24
Average Class Size

9

SCHOOLS

7 ELEMENTARY
2 INTERMEDIATE



DISTRICT BOARD MEMBERS AND PRINCIPAL OFFICERS

Board of Trustees

Ms. Jessica Speiser
President
Term expires 2024

Ms. Vaishali Sirkay
Member
Term expires 2026

Mr. Bryan Johnson
Vice-President
Term expires 2026

Mr. Steve Taglio
Member
Term expires 2024

Mr. Vladimir Ivanovic
Clerk
Term expires 2026

District Administration

Mrs. Sandra McGonagle
Superintendent

Mr. Erik Walukiewicz
Assistant Superintendent, Business Services

Mrs. Carrie Bosco
Assistant Superintendent, Curriculum & Instruction

Mrs. Jennifer Keicher
Director of Special Education

Ms. Erin Green
Director of Student & Staff Services

School Administration

Elementary Schools:

Almond School Principal: Mrs. Raquel Matteroli

Oak School Principal: Mrs. Nikita Shah

Covington School Principal: Mr. Kevin Armstrong

Santa Rita School Principal: Mrs. Kelly Rafferty

Gardner Bullis School Principal: Mrs. Kate Schermerhorn

Springer School Principal: Mrs. Denise Khalid

Loyola School Principal: Mr. Richard Julian

Intermediate Schools:

Blach School Principal: Mr. Wade Spenader

Egan School Principal: Ms. Coni Cullimore

INTRODUCTION

As we enter the 2023–24 budget year, we have concerns about the long term effects of inflation and its pressure on wages for our dedicated staff. The need to attract and retain high quality staff is a priority for the district. We still face some uncertainty regarding the long-term impact of the COVID-19 pandemic on our operations. At this time, we are planning for a near-normal school year, with operations generally returning to normal including right sizing our staffing to pre-Covid levels since most of the one-time money that was used for extra staffing has been spent.

With a softening economy projected, the state has mandated programs largely designed to help the neediest students. Over the next few years we will be implementing the requirement to offer a “transitional kindergarten” program to all four-year olds in order to provide an early start to a child’s educational opportunities. Last year was our first year to comply with the Universal Meals Program which calls for districts to provide free breakfast and lunch to any and all interested students. Coupled with these two efforts is a program called an Expanded Learning Opportunities Program (ELOP), which requires providing additional days and hours of school-based learning options for children. We have begun building the funding and costs associated with these programs into our financial

Key Budget Facts	Enrollment	3,360
	Revenues per Student	\$23,443
	Expenditures per Student	\$24,017
	Assessed Valuation	\$33.7 B
	Property Tax Collections	\$63.7 M
	Property Tax Growth	5.5%
	Number of Teachers	202 FTE
	Total Employees	437 FTE
	Average Teacher Salary	\$115,033

projections, based on information to date.

We have a big concern regarding the impact of the pandemic on students and staff, and thus expect to increase our commitment level to mental health supports.

In spite of a recent decline in overall enrollment, we feel the addition of four-year-olds for Transitional Kindergarten will slow the

decline in enrollment. We have added 2 additional Transitional Kindergarten classes for the fall. Birthrates are declining in the County and in the State of California. Many of the families that left during Covid have not all returned to the district. We purchased a new school site in December 2019 in that section of the district and are in the process of determining how best to use the site. Additionally, we are tasked with finding a long-term location for a county-sponsored charter school which has over 1,000 students. We also are contemplating moving from our junior high model to a “Middle School Model” (serving grades 6–8). With these issues and facility upgrades needed on all campuses, we hope to complete an updated facilities master plan in the coming year that will address some of these key facilities issues.

With this as background we present our budget for 2023–24. The budget reflects the educational plan of the district and board goals for the coming year. The budget meets all legal requirements, including having adequate reserve levels. This document is divided into four main sections: **Executive Summary, Organizational, Financial, and Informational**. The Executive Summary highlights the key issues we face, provides an overview of the district, and summarizes the financial and related information contained in the rest of the document.

FINANCIAL OVERVIEW

Our operating budget (General Fund) shows us spending approximately 5.6 M more in the budget year as in the current year. Our contribution to the Cafeteria Fund in the budget year has increase to 1.4M to account for the operations of a food service program under the state-mandated Universal Meals Program. Minor routine maintenance projects are accounted for in the Deferred Maintenance Fund and we typically spend around \$300,000 annually for such projects. Funding, as noted below, comes from an interfund transfer out of the Building Fund. Our Capital Project Funds include expenditures for portable classroom rent, costs associated with the new school site, and debt service obligations.

General Fund Revenues

- **2023-24: \$78.7M**
- **2022-23: \$74.3M**
- **Change: \$4.4M**

General Fund Expenses

- **2023-24: \$80.6M**
- **2022-23: \$75.0M**
- **Change: <\$5.6M>**

Expenditures: Budget Year Compared to Current Year				
	2022-23		2023-24	% Change
General Fund	\$	81,936,486	\$ 82,156,647	0.3%
Special Revenue Funds				
Cafeteria	\$	3,073,576	\$ 3,280,071	
Deferred Maintenance	\$	301,174	\$ 301,000	-0.1%
Special Reserve	\$	-	\$ -	
Sub-total, Special Revenue Funds	\$	3,374,750	\$ 3,581,071	6.1%
Capital Project Funds				
Building	\$	2,488,057	\$ 3,677,833	47.8%
Capital Facilities	\$	1,135,230	\$ 1,124,825	-0.9%
Sub-total, Capital Project Funds	\$	3,623,287	\$ 4,802,658	32.5%
Total, All Governmental Funds	\$	88,934,521	\$ 90,540,375	1.8%
Note: Expenditures totals include Interfund Transfers Out.				

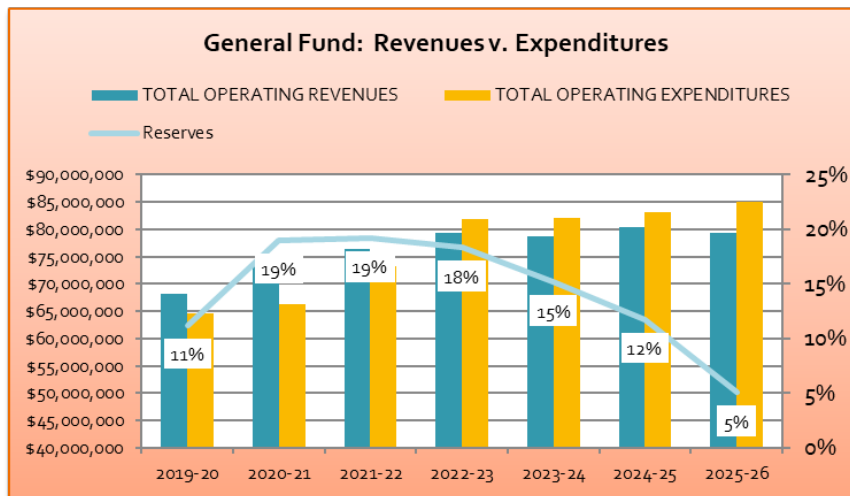
Projected operating revenues for the budget year is more (5.9%) than the revenues we are receiving in the current year and \$5.6M more than projected budget year expenditures. This drawdown of reserves is the result of much needed salary increases for our staff and the need to Fund our Cafeteria Program which requires a \$1.4million transfer from our General Fund. We again plan to transfer \$300,000 from the Building Fund to the Deferred Maintenance Fund in the budget year. Revenues in our Building Fund in the budget year come from ongoing lease revenue from the Eastbrook School site and rental income proceeds from tenants occupying buildings on our recently acquired, yet undeveloped, school site. We received a one-time private donation of \$4.5 million to help defray the cost of the new site purchase. Developer fees are the only source of funds for our Capital Facilities Fund and vary from year to year depending on new construction starts. The funds are used to pay lease costs on portable classrooms.

LOS ALTOS SCHOOL DISTRICT 2023–24 BUDGET

Revenue Sources: Budget Year Compared to Current Year				
	2022-23		2023-24	% Change
General Fund	\$	79,245,525	\$ 78,766,828	-0.6%
Special Revenue Funds				
Cafeteria	\$	3,073,576	\$ 3,280,071	
Deferred Maintenance	\$	301,174	\$ 301,000	-0.1%
Special Reserve	\$	25,000	\$ 25,000	0.0%
Sub-total, Special Revenue Funds	\$	3,399,750	\$ 3,606,071	6.1%
Capital Project Funds				
Building	\$	12,223,385	\$ 1,408,980	-88.5%
Capital Facilities	\$	505,000	\$ 505,000	0.0%
Sub-total, Capital Project Funds	\$	12,728,385	\$ 1,913,980	-85.0%
Total, All Governmental Funds	\$	95,373,659	\$ 84,286,879	-11.6%
<i>Note: Revenue Sources totals include Interfund Transfers In</i>				

GENERAL FUND RESERVES

The chart below shows the recent history of General Fund revenues and expenditures. Starting in 2019–20 we reversed an earlier trend of spending more than taking in and have begun increasing our reserves. We project reserves at 15.16% for the 2023–24 budget year and continued decline in future years.



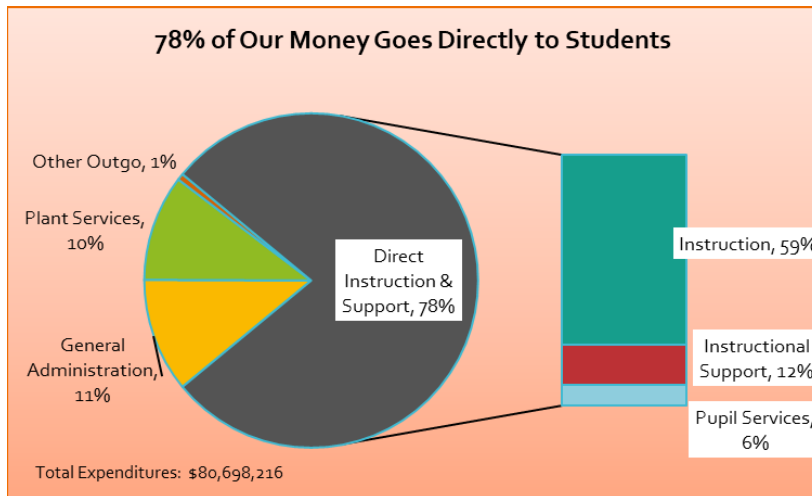
GENERAL FUND EXPENDITURES

Our General Fund spending plan is based on carrying the current program forward. The projected enrollment is 3,360, which is 7 more students than in the current year.

Spending in the General Fund is broken down between unrestricted and restricted, depending on the source of funds. \$53.9 million of our total spending (67%) is identified as unrestricted. The balance, \$26.7 million, is being spent on programs with spending restrictions in place.

Our core curriculum is funded primarily by our unrestricted revenues. Enrichment programs (such as music, art, physical education, and technology) are funded by local contributions—either directly through our educational foundation or indirectly through our parcel tax. Parcel tax and foundation funding also enable us to have small neighborhood schools and relatively low class sizes.

We continue to enjoy some of the lowest class sizes among the 32 districts in our county. We have one of the lowest administrator-to-teacher ratios in the state—we employ far fewer administrators than recommended under state guidelines. We attempt to funnel as much of our spending as possible into the classroom, for the direct benefit of our students. 78% of our spending goes directly to children.



In 2023–24 we anticipate spending \$80,698,216 or \$24,017 per student. 83% of our spending pays employee salaries and benefits. The greatest proportion of this (30%) goes to pay classroom teacher salaries. The average teacher costs the district \$157,813, \$115,033 in salary and \$42,780 in benefits. Our General Fund spending plan for 2023–24 is shown in the accompanying table.

General Fund	2023–24 Expenditures		\$ per Student (3,360 students)	% of Total
Teacher Salaries	\$	23,981,366	\$ 7,137	30%
Other Salaries		20,946,882	6,234	26%
Employee Health Benefits		6,013,900	1,790	7%
Other Employee Benefits		15,853,107	4,718	20%
Books & Supplies		2,615,147	778	3%
Utilities, Repairs, Other Services		10,992,873	3,272	14%
Capital Outlay, Other Outgo		294,941	88	0%
Total	\$	80,698,216	\$ 24,017	100%

LOS ALTOS SCHOOL DISTRICT 2023–24 BUDGET

GENERAL FUND REVENUES

Our single largest source of funding is property tax revenues. Under state law each district has a guaranteed amount of **general purpose funding**. The guarantee is determined by multiplying a per-student amount by the district's average daily attendance. Property tax revenues fund this guarantee. The state provides funds to supplement local property tax collections to reach the calculated amount. Should tax collections exceed the calculated amount, state law allows districts to retain the excess—they become what are called “community funded” districts (also referred to as “basic aid” districts). Because of several years of accelerated tax growth, we continue in this status for the budget year and the foreseeable future.

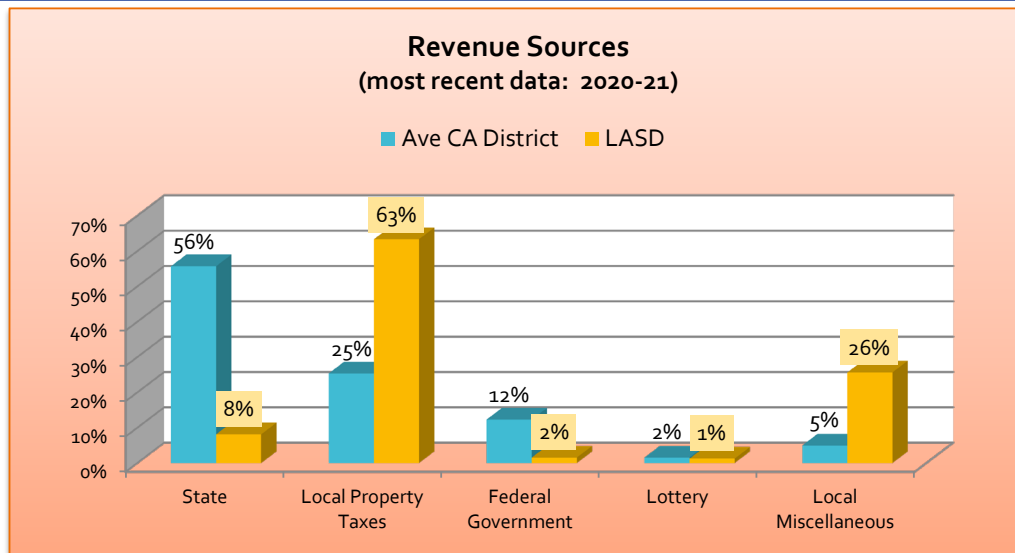
Top 5 Revenue Sources	
\$52,946,659	•Property Taxes (net)
\$9,641,359	•Parcel Tax
\$4,724,118	•Special Education Funding
\$2,500,000	•Los Altos Educational Foundation
\$769,403	•Lottery
\$70,581,539	•Total (87% of total revenue)

For the budget year our state **general purpose funding** calculation totals \$37.8 million. We project \$53.6 million in net property tax revenues plus other adjustments, which gives us \$15.8 million of revenue in excess of our state guarantee. A transfer of county property taxes to be used as special education funding is added to the amount of net property tax proceeds to produce our total property tax revenues. Thus property tax proceeds, in total, equal \$56.1 million and translate into \$16,699 per student or 71% of all general fund revenues. The state provides some special purpose funding—only 7% of our total revenues. We expect to garner approximately \$769,000 from the California Lottery, approximately 1% of our total funding.

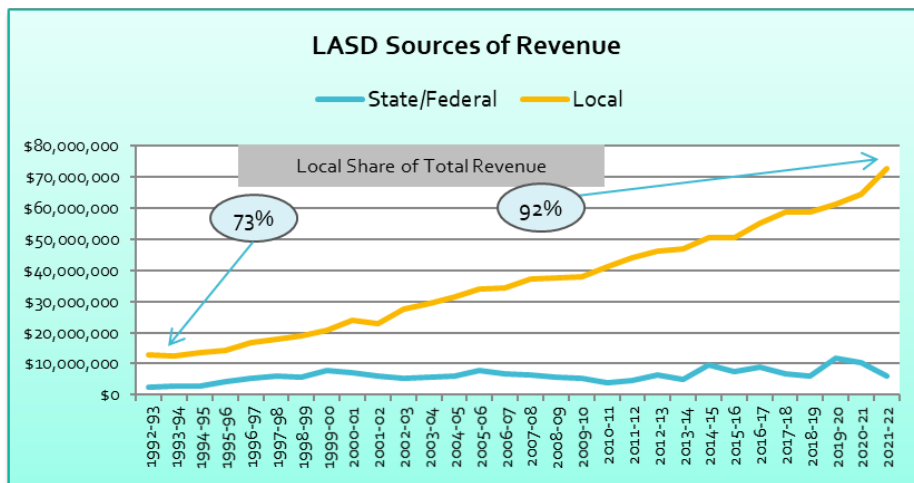
General Fund	2023-24 Revenues	\$ per Student (3,360 students)	% of Total
Property Taxes ¹	\$ 56,109,521	\$ 16,699	71%
State Aid	5,686,148	1,692	7%
Lottery	769,403	229	1%
Federal	1,033,903	308	1%
Parcel Tax	9,641,359	2,869	12%
Education Foundation (LAEF)	2,500,000	744	3%
Other Local	3,026,494	901	4%
Total	\$ 78,766,828	\$ 23,443	100%

¹ Includes \$3,162,862 of County Taxes transferred to the district.

Only 1% of total funding comes from the federal government. The balance of funding (21%) is local in nature. Our two parcel taxes generate \$9.6 million in revenue. The community-supported Los Altos Educational Foundation (LAEF) is expected to contribute \$2.5 million to the district for the budget year. Our parcel taxes and foundation provide the district some measure of local control. Other local revenues include local grants, interest earnings, rental income, and facility use and other fees. *Our local revenues (including property taxes) are unusually high in comparison to other districts.*



It is interesting to note the increasing role that local revenues play in our operating budget. The chart below shows a very different picture in the early 1990's compared to now.



California's School Funding Scheme: The 2013 Revision

California's school funding scheme is the first overhaul of school funding since the early 1970's. Enacted by AB97 in spring 2013 the scheme is called the **Local Control Funding Formula (LCFF)** and replaces the 1972 enacted Revenue Limit scheme. In announcing the new scheme which took effect July 1, 2013, Governor Jerry Brown focused on the two key aspects of the scheme—local control and additional funding for districts that serve high needs students. High needs students are defined as those who are low income, English learners, and foster youth.

How the funding scheme works is relatively simple. All districts across the state have the same targeted base funding level—a per pupil amount that varies by grade span (K–3, 4–6, 7–8, and 9–12). Supplemental funding is granted to districts based on the number of high needs students. Additional funding (concentration grants) is given to districts with more than 55% high needs students. *Our district has a relatively low level of high needs students (15%) so we are not eligible for concentration grant funding.*

Districts determine locally how to spend the monies they receive, but are held accountable for improved student performance—particularly for high needs students. Districts are required to adopt a **Local Control and Accountability Plan (LCAP)** that outlines the district's goals and priorities and its action plans to achieve those goals. The plan must address eight state priority areas—access to core services, student achievement, student engagement, parent involvement, school climate, implementation of the Common Core State Standards, access to a broad course of study, and other student outcomes.

ISSUES & CHALLENGES

We are entering the 2023–24 fiscal year with some uncertainty regarding the near future. Will recent increases in inflation continue and cause undue pressure on our operations? Will there be long term economic impacts of the rising interest rates on our property tax growth. At the same time, we are well prepared both financially and educationally.

We are highly dependent on property tax revenues and have been blessed with significant growth in those revenues over the last several years. Our tax growth is largely fueled by housing turnover, as we are predominantly a residential community (90% of properties). For now, we are projecting 5.5% growth in the budget year and flat to declining in future years (since property assessed values have increased by over 7% during the past year).

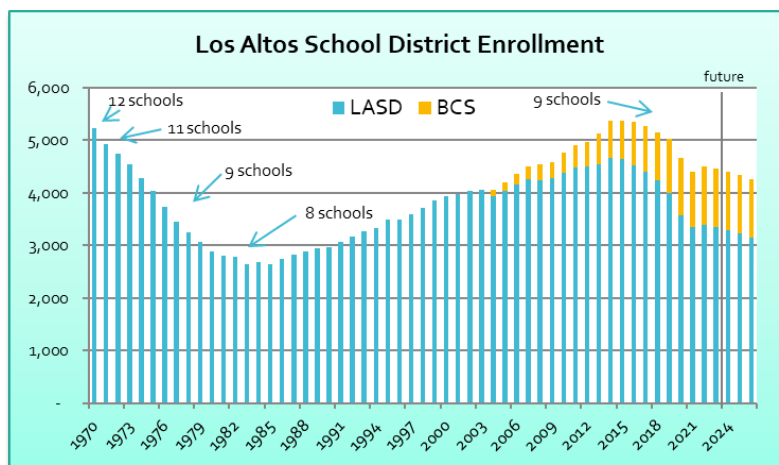
Key challenges we face include the following:

- Balancing enrollment fluctuations with facility needs.
- State pension systems have an unfunded liability, with school districts and employees subject to significant contribution increases in coming years. [See below.]
- Developing plans for the use of the newly acquired school site and determining costs, as we have insufficient funds for all our capital needs.
- Remaining competitive in the employment in the employment marketplace in order to attract and retain the best and the brightest, especially at a time when there is a shrinking pool of qualified instructional leaders.

Our board goals continue to reflect the issues and challenges mentioned above.

ENROLLMENT GROWTH ISSUE

With new housing projects currently in the pipeline and the need to find a long-term location for the charter school, we face the prospect of needing at least one additional school site (which we recently purchased). As the chart below illustrates, in recent years we have had three fewer school sites serving approximately the same enrollment as we had in 1970, when we had twelve school sites. While currently we are experiencing an overall decline in enrollment, the new housing stock in the northern part of the district has not materialized into increased enrollment at this time.



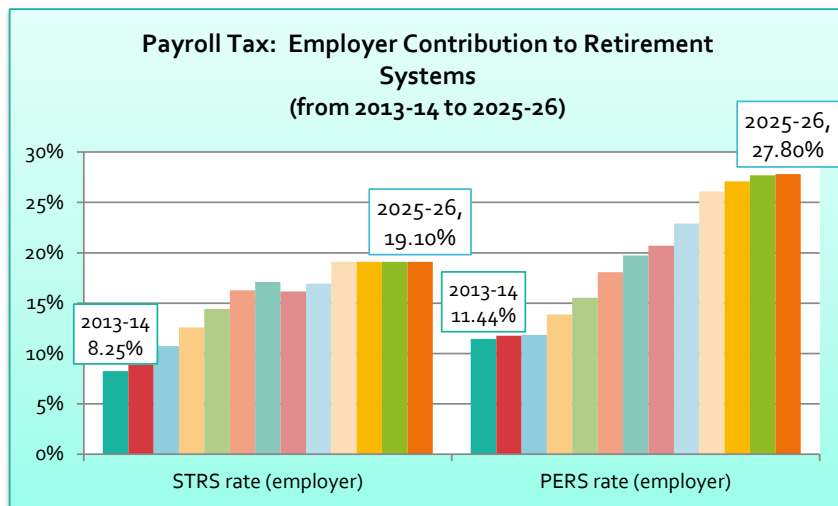
STATE PENSION SYSTEMS

Since the early 2000s California's two pensions systems for public employees have experienced declining investment returns and retirees have been living longer than anticipated earlier. As a result the two systems have significant unfunded liabilities. The State Teachers Retirement System (STRS) covers all certificated employees who work in

LOS ALTOS SCHOOL DISTRICT 2023–24 BUDGET

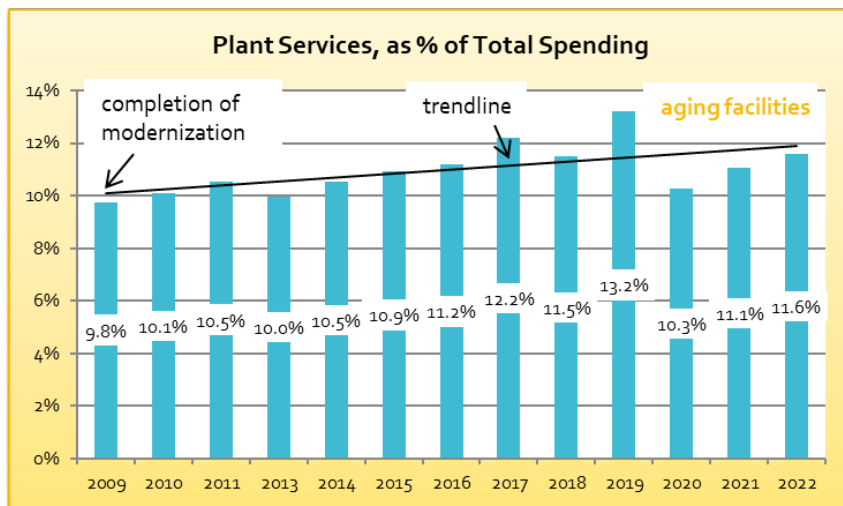
public education. The Public Employees Retirement System (PERS) covers all other public sector employees. Both retirement systems are addressing their unfunded liabilities by increasing contributions from employees, employers, and the state as well as reducing retiree benefits for workers new to the system starting in 2013.

The accompanying chart shows the steep increases in school employer contributions, as a percent of payroll. Our contribution cost in 2013–14 was a little under \$3 million. By 2025–26 we project the costs to rise to \$9.6 million, absent any change in the retirement systems' funding outlook.



CAPITAL NEEDS

Since the modernization of our campuses in the early 2000s, as our facilities age, more repairs and replacements are needed. With the \$150 million bond in place we hope to make improvements and reduce these costs.



GENERAL INFORMATION

DISTRICT DESCRIPTION

Los Altos School District is a political subdivision of the State of California. The district was founded in 1909 for the purpose of providing a free public education to the residents within the district's geographical boundaries. The district, located in northwestern Santa Clara County, encompasses most of the city of Los Altos, half of Los Altos Hills, part of Mountain View, part of Palo Alto, and some unincorporated county lands. There are nine schools, seven elementary and two intermediate, serving students in grades kindergarten through eight.

Governance. An elected board of trustees governs the school district. There are five members of the board, each elected at-large for a four-year term. The school board usually meets twice monthly on the second and fourth Mondays. A superintendent, Sandra McGonagle, heads district operations.

Demographics. The district serves 3,360 students in its nine schools. Enrollment has begun declining in the last ten years (down 25% in total). Enrollment growth peaked in 2014–15 and enrollment has declined since then. Enrollment is expected to be flat to a slight decline over the next few years—pending the number of students generated by several new planned housing developments in our community.

Most of the students live in neighborhoods of relatively high socioeconomic status. The racial/ethnic composition of our student body, as reported in an annual ethnicity survey, is 38% Asian, 36% Caucasian 9% Hispanic, and less than 1% Black. The remaining 16% represents families with multi-ethnic backgrounds and those who did not respond to the survey.

We are one of the highest performing school districts in California. Past test results have ranked us at or near the top among all districts year after year.

Achievement. As the state transitions to Common Core standards and revamps its testing and achievement measures, we have less comparative testing data to report. However, up until the cessation of standardized testing in 2013, our students consistently scored within the top 2% of all children tested in California. Results over the sixteen years of testing (1998–2013 Standardized Testing and Reporting (STAR) tests) consistently showed 80% or more Los Altos students scoring at an advanced or proficient level.

The State Department of Education consistently ranked our district in the top 1% in the state, based on our test scores. All of our schools are California Distinguished Schools and five schools (Gardner Bullis, when it was Bullis-Purissima, Oak, Santa Rita, Blach, and Egan) applied for and were chosen as national Blue Ribbon Schools. Results under the newly adopted testing program show our students continuing to have exemplary performances.

BUDGET DEVELOPMENT

The Board of Trustees has provided overall direction in the development of the budget, including developing the district goals that have been carried forward from the prior year (shown on next page). The goals are reflected in the programs the district has budgeted for in 2023–24.

LOS ALTOS SCHOOL DISTRICT 2023–24 BUDGET

District Goals for 2023–24



Ensure all students have access to equitable conditions for learning



All LASD students will experience high quality instruction that results in equitable outcomes and expected yearly growth



Provide tiered supports and systems that promote and sustain strong academic growth and positive social/emotional development for all students



Ensure a safe, healthy, and respectful school environment to maintain engagement, involvement, and satisfaction of students, staff, and parents

Preparation of this budget began in January with the release of the Governor's proposed budget for the State of California for the upcoming year, which includes funding for schools. The district's budget advisory committee, appointed by the school board, has worked since February overseeing the development of this budget. The committee (which includes parents, teachers, classified staff, principals, and administrators) evaluates program in light of the current financial situation. In lean years the committee faces the unenviable task of recommending budget reductions in order to achieve a balanced budget (as required by law). In years when cuts are not needed, the committee may make recommendations for program enhancements. This year, following the requirements under the new state funding scheme, the committee reviewed and provided input to the district's budget plan (Local Control and Accountability Plan). The committee recommended board approval of the LCAP and recommended approval of the budget as presented.

Key Dates in Budget Development

January

- Governor proposes State Budget

February – April

- District prepares draft budget

May

- Governor revises budget proposals

June

- District adopts final budget

School staff and school site councils have worked together to prepare their individual site budgets. The site budgets reflect allocations of unrestricted monies given on a per student basis, as well as special purpose appropriations from the Los Altos Educational Foundation and state and federal agencies (when applicable).

The efforts of our community are also reflected in the district budget. The community supports our schools directly through PTA contributions, funding from our educational foundation, and through our local parcel taxes. These sources generate close to a third of the district's revenue and enable the district to maintain a high quality educational experience for our students even during difficult economic times.

District staff has worked with these various groups to develop the budget. The district's final budget, according to state law, is adopted prior to July 1. (The district's fiscal year is from July 1 to June 30.) But the budget is modified many times thereafter. Adoption of the state budget and the closing of the district books for the prior year, both of which usually occur in the summer months, provide additional information that causes the budget to be modified. Throughout the school year, the budget is monitored closely and continues to be adjusted.

There have been no significant changes in the district's budget policies or development process from prior years.

ACCOUNTING BY FUND

The accounts of the district are organized on the basis of funds, each of which is considered to be a separate accounting entity. We have five funds, which are described below.

The **General Fund** is the general operating fund of the district. It is used to account for all financial resources except those required to be accounted for in another fund. The district's General Fund is used to account for the day-to-day operations of the district. The salaries of our teachers, classroom aides, administrators, custodians, school secretaries and clerks, librarians, counselors, maintenance workers, district administrators and clerical support staff, and all other certificated and classified staff are accounted for in the general fund. Our textbooks, other books and supplies, utility costs, repair costs, consulting services, and equipment costs are also paid out of the general fund.

The district's General Fund is divided into two sections: unrestricted funds and restricted funds. Restricted funds are monies received by the district that are categorical in nature, i.e., they can only be used for the purposes prescribed by the funding agency. The state and federal governments provide such funding for many special programs or projects. For example, special education funds are restricted. They can only be spent on students with identified special needs and in the manner outlined in state and federal law. Restricted funds are, in some cases, provided directly to the schools and in other cases are controlled centrally by the district. In either case, how the district spends these monies is determined by restrictions imposed by the granting agency.

Unrestricted funds are monies received that are not restricted in their use. The district can spend unrestricted monies on whatever programs it chooses. Examples of unrestricted funds include property tax collections, parcel tax revenues, and rental and lease income.

In addition to the General Fund, the district has five special purpose funds.

- The **Cafeteria Fund** is used to account for our food service operations.
- The **Deferred Maintenance Fund** is used for the purpose of major repair or replacement of district property.
- The **Special Reserve Fund** is used, along with reserves in the General Fund, to maintain the state required 3% reserve level and to account for future retiree health benefit payments.

LOS ALTOS SCHOOL DISTRICT 2023–24 BUDGET

- The **Building Fund** is used to account for funds received from the sale of property, which are designated for maintenance and capital outlay purposes, and to account for the proceeds from the sale of general obligation bonds.
- The **Capital Facilities Fund** is used to account for monies received from developer impact fees assessed under provision of the California Environmental Quality Act (CEQA).

INSTRUCTIONAL PROGRAM

Our district has adopted and implemented a comprehensive core curriculum for all students at all grade levels. Our elementary school students (K–6) are taught in self-contained classrooms. Our fourth through sixth graders are part of a “continuous progress” mathematics program that culminates with grade 6 pre-algebra for qualified students. At the intermediate schools, our seventh and eighth graders have a rich departmentalized program of core academic subjects and self-selected electives. Our teachers use a variety of teaching techniques and methods and specialized materials to meet the instructional needs of all students. The core curriculum for our students is in the areas of language arts and reading, mathematics, history and social science, and science. All students receive instruction in physical education, music, and art.

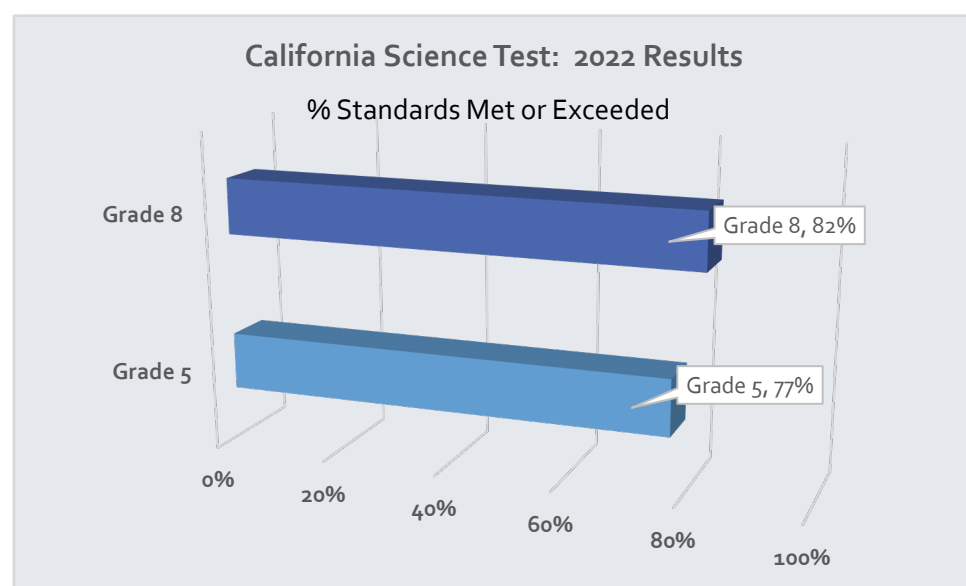
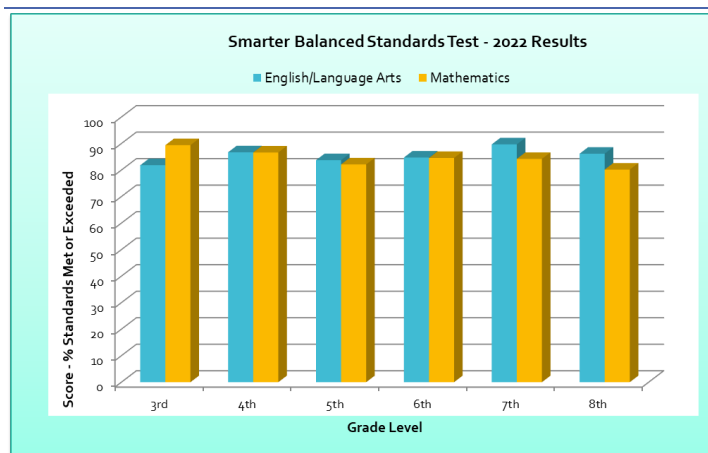
The district complies with all state standards regarding the curricular areas. State approved textbooks are used at all grade levels. We comply with state requirements for longer day and longer year funding—i.e., the number of minutes of instruction in the student year meets or exceeds state standards.

The district has implemented many changes in its instructional practices over the last few years, utilizing project-based learning, design thinking, and interactive technology-based learning. As a result the district is far ahead of the state in embracing a transition to deeper learning and more critical thinking (goals of the Common Core State Standards recently adopted by the state).

*California has been at the forefront of embracing and adopting the new **Common Core State Standards** that align instruction with clear and consistent learning goals to better prepare students for college, career and life. With the transition to Common Core the existing assessment system in California became obsolete. In spring 2015 students were given the first set of “smarter balanced” tests under the new assessment system and the state will once again track student performance and rank districts using a revised API (yet to be determined).*

STUDENT ACHIEVEMENT

With the transition to Common Core standards, California is in the process of adopting a newer statewide testing program and achievement measures. The second battery of test results were reported from Spring 2022 and show how students performed against certain standards in English/Language Arts and Mathematics, as well as in Science for certain grades only. Test results for our students are shown in the charts below.



These test results are similar to results under the previous STAR testing program, which is described below. We include this information as it shows a history of high performance by our students.

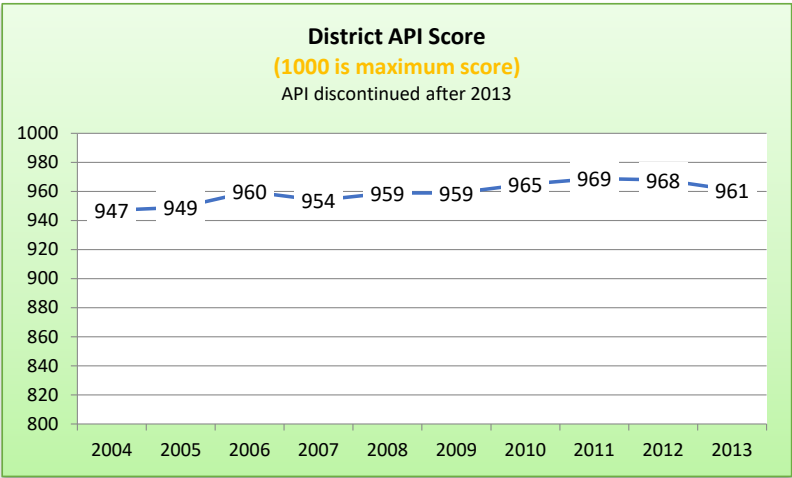
Our students performed exceptionally well on standardized tests given every spring through 2013 to public school students in California. The performance rankings of schools in California done by the State Department of Education reflected these results.

STAR. Each spring, through 2013, all students in grades 2–11 in California’s public schools participated in the Standardized Testing and Reporting (STAR) testing program. The tests covered reading, mathematics, language, and spelling. Results from spring 2013 showed our students testing at a very high level. Except for the Science test, the state abandoned the STAR tests beginning in 2014 as it transitions to Common Core State Standards and a new assessment system.

API Ranking. Each year, again through 2013, the California Department of Education released an Academic Performance Index (API), which ranked all the public schools in California. This ranking was largely based on test results from the previous spring. Each school received an index number between 200 and 1,000, with a score of 800 being considered the “target” score. Up through 2013 the index number was in turn divided into a decile, with all schools

LOS ALTOS SCHOOL DISTRICT 2023–24 BUDGET

divided into groups of ten, based on their index. The decile served as a rank, with 10 being the highest and 1 the lowest. The use of decile rankings was discontinued as of 2013. In October 2013 the Department of Education released its 2013 rankings. All our schools ranked among the best statewide. With a district API score of 961 our district had the third highest ranking in the state. The accompanying chart shows the recent history of the district’s API ranking, consistently among the top in the state.



RELATIONSHIP BETWEEN ACHIEVEMENT AND EXPENDITURES

As a result of the significant amount of community support for our schools, our students benefit in a number of ways. Students enjoy relatively small class sizes when compared to most schools in the state. Our students perform exceedingly well on standardized tests (as indicated above) in part as a result of the smaller classes, but also due to our cadre of excellent teachers and our efforts toward individualized instruction. We can measure the result of community support by looking at spending per student compared to the state average, seeing how much of our spending comes from local sources, and how we pay our teachers (in order to attract and retain the best and the brightest). The spending differential is particularly acute when looking at unrestricted spending per student—a measure of how much local control a district has over its budget. *Comparison data below is from Ed-Data website (www.ed-data.k12.ca.us) for most recent year of available data (2020–21).*

LASD		State
Outputs		
Pupil/Teacher Ratio	17.8	21.1
Results from State Testing Program		
% Meeting/Exceeding Standards		
English/Language Arts	87%	51%
Mathematics	85%	40%
% Scoring Advanced/Proficient		
Science, Grade 5	91%	54%
Science, Grade 8	94%	61%
Inputs		
Expenditures per Pupil (ADA)	\$ 17,003	\$ 14,370
Expenditures per Pupil (unrestricted)	\$ 10,802	\$ 8,881
Local Revenue Sources (% of Total)	26%	5%
Average Teacher Salary	\$ 92,352	\$ 85,856
Highest Teacher Salary	\$ 109,888	\$ 166,410
1. State column represents Average, All Districts in California.		
2. All data is from 2020-21, except Testing Results which are from 2018-19 (the last year of statewide testing).		

CONSTRUCTION PROGRAM

We have completed phase one of our construction program. Since 2000 we have spent over \$120 million to renovate and modernize all of our campuses. Construction on the Gardner Bullis campus, the last of our schools to be modernized, was completed in 2008. The funds for phase one came from a voter approved bond measure. We still have phase two of the program in our plans and with passage of a \$150 million bond in November 2014 we now have funds available. However, we have another significant draw on bond funds—we recently acquired an additional site on which to build a new school to deal with the charter school's enrollment growth. Phase two entails replacing portable classrooms with permanent ones and replacing some of the non-classroom buildings at certain sites

LOS ALTOS SCHOOL DISTRICT 2023–24 BUDGET

(libraries, multi-purpose buildings, and school offices). With the acquisition of the new site and ultimate its development, we are in the planning stages of deciding how much of phase two we can complete.

ALLOCATION OF HUMAN RESOURCES—STAFFING

District staffing is determined annually according to the needs of the district. Prior year staffing acts as a baseline, to which staffing FTE (full-time equivalents) is either added or subtracted. The district has endeavored over the years to maintain as small a district level staff as possible, preferring to allocate resources directly to the school sites. Teacher staffing is determined by established class size ratios. We are staffing K–3 at 22 students per teacher, grades 4–6 at 25 students per teacher, and junior high at 26 per class.

Total district staffing for 2023–24 is projected at 437 full-time equivalents (FTE), which is 18 less FTE than in the current year due primarily to staffing reductions to right size staffing to pre-Covid levels.

RATIOS

Staffing. Our budget calls for 153 regular teachers in the coming year. In addition, we have 23 special education teachers and 2 bilingual teachers. Our classroom instructional staffing, as mentioned above, is based on a projected staffing ratio of 22:1 (K–3), 25:1 (Grades 4–6), and 26:1 (Grades 7–8). The state has a mandatory ratio of administrators to teachers. Having 16.8 FTE administrators in the district, we fall below the state cap on administrators that allows us up to 18.25.

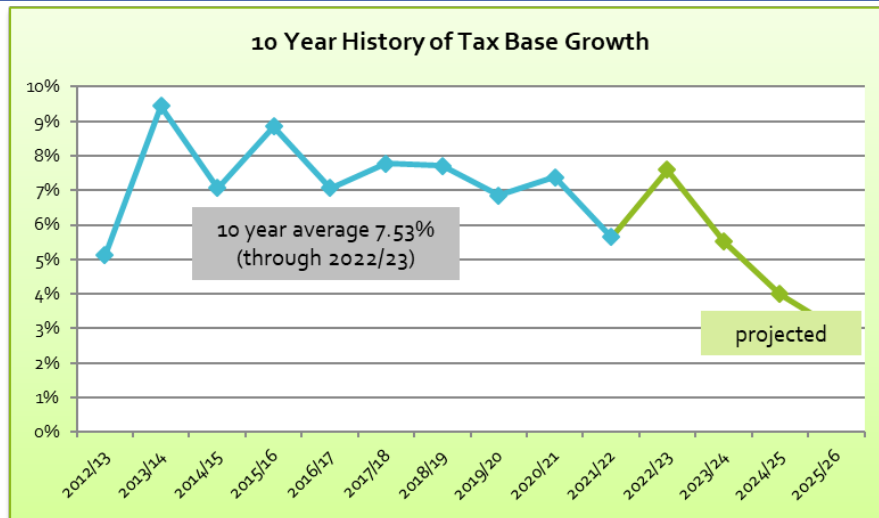
% Spending on Classroom Instruction. The state also requires that elementary districts spend 60% or more of their funds on classroom instruction. Each year we file a report with the state showing what proportion of our spending goes to the classroom. The most recent report filed shows the district spending 60%, within the guidelines.

Required Reserves Level. California schools are required to have a general operating reserve of at least 3%. Our reserves are made up of unappropriated and unrestricted monies in our general fund, plus funds set aside in a special reserve fund. For 2023–24 we project reserves in the amount of \$12.4 million, which equates to 15.16% of projected expenditures.

TAXES

Until the early 2000's Los Altos School District had not been dependent on local property tax collections. Indeed they made up a significant portion of our revenue but, as part of the former state "revenue limit" funding formula, the state would supplement local property tax revenues in whatever amount was needed to equal the total calculated state guarantee. This in effect created a dependence on the state, not on local tax dollars, for adequate funding.

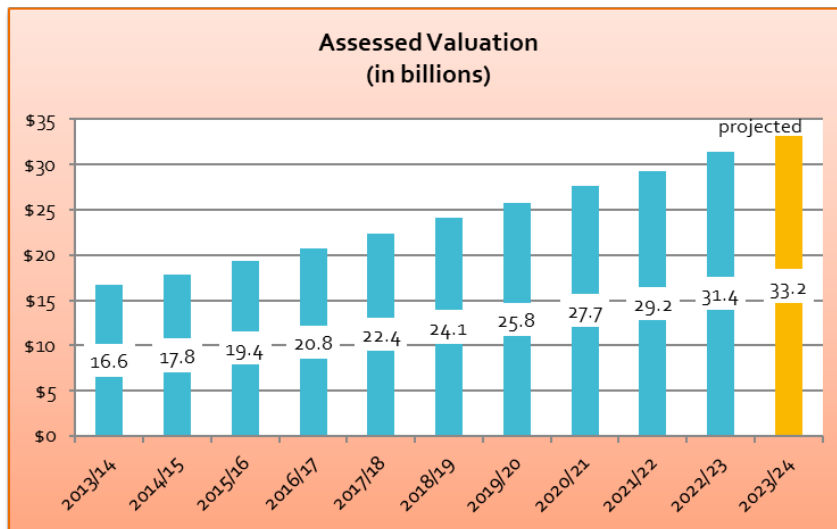
As a community funded district we have become more dependent on local property tax collections. The guarantee still is in effect—the state guarantees that we will get at least that calculated amount of funding each year. But now it becomes a kind of floor (it's our minimum level of funding) while property tax collections define how high that level reaches each year. Our county uses the Teeter Plan in allocating tax revenues—it guarantees that we will receive 100% of levied taxes—thus eliminating the impact of delinquencies.



For the typical taxpayer in our district approximately 19% of his/her tax bill goes to Los Altos School District. Since state law caps the property tax rate at 1% of assessed value (AV), this translates into an average tax for our schools of \$190 per \$100,000 of AV. On top of that, district taxpayers now pay a flat \$820 per parcel of property (our parcel tax) and pay another \$60 per \$100,000 of AV to pay off the district's bonded indebtedness.

As a result of the passage of Proposition 13 in 1978, not only are property taxes capped at 1% of the assessed value of property but the county assessor can only increase the AV by a maximum of 2% each year for inflation. Houses are reassessed at market value only when ownership changes hands. As a result, there are inequities in assessed values and the corresponding taxes collected—since similar homes can have widely varying AV depending on when they were last sold. AV is set by the county assessor each year as of July 1.

In recent years the growth in AV (our tax base) has averaged over 7% per year, which helped fuel our move into community funded status. With the decline in the economy we witnessed a significant decline in AV growth in 2009–10 and 2010–11 but since then we have seen steady growth. We are projecting 5.5% growth for 2023–24 and a decline in the out years due to a softening economy. Property tax growth does not match exactly the growth in AV, as properties get reassessed during the course of the year due to sales and owner-requested reassessments.



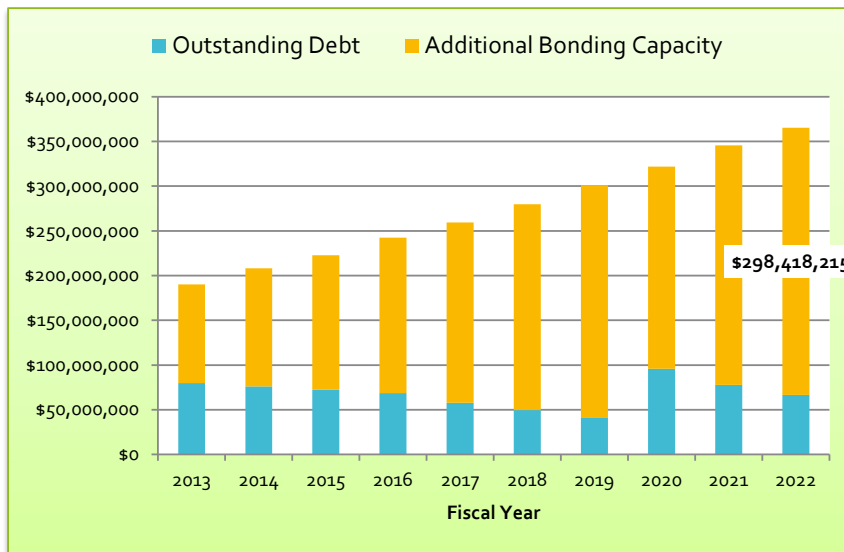
LOS ALTOS SCHOOL DISTRICT 2023–24 BUDGET

CHANGES IN DEBT

In February 1999 the district issued its first series of general obligation bonds to fund our construction program. The amount of bonds issued totaled \$40 million. We issued our second series of bonds in May 2001 in the amount of \$46.7 million and issued our third series in October 2003 for \$8 million. We refinanced our outstanding debt in June 2006, in January 2013, and again in January 2016. Prior to these issuances, the district had no outstanding debt. In October 2019 we issued additional debt against the November 2014 \$150 million bond measure authorized by voters. Debt service on the prior re-financings and recent debt issued is shown in the accompanying table.

General Obligations Bonds Annual Debt Service Schedule				
Period Ending June 30	Principal	Interest	Debt Service	Debt Service Remaining
2023	30,375,000	3,679,100	34,054,100	144,132,175
2024	62,380,000	2,629,250	65,009,250	79,122,925
2025	850,000	1,923,650	2,773,650	76,349,275
2026 and beyond	52,150,000	24,199,275	76,349,275	-
Total	\$145,755,000	\$32,431,275	\$178,186,275	

State law limits debt to 1.25% of our total AV. Our current debt limit is \$365.2 million. With \$66.8 million in outstanding debt as of June 30, 2022, we have the capacity to issue \$298.4 million in additional debt. Debt service payments have been scheduled to limit the impact on taxpayers to no more than \$60 per \$100,000 of assessed value. General obligation bond debt does not impact present or future operating budgets.



Our debt margin
is now \$298
million.

KEY VARIABLES & DETERMINANTS

On the following pages we discuss in detail the key variables and determinants underlying our general fund budget projections.

STATE FUNDING SYSTEM: LCFF, REVENUE LIMITS, AND PROPERTY TAXES

Before we discuss the new funding system (Local Control Funding Formula—LCFF) it is instructive to review how the previous system worked.

Revenue Limit History and Equity Issue. The landmark *Serrano v. Priest* court decision in the late 1960's said schools throughout the state should be spending at the same level, thus providing an equal educational opportunity for every student. In response to this decision, in 1972 the state imposed revenue limits on school districts, a cap on the amount of general-purpose monies a district could raise. The cap was expressed as a per student dollar amount.

Districts had different revenue limits depending on how their local communities were funding their schools through local tax measures prior to 1972. To achieve equity, the state provided annual inflation increases (COLA's) to the revenue limit—with high spending districts receiving smaller increases than low spending districts. In the mid 1980's the courts ruled that that this process had worked, in that funding had been equalized for 93% of the districts in the state. Since then the state continued its push toward spending equity by continuing to grant equalization aid adjustments in the revenue limit calculation for districts whose revenue limit fell below the statewide average.

Under the LCFF model all districts have the same base funding level. However, incremental funding is provided for students who are low income, English Language learners, or foster youth. Thus a district with a high proportion of these students would receive more on a per student basis.

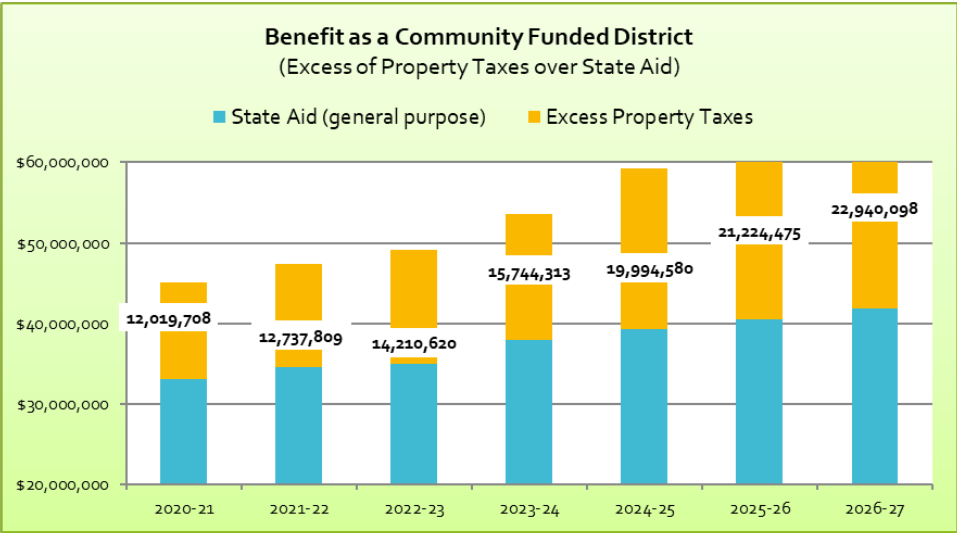
LCFF (the new funding system). Unlike revenue limits, under the new system all districts have the same base per pupil funding level. That per pupil amount varies by grade span (K–3, 4–6, 7–8, 9–12) and gets supplemented based on the number of high needs students and for class size reduction. Previously the revenue limit was supplemented by separate categorical funding for specific programs or needs. Now almost all categorical funding has been subsumed into the base LCFF funding amount. Districts no longer have to follow very prescriptive state regulations on how the categorical funds are to be spent; rather they have the ability to make spending decisions locally. ***The calculated funding level under LCFF, just like under the revenue limit system, is a guarantee from the state.***

How the LCFF Guarantee is Calculated. Each year the state determines the per pupil amount for each grade span. That amount is the base amount augmented by an amount for class size reduction (class sizes of 24 or less) and an amount based on the number of high needs students in the district. The total per pupil amount is then multiplied by the number of students in the district. As under the revenue limit system, the number of students used in the LCFF calculation is not an enrollment count, but rather a calculated number representing average daily attendance (ADA). Our district's ADA is typically 98% of our enrollment—relatively high compared to most districts in the state.

Property Taxes. The monies used to fund the state guarantee come from a combination of local property tax collections and state aid. Local property tax revenues are subtracted from the total calculated amount to determine the amount of state aid needed. Typically, the amount of local property taxes collected is less than the total guarantee amount. For the average district, approximately 35% of the total comes from property taxes and the state contributes the remaining 65%. In some districts, though, the amount of local property tax collected is actually larger than the total guarantee. These districts get to keep the entire property tax collections and are referred to as

LOS ALTOS SCHOOL DISTRICT 2023-24 BUDGET

“community funded” districts. Our projected property tax collections for 2023-24 continue to exceed our calculated state guarantee, thus providing a significant benefit as a community funded district.



We expect our property tax revenues to exceed the state funding guarantee by \$15.7 million in 2023-24.

Local tax revenues tend to be more volatile than state aid. Over the last ten years tax growth has averaged 7% per year but has ranged from a low of <2%> to a high of 9.4%—a wide swing. For the budget year we project 5.5% growth in property tax collections as a result of an increase assessed value when homes are sold. We project 4% annual growth as well in the next year and only 3% in the second budget year. Assessed valuations, on which property taxes are based, will be set in July for the upcoming year.

The sidebar shows a simplified version of the calculation of the budget year funding guarantee for our district. Since our property tax collections exceed the calculated guarantee we get no state aid from LCFF. We receive \$200 per student in Proposition 30 funding annually through 2029–30. In addition, we get a small amount (\$654,207) of supplemental state aid—to reimburse us for lost categorical funding. For districts that were revenue limit under the previous scheme, that funding was added to their base under LCFF. Excess county property taxes earmarked for special education students (approximately \$3,162,000 in 2023–24) are also accounted for within this revenue category.

The State Funding Guarantee and Property Taxes

Our funding guarantee is the product of a per pupil general purpose funding amount times the average number of students in attendance on any given day (average daily attendance). The per pupil amount varies with grade span (K–3, 4–6, 7–8) but for illustration purposes we show the weighted average of the three applicable amounts. *Numbers may not tie due to rounding.*

2023–24 State Funding Calculation (under LCFF)

\$ per Pupil (weighted average)	\$10,943
No. of Students (ADA)	3,463
LCFF total (\$ per pupil x ADA)	\$37,894,852

Property tax collections are used to fund the guarantee total. If tax collections fall short of the total, the state makes up the difference. If taxes exceed the guarantee the district gets to keep the excess (“community funded” status). Since property taxes are used to pay for charter school students, the amount we transfer to the charter school is deducted from property tax proceeds to arrive at a net figure.

Property Taxes, gross	\$63,730,440
Less, Transfer to Charter	<10,783,781>
Property Taxes, net	\$52,946,659
+ Basic Aid “fair share”	654,207
+ Prop 30 Funding	692,506
Total (to compare to LCFF total)	\$54,293,372
State Aid	\$0
<i>(LCFF total less net property taxes and add-ons; if negative, no state aid)</i>	

LCFF Sources for 2023–24 are shown below.

Reconciliation for Revenue Accounting

State Aid	\$0
Property Taxes, gross	63,730,440
Transfer to Charter	<10,783,781>
Proposition 30 Funding	692,506
Other LCFF Sources	3,817,069
Total LCFF/Revenue Limit Sources	\$57,564,528

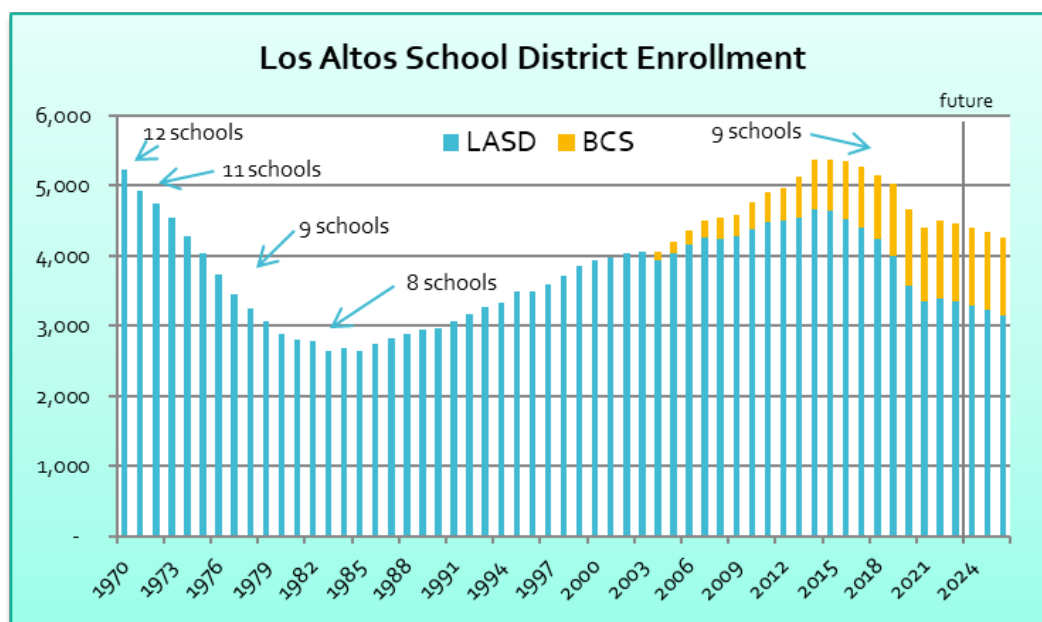
LOS ALTOS SCHOOL DISTRICT 2023-24 BUDGET

ENROLLMENT

Since 1998 we have employed Lapkoff & Gobalet Demographic Research, Inc. (a demographic consulting firm) to study our enrollment history and make projections for the future. We recently hired Davis Demographics to update our enrollment projections for the 2023-24 year.

The enrollment forecasts are produced using the standard demographic method for forecasting populations, the “cohort survival” technique. This method advances the current student body one grade for each year of the forecast period. One year’s kindergarten students become the next year’s first graders; first graders become second graders; and so on. There are three assumptions underlying the forecasts: grade progressions, kindergarten forecasts, and interdistrict transfers.

The most recent forecast shows a gradual enrollment decline in the next few years and a leveling off after that. The addition several years ago of state-required transitional kindergarten serving 4-year olds has impacted kindergarten enrollments.

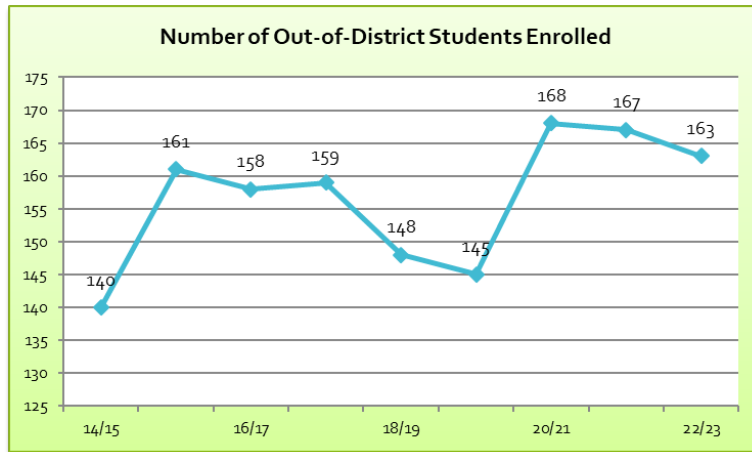


More detail on the last ten years shown in the chart above is summarized in the table below.

Fall Enrollment by Grade Levels: History and Projections										
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
K-3	1,773	1,714	1,619	1,378	1,268	1,388	1,337	1,302	1,275	1,245
4-6	1,499	1,444	1,360	1,227	1,165	1,102	1,140	1,105	1,097	1,057
7-8	1,128	1,084	1,017	969	911	900	883	886	855	845
Total	4,400	4,242	3,996	3,574	3,344	3,390	3,360	3,293	3,227	3,147

Interdistrict Transfers. Because of the good reputation of our schools, many parents want to transfer their children from other districts into ours. California law permits interdistrict transfers, assuming that both the sending district and the receiving district approve the transfer. As part of that law, the Allen Bill gives transfer priority rights to parents who work in the district but who live outside of it. While we had been granting over 200 interdistrict transfers a year (as much as 5% of our student population), we now turn down many transfer requests because of class size restrictions and to maintain our small school sizes.

A community funded district gets no additional per pupil funding for interdistrict transfers or other incoming students. Because we have shifted to “community funded” status, we have limited the number of new interdistrict students (see accompanying chart).



The following table shows a more detailed analysis of interdistrict transfers over the last ten years.

Number of Students Transferring In From Other Districts									
	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23
Allen Bill, Non-employees	27	38	33	33	42	30	61	63	52
Allen Bill, Employees	51	62	58	59	53	74	62	63	61
Other	62	61	67	67	53	41	45	41	50
Total	140	161	158	159	148	145	168	167	163

COMMUNITY SUPPORT

PARCEL TAX

In June 1989 the voters of the Los Altos School District passed Measure A, a special parcel tax assessment for the schools. In June 1997 district voters approved an increase to the parcel tax of \$96, bringing the total tax to \$264 per parcel. In November 2002 voters once again authorized an increase to the tax. The tax is now set at \$597 per parcel, a \$333 increase over the previous rate. Based on \$597 per parcel for 12,500 parcels, the tax raises approximately \$7.5 million annually and never sunsets. This is 10% of our total revenue. There are 14,900 parcels in the district, yet approximately 2,400 annually receive exemptions. These exemptions go to senior citizens who apply for them and to properties that are non-taxable, such as churches and public buildings. The parcel tax has paid for classroom teachers, school libraries, part of the music program, the junior high elective program, student textbooks, classroom cleaning, preventive maintenance, major repair projects, a school nurse, psychological services to students, and playground supervisors.

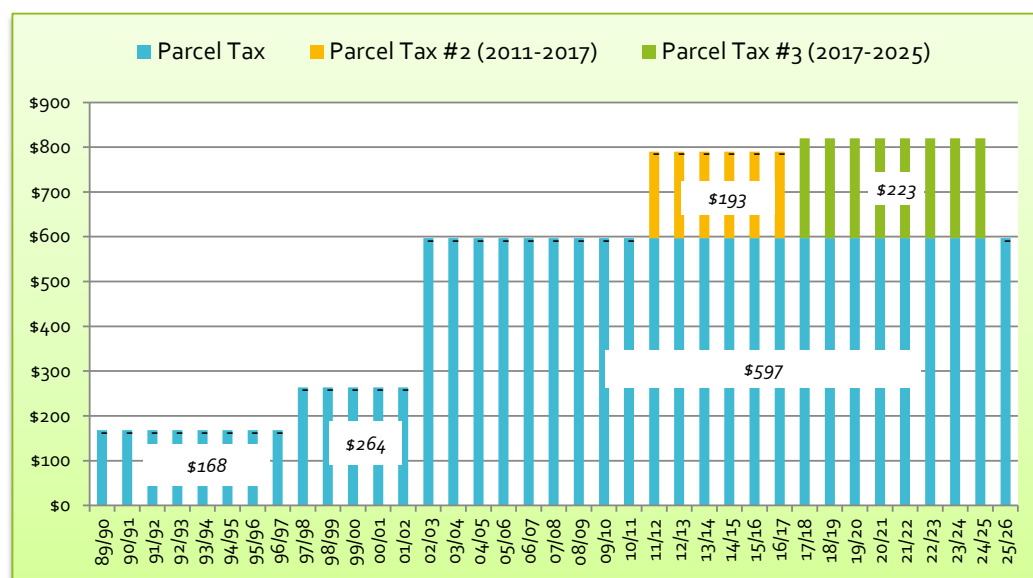
Community support is critical to our success. Our two parcel taxes provide 12% of our total revenue. Our educational foundation contributes another 3% of total revenue.

LOS ALTOS SCHOOL DISTRICT 2023–24 BUDGET

A second tax was approved by voters in May 2011. This tax, set at \$193 per parcel, brought the total tax to \$790 per parcel. The two taxes in combination generate \$10 million for the district. The \$193 tax was designed to fill a revenue gap caused by the “Great Recession” and to help the district maintain current programs through a long economic recovery. The new tax, unlike the original one, had a finite lifespan—it terminated after six years (on June 30, 2017). In its place a new tax was approved by voters in November 2016. The new tax sunsets after eight years (June 30, 2025) and essentially renews the \$193 tax and adds an additional \$30 for a total tax of \$223. The \$30 increase is intended to provide a proportionate share of the new tax to Bullis Charter School, while maintaining roughly the same tax revenue for the district.

ELECTION DATE	PER PARCEL AMOUNT	TYPE OF ELECTION	VOTE REQUIRED	% OF YES VOTES	PASSED/FAILED
1989-June 6	\$168	New tax	2/3	68.50%	Passed
1993-March 2	\$168	Renewal	Simple majority	81.30%	Passed
1997-June 3	\$264	Increase	2/3	74.20%	Passed
2000-November 7	\$264	Renewal	Simple majority	76.00%	Passed
2002-April 9	\$597	Increase	2/3	64.70%	Failed
2002-November 5	\$597	Increase	2/3	70.70%	Passed
2006-November 7	\$597	Renewal	Simple majority	77.90%	Passed
2011-May 3	\$193	New tax	2/3	67.06%	Passed
2016-November 8	\$223	New tax ¹	2/3	70.94%	Passed
¹ Nov 2016 tax replaced May 2011 \$193 tax					

Each year the Superintendent issues a Parcel Tax Report Card to the community. As an accountability measure, this report card tells our community how their parcel tax dollars are spent.



LOS ALTOS EDUCATIONAL FOUNDATION (LAEF)

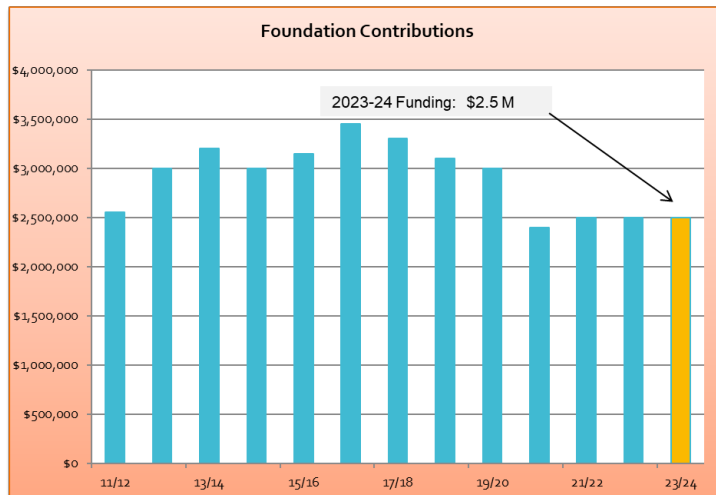
Our community provides support for enrichment, innovative, and wellness programs through a local foundation (see accompanying sidebar).

The Los Altos Educational Foundation (LAEF) was established in 1982 by parents in the district concerned with the inadequacy of state funding. The Foundation raises money for specific district programs that otherwise would not be funded by state and local revenue sources. 1983–84 was the first year of LAEF contributions to the district (\$61,250). Contributions from LAEF have increased steadily over the years, reaching a high of \$3.45 million in 2016–17. The budget year contribution of \$2.5 million represents 3% of the district’s total operating revenue.

LAEF is a non-profit corporation independent of the school district. Parent representatives from each school sit on the foundation board. Currently there are 21 board members operating in a voluntary capacity. The foundation has three paid staff members— a full-time executive director and two part-time staff.

The foundation board works closely with the district in determining which programs to fund.

Los Altos Educational Foundation (LAEF)	
LAEF is expected to provide \$2.5 million in grant funding to the district in 2023-24, the same amount as in 2022-23. LAEF funds enable the district to maintain enrichment programs, junior high electives, and to provide support for the well-being of our students. The Foundation also provides funding in support of innovative academic programs.	
2023-24 LAEF Funding	
Arts Programs	
Literacy	
STEM Programs	
Wellness	
Grand Total:	\$2,500,000



LOS ALTOS SCHOOL DISTRICT 2023–24 BUDGET

CLASS SIZE REDUCTION

In 1996–97 the state began offering incentive funding to districts to reduce class size. \$650 per student was given for every student in grades 1, 2, and 3 who was in a class with 20 or fewer students. In 1997–98 the state expanded this program to include kindergarten and increased the per pupil incentive amount to \$800. With annual COLA's applied, funding peaked at around \$1,100 per student. During the last recession the state provided some flexibility in implementing the program, allowing classes to exceed 20 students but with modest to severe penalties, depending how high class sizes get. One of the benefits of this flexibility is keeping students from having to attend a school other than their neighborhood school, which can occur when you have a hard cap of 20 students per class.

We have participated in this program in all four grades in every school in the district. State funding typically has covered 80% of the cost of the additional teachers needed as a result of lower class sizes. Total state funding for this program reached a high of \$1.96 million in 2008–09 (4% of our total revenues that year) but since then was severely reduced due to state budget cuts. Under the new funding scheme incentive funding is now rolled into the state's base general purpose funding and with added flexibility. Districts will receive full funding as long as the class sizes in grades K–3 average 24 or less on a school by school basis.

LOTTERY

In November 1984 voters approved the California State Lottery. Proceeds from lottery ticket sales augment school districts' budgets. For each dollar of lottery revenue, public schools receive thirty-four cents. Lottery funds are distributed throughout the state on a per pupil basis. Actual apportionments of lottery funds typically occur from four to six months after ticket sales, due to the complexities of accounting and distribution of prize winnings. Funding for 2023–24 is budgeted at \$170 per pupil for unrestricted lottery revenues, which equates to an annual amount of \$559,000. An additional \$209,000 (\$67 per pupil) in lottery revenues is expected, but these monies are restricted in purpose. Legislation passed in 2000 mandates that any lottery funds collected in excess of the amount collected in 1997–98 must be used to purchase instructional materials. Lottery revenues make up less than 1% of the district's total income.

CLASSROOM TEACHERS

We have an experienced and highly qualified corps of teachers. The average age of our teaching staff is 44 years. Two-thirds (69%) have at least a Master's Degree. 77% of our teachers have been in the district for six or more years.

A total of 202 FTE teachers are budgeted for 2023–24. Of this total, 153 are regular classroom teachers and 49 are specialists (e.g. music, physical education, STEM, special education, and bilingual teachers). Based on a projected enrollment of 3,360 students, the average regular class size is 24. Classroom teachers represent 79.4% of the total cost for certificated employees. The average salary for classroom teachers in the district is \$115,033. The district pays employee benefits for teachers at an average of \$42,780 per teacher. The average cost of a teacher is \$157,813 the combined total of salary and benefits.

Salary increases for longevity and professional growth are estimated at \$392,000 and are included in the budget. The total salary and benefits cost for teachers is approximately \$32 million. This amount represents 40% of the total budget.

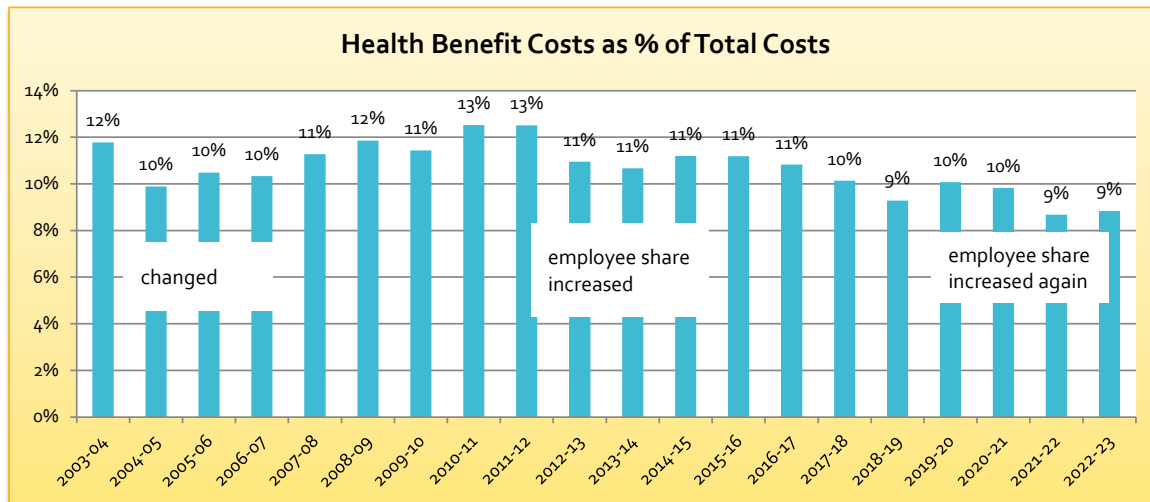
EMPLOYEE BENEFITS

The district is required by law to provide certain benefits to its employees. These statutory benefits include retirement funding (State Teachers Retirement System, STRS, for certificated employees and Public Employees Retirement System, PERS, for classified employees), social security and Medicare contributions, unemployment insurance, and worker's compensation benefits. The total budgeted for statutory benefits for all employees for next year is \$11.7 million, which is 14% of our total expenditures. STRS and PERS rates continue increasing per state mandated contribution increases. Rates for other statutory benefits will remain approximately the same as in the current year.

To deal with an unfunded liability for future benefits, the state enacted increases in contribution rates for the State Teachers Retirement System. Rates have ramped up from 8.25% in 2013–14 to 19.1% in the budget year—causing a significant negative impact on district budgets.

In addition to these statutorily required benefits, the district provides health and welfare benefits for its employees. These benefits include medical and dental insurance, life insurance, and disability insurance. They cost \$6.2 million in total. A portion of that cost is for retired employees—\$843,000. The 2023–24 cost of health and welfare benefits is expected to increase 7.5% as a result of anticipated premium rate increases (starting in January 2024 when our plans renew). The average per person cost of our health and welfare benefits package is projected to be \$14,000 for the budget year, 98% of which pays for medical and dental insurance.

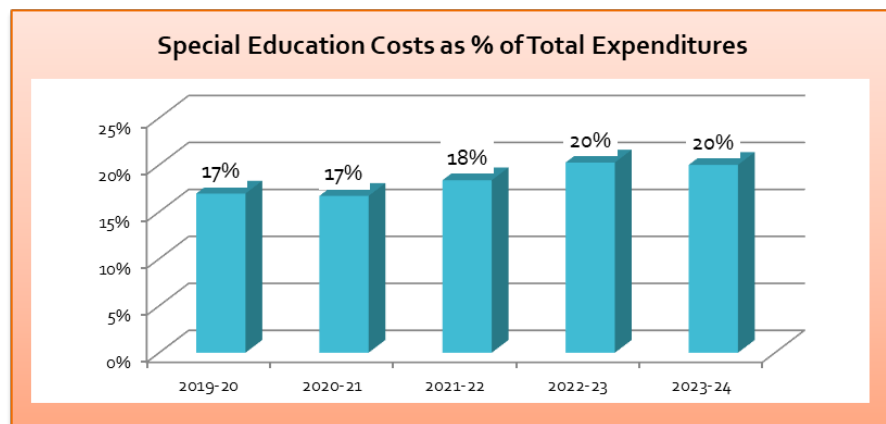
Due to increases in the cost of providing medical care in this country over the last two decades, the district cost of providing health and welfare benefits has risen substantially. Over the years the district has worked with its employees to wage an aggressive campaign to keep health care costs under control. We have changed health plans, implemented cost containment measures, and put a cap on lifetime medical benefits. Health care costs continue spiraling upward, in spite of the cost control measures in place. We changed plans again sixteen years ago to mitigate these cost increases. Beginning in January 2006 employees agreed to pay 5% of the cost of medical insurance, thus helping keep district costs under control. Starting in January 2012 employees began paying an even greater share of health care premiums. Teachers are paying, on average, 16% of the premium costs. Management staff is paying 25%, confidential employees are paying 20%, while classified employees are paying 20%. More cost containment measures are needed, however, to stem the growing cost of health care for our employees.



LOS ALTOS SCHOOL DISTRICT 2023–24 BUDGET

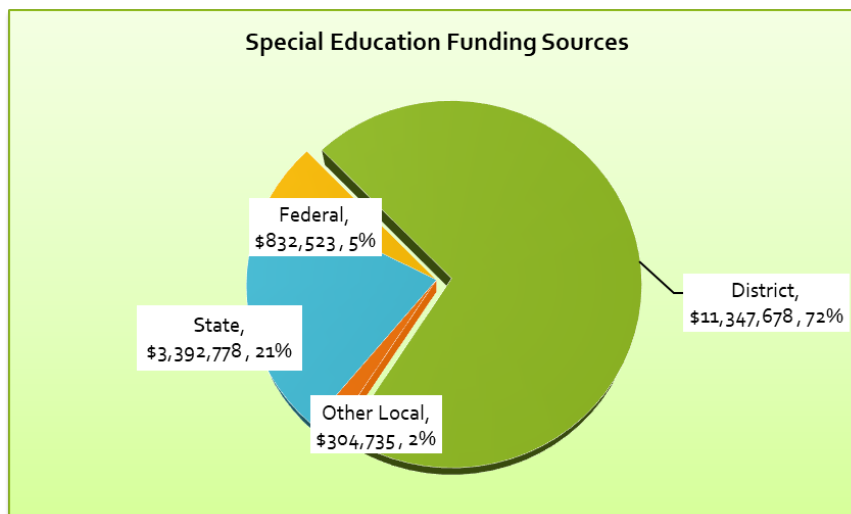
SPECIAL EDUCATION

We are committed to educating students with special educational needs, as required by state and federal law. These students are served in a variety of ways—from limited pullout programs to separate special classrooms. Other agencies and non-public schools serve students whose educational needs cannot be met by district programs. The placement and appropriate services provided these students are determined by the student's individual education plan. We are spending approximately \$15.8 million in the budget year on special education, 20% of our total expenditures.



Inadequacy of Funding. Typically, state and federal funding is inadequate to fully cover the costs of special education. The difference between expenditures for special education and the revenues received from these agencies results in an encroachment on our general purpose revenues. The federal government provides funding only at a 25% level of what its laws call for. The State of California also underfunds special education. For years there has been a double-digit funding deficit from the state. In recent years court decisions have expanded the definition of needs and required districts to provide an increased level of special education services for some students. This increased demand for service, coupled with state and federal under-funding, has placed a tremendous financial burden on school districts in California.

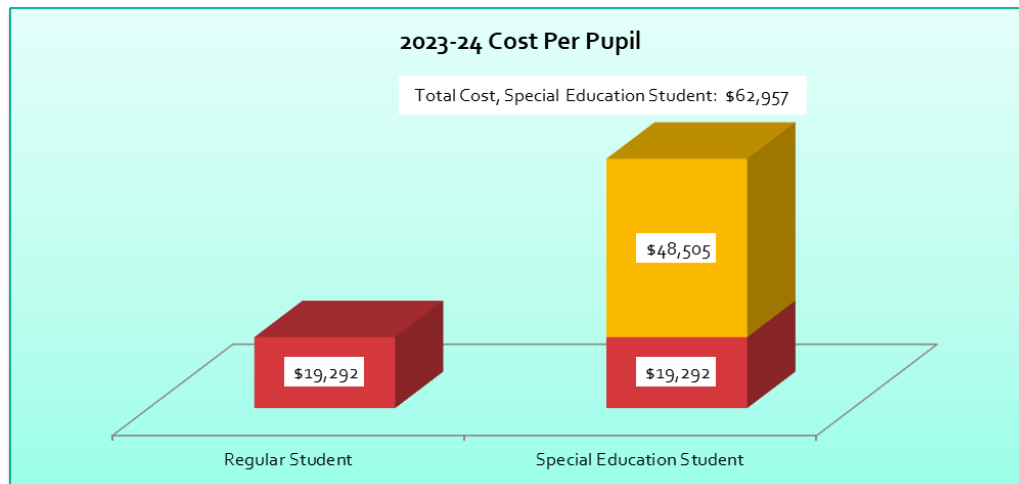
Funding Model. The current state-funding model was enacted in 1998–99 (under Assembly Bill 602). Under this model, districts receive funds on a per pupil basis—using the total enrollment of the district. The calculated amount of funding becomes a kind of guarantee—as the state contributes the amount necessary to reach the total guarantee after federal funding levels are accounted for. Funds flow from the state to our Special Education Local Plan Area (SELPA), a consortium of four districts in this area of our county, and from the SELPA to districts.



History of Encroachment. The accompanying table shows a recent history of special education revenues and expenditures for the district. The district's contribution to funding special education programs is almost \$11.6 million or 72.5% of the total funds needed. Our contribution level, as is true for many districts in the state, has risen significantly in recent years. To better serve some of our students with the highest levels of need and to contain costs, we continue expanding in-house programs rather than outsourcing to other agencies or non-public schools. We hope to continue saving as a result of this practice.

Special Education	2019-20	2020-21	2021-22	2022-23	2023-24
State/Federal Revenue	\$ 4,416,001	\$ 4,137,835	\$ 4,860,226	\$ 4,724,118	\$ 4,225,301
District Contribution	\$ 7,461,022	\$ 9,279,206	\$ 10,130,773	\$ 10,991,349	\$ 11,652,413
District Share of Total Revenue	63%	69%	68%	70%	73%
Expenditures	\$ 11,877,023	\$ 13,417,041	\$ 14,990,999	\$ 15,715,467	\$ 15,877,714

Cost per Pupil. One way to view the financial impact of providing special education services is to consider costs per pupil. We typically measure expenditures on a per pupil basis for all students—a calculated amount that is commonly used in comparing one district to another. For the budget year we are spending \$19,292 per student excluding spending on special education services. If we disaggregate special education students (or more accurately, the cost of special education services), we can then compute a per pupil cost for that sub-group of students. We simply divide the total special education expenditures by the number of students receiving such services—knowing of course this is an average as some students receive more costly services than others. The chart below shows a theoretical cost per pupil for a special education student in the budget year—the sum of the cost of all students plus the average cost per pupil for special education services.



LOS ALTOS SCHOOL DISTRICT 2023–24 BUDGET

GENERAL FUND BUDGET ASSUMPTIONS

The following are the revenue and expenditure assumptions for our 2023–24 General Fund Budget.

REVENUES

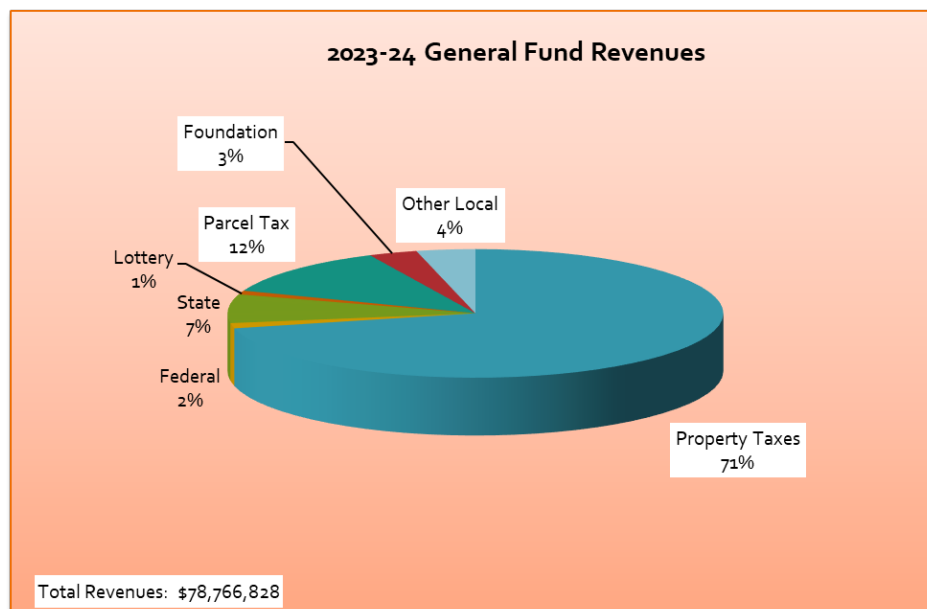
LCFF Sources/Property Taxes. LCFF Sources include property tax collections, state funding, and miscellaneous county tax revenues. The state funding calculation is based on a slight decrease in enrollment (1.4%) and a formula that results in an increased per student funding level when compared to the prior year. Property taxes are projected to grow 5.5% over the current year and exceed the calculated state guarantee by \$15.8 million.

Federal Revenue. Budget estimates reflect carrying the same programs forward from the current year with a decrease in funding due to one-time COVID relief funds in 2020–21 and 2021–22.

Other State Revenue. State revenues in this category will decline from \$6.4 million down to \$5 million, primarily due to the loss of one-time COVID relief funding and state one-time block grants is

Other Local Revenue. Other local revenues are expected to decrease by 200K from the current year. Parcel tax and LAEF funding continue to provide a significant portion (15%) of our total income. LAEF funding for the upcoming year is expected to be \$2.5 million.

Revenues by source of funding are shown in the following chart.



EXPENDITURES

Certificated Salaries. Our budget projection for certificated salaries includes a 6% salary increase. We are budgeting for 10 fewer classroom teachers in 2023–24. Step and column movement on the salary schedule for eligible teachers is expected to cost \$392,000, offset somewhat by cheaper, less experienced teachers replacing teachers who retire.

Classified Salaries. The budget year reflects an 6% salary increase and the cost of \$72,000 for step and column movement. We have right-sized staffing to pre-Covid levels. Staffing levels have decrease by 8 FTE's from the previous year.

Employee Benefits. The cost of employee benefits is similar to the current year except for anticipated mid-year health benefit premium increases of 7.5%. All statutory benefit rates are expected to remain approximately the same as in the current year, except for rate changes for our two retirement systems (STRS and PERS).

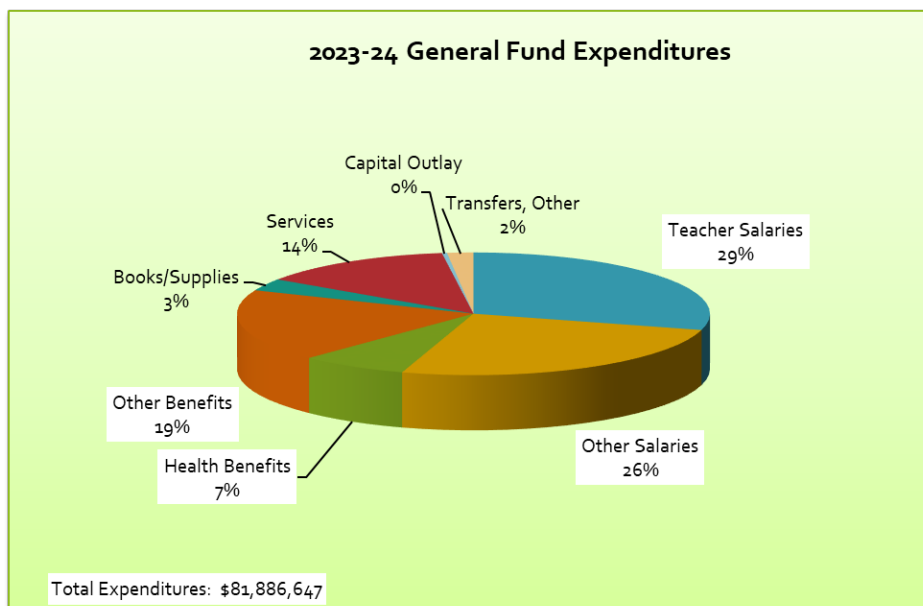
Books & Supplies. The cost of supplies and materials generally increase over time due to inflation and growth in student enrollment. However, estimated costs for the budget year reflect a 59% reduction from the current year due to the loss of one-time COVID relief funding and state block grant funding.

Services & Other Operating Expenditures. The cost of contracted services in the budget year includes an inflationary increase on “fixed cost” items (utilities, insurances, legal fees, etc.) offset by an expected reduction in spending due to the loss of COVID relief funds.

Capital Outlay. The district spends a small amount each year for capital improvements and equipment. The bulk of the expenditures have been for state-funded library books and materials, new equipment (e.g., computers, audio visual equipment, music instruments), or for the replacement of obsolete or broken-down equipment. Most of the funds in this category are under the discretion of the program manager.

Transfers and Other Outgo. This category includes a \$1.4 million transfer from the General Fund to the Cafeteria Fund to cover the excess costs of operating the new state-required meals program as well as tuition costs for a single student attending a charter school outside the district.

Expenses by object of expenditure are shown in the following chart.



LOS ALTOS SCHOOL DISTRICT 2023–24 BUDGET

FUND BALANCE

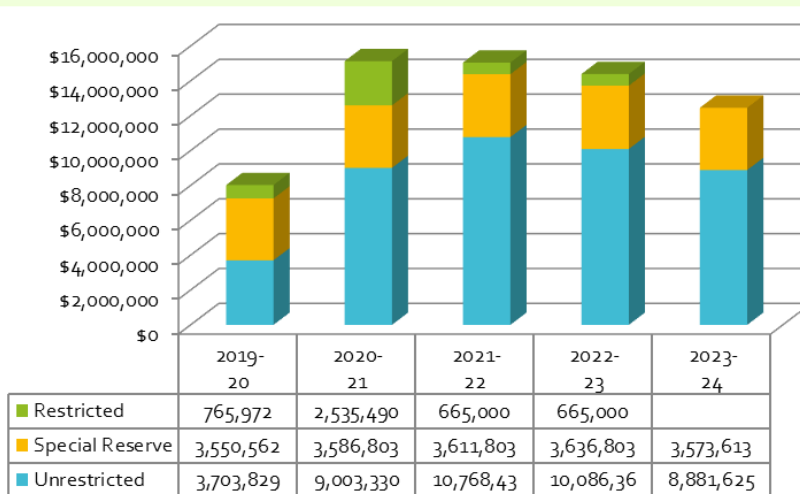
Beginning Balance. The actual beginning balance for the budget year will not be known until August, after the district books for 2022–23 are closed. At this time, it is projected to be \$12,276,444. This amount represents a decline of \$922,338 from the previous year.

Ending Balance. The projected ending balance for 2023–24 is \$8,881,625, representing a fund balance decrease of \$3,389,819.

Reserve. The state requires districts our size to maintain a 3% reserve. The district meets that requirement. Based on projected 2023–24 expenditures that reserve requirement is \$2.464 million. The district maintains a separate fund, our Special Reserve Fund, which was created with parcel tax funds and augmented in past years by transfers from the General Fund. This fund in the budget year is expected to contribute \$3.5 million toward meeting the district reserve’s requirement. The combination of this amount from the Special Reserve Fund and the unrestricted balance in the General Fund add up to \$12.4 million, or a reserve of 15.16%. Districts are allowed to use their reserve funds during the year (they are for emergencies and to help buffer loss of state and other revenues), but they must replenish those reserves at the year’s end.

Our Special Reserve Fund has grown as a result of transferring monies in from the General Fund unrestricted reserves to create a separate rainy day fund reserve—with the goal of providing program stability during an economic downturn.

General Fund Ending Balance & Reserves



BUDGET SUMMARIES

SPECIAL PURPOSE FUNDS

In addition to the general operating fund, the district has five special purpose funds. 2023–24 revenues (by source) and expenditures (by object) for all funds are displayed on the pages that follow.

Special Revenue Funds

The **Cafeteria Fund** is used to account for the operations of the new state-mandated universal meals program, which started in 2022–23 requires districts to offer free breakfast and lunch meals to any student wanting them. Previously the district offered free meals only to qualifying low income students. With the new requirement, the district is adding staff, modifying food serveries, adding equipment, and contracting with a food service vendor for meals. Other than the meal costs, the added expenses will need to be covered by a transfer from the General Fund.

The **Deferred Maintenance Fund** is used to account for revenues and expenditures relating to major maintenance projects. The state previously provided a separate allocation approximately equal to one-half of 1% of a district's total General Fund expenditures budget. The allocation took the form of matching funds, on a dollar-for-dollar basis, to assist school districts with expenditures for major repair or replacement of existing school building components, including plumbing, heating, air conditioning, electrical systems, roofing, interior and exterior painting, floor systems, and the like. Now the state provides funding as part of its general purpose allocation, which for a community funded district like us means we get no additional revenues. We continue to transfer monies into our Deferred Maintenance Fund, equivalent to what used to be the sum of the state match and district contribution for deferred maintenance projects.

The **Special Reserve Fund** was created by the district from parcel tax funds earmarked for improving the district's reserves. The money in this fund is for reserves only and cannot be spent. These monies are added to the General Fund reserves to make up the required 3% reserve level for the district. We moved \$2.5 million of General Fund monies into this fund in 2013–14 in creating a 5% special reserve for economic uncertainties (a "rainy day" fund). During 2010–11 we moved \$1.2 million from the General Fund to the Special Reserve Fund to set aside monies for payment of future retiree health benefits. This amount represented the obligation under GASB 75 accumulated to date. Additional monies were set aside each year in the General Fund and transferred into this fund at year end. The current balance in the Special Reserve Fund is approximately \$3,573,612, which with interest earnings projects to \$3,598,612,000 for 2023–24.

Capital Project Funds

The **Building Fund** is used to account for monies the district has received from the sale or lease of sites and from the issuance of general obligation bonds. Monies in this fund can only be used for building or major maintenance projects. After completing phase one of our modernization program, we have depleted all of our bond proceeds. During 2009–10 and 2010–11 the state paid us \$1,363,000 in grant monies for the completion of our last modernization project (Gardner Bullis School). No additional state revenues are expected in the future. Lease revenues from the Eastbrook School site, proceeds from the November 2014 approved bond measure, and lease revenue from existing tenants on the newly acquired school site are the only source of monies for this fund.

The **Capital Facilities Fund** is used to account for the developer fees the district receives. These monies can only be spent on new construction or furniture for housing new students as a result of enrollment growth. We currently charge a fee of \$3.19 per square foot for residential and \$0.52 per square foot for commercial developments. We have spent developer fee revenues on portable classrooms and furnishings for growth in enrollment.

LOS ALTOS SCHOOL DISTRICT 2023-24 BUDGET

ALL FUNDS SUMMARY

The following table displays revenues by source and expenditures by object for all funds. Similar information for each fund is found on succeeding pages.

	General Fund	Special Revenue Funds	Capital Project Funds	Total All Governmental Funds
REVENUES				
LCFF/Revenue Limit Sources	57,564,528	-	-	57,564,528
Federal Revenue	1,033,903	605,880	-	1,639,783
Other State Revenue	5,000,544	1,211,760	-	6,212,304
Other Local Revenue	15,167,853	30,000	1,913,980	17,111,833
TOTAL REVENUES	78,766,828	1,847,640	1,913,980	82,528,448
EXPENDITURES				
Certificated Salaries	30,194,981	-	-	30,194,981
Classified Salaries	14,733,268	709,766	-	15,443,034
Employee Benefits	21,867,007	333,510	-	22,200,517
Books & Supplies	2,615,147	2,080,000	1,000	4,696,147
Services & Other Operating Expenditures	10,992,873	357,795	3,880,455	15,231,123
Capital Outlay	286,679	100,000	288,400	675,079
Other Outgo	8,262	-	332,803	341,065
TOTAL EXPENDITURES	80,698,216	3,581,071	4,502,658	88,781,945
Excess (Deficiency) of Revenues Over Expenditures	(1,931,388)	(1,733,431)	(2,588,678)	(6,253,496)
OTHER FINANCING SOURCES/USES				
Interfund Transfers In	-	1,758,605	-	1,758,431
Interfund Transfers Out	(1,458,431)	-	(300,000)	(1,758,431)
TOTAL OTHER FINANCING SOURCES/USES	(1,458,431)	1,758,605	(300,000)	-
NET INCREASE/(DECREASE) IN FUND BALANCE	(3,389,819)	25,174	(2,888,678)	(6,253,496)
BEGINNING FUND BALANCES	12,271,444	3,679,771	36,231,135	52,299,021
ENDING FUND BALANCES	8,881,624	3,704,945	33,342,457	46,045,525

LOS ALTOS SCHOOL DISTRICT 2023-24 BUDGET

GENERAL FUND REVENUES, 2 YEAR COMPARISON

GENERAL FUND REVENUES	2022-23 Est. Actuals	2023-24 Budget	Changes From Prior Year
LCFF/Revenue Limit Sources			
State Aid	1,472,072	1,455,007	(17,065)
Property Taxes	63,541,583	66,893,302	3,351,719
Transfer to Charter School	(9,768,506)	(10,783,781)	(1,015,275)
Total, LCFF/Revenue Limit Sources	55,245,149	57,564,528	2,319,379
Federal Revenue			
Special Education	822,630	832,523	9,893
Title Funds	201,380	201,380	-
Other	405,873		(405,873)
Total, Federal Revenue	1,429,883	1,033,903	(395,980)
Other State Revenue			
Mandated Cost Reimbursements	114,749	121,398	6,649
Lottery	831,664	769,403	(62,261)
Special Education Mental Health	208,939	229,916	20,977
STRS On-Behalf Payments	2,715,869	2,715,869	-
Block Grants, State	2,199,756	1,163,958	(1,035,798)
Other	1,178,114	-	(1,178,114)
Total, Other State Revenue	7,249,091	5,000,544	(2,248,547)
Other Local Revenue			
Parcel Tax	9,648,300	9,641,359	(6,941)
Rents and Leases	400,000	486,987	86,987
Interest Earnings	111,000	153,000	42,000
Los Altos Educational Foundation	2,500,000	2,500,000	-
Fees/Donations	350,000	661,553	311,553
Special Education (via SELPA)	293,093	244,665	(48,428)
Transfers from Palo Alto USD	296,290	340,146	43,856
Bullis Charter School, utilities/maintenance	410,050	446,826	36,776
Premium, revenue anticipation notes	447,097	447,097	-
Other	865,572	246,219	(619,353)
Total, Other Local Revenue	15,321,403	15,167,853	(153,550)
TOTAL OPERATING REVENUE	79,245,526	78,766,828	(478,697)

LOS ALTOS SCHOOL DISTRICT 2023-24 BUDGET

GENERAL FUND EXPENDITURES, 2 YEAR COMPARISON

GENERAL FUND EXPENDITURES	2022-23 Est. Actuals	2023-24 Budget	Changes From Prior Year
Certificated Salaries			
Teachers	23,908,000	23,981,367	73,367
Administrators	3,249,387	3,584,628	335,241
Other	2,097,291	2,628,986	531,695
Total, Certificated Salaries	29,254,678	30,194,981	940,303
Classified Salaries			
Instructional Aides	6,737,132	6,822,764	85,632
Classified Support	3,405,564	3,418,455	12,891
Supervisors/Administration	1,535,209	1,780,143	244,934
Clerical & Technical Support	2,152,278	2,262,699	110,421
Other	326,256	449,207	122,951
Total, Classified Salaries	14,156,438	14,733,268	576,830
Employee Benefits			
Certificated Retirement (STRS)	8,005,780	8,648,437	642,658
Classified Retirement (PERS)	3,385,628	3,774,345	388,717
Social Security/Medicare	1,489,710	1,554,960	65,251
Health Insurance	5,762,834	6,013,900	251,066
Unemployment Insurance	207,598	216,367	8,769
Workers Compensation Insurance	673,416	699,382	25,966
Retiree Health Insurance	807,209	843,533	36,324
Other	128,251	116,084	(12,167)
Total, Employee Benefits	20,460,424	21,867,008	1,406,584
Books & Supplies			
Textbooks	178,600	133,600	(45,000)
Materials & Supplies	4,999,039	2,225,211	(2,773,828)
Non-capitalized Equipment	1,252,935	256,337	(996,598)
Food Supplies	-	-	-
Total, Books & Supplies	6,430,575	2,615,148	(3,815,427)
Services & Other Operating Expenditures			
Meetings, Workshops, Dues	227,686	193,316	(34,370)
Insurance	614,364	721,662	107,298
Utilities	2,050,383	2,203,081	152,698
Rentals and Repairs	2,090,718	1,714,821	(375,897)
Other Services	4,715,926	5,849,537	1,133,611
Communications	347,743	310,456	(37,287)
Total, Services & Other Oper. Exp.	10,046,821	10,992,873	946,052
Capital Outlay			
Site and Building Improvements	-	-	-
Library Books & Media	53,383	29,986	(23,397)
Vehicle Replacement	50,000	50,000	-
Equipment	228,293	206,693	(21,600)
Total, Capital Outlay	331,676	286,679	(44,997)
Transfers & Other Outgo			
Tuition, Charter Schools	8,262	8,262	-
Transfers to Other Funds	1,247,612	1,458,431	210,819
Total, Transfers & Other Outgo	1,255,874	1,466,693	210,819
TOTAL OPERATING EXPENDITURES	81,936,486	82,156,650	220,164
Revenues over (under) Expenditures	(2,690,960)	(3,389,822)	(698,862)
Beginning Fund Balance	14,967,404	12,276,444	(2,690,960)
Ending Fund Balance	12,276,444	8,886,622	(3,389,822)

LOS ALTOS SCHOOL DISTRICT 2023-24 BUDGET

SPECIAL PURPOSE FUNDS

Special Revenue Funds:	Cafeteria 2023-24 Budget	Deferred Maintenance 2023-24 Budget	Special Reserve 2023-24 Budget	Total
REVENUES				
LCFF/Revenue Limit Sources				
Federal Revenue	605,880			605,880
Other State Revenue	1,211,760			1,211,760
Other Local Revenue	8,324	1,000	25,000	34,324
Sale/Lease of Properties				
GO Bonds/Transfers In From Other Funds	1,247,612	300,000		1,547,612
TOTAL OPERATING REVENUE	3,073,576	301,000	25,000	3,399,576
EXPENDITURES				
Certificated Salaries				
Classified Salaries	614,916			614,916
Employee Benefits	298,652			298,652
Books & Supplies	1,971,526			1,971,526
Services & Other Operating Expenditures	138,482	301,000		439,482
Capital Outlay	50,000			50,000
Other Expenses and Outgo				
Transfers Out To Other Funds				
TOTAL OPERATING EXPENDITURES	3,073,576	301,000		3,374,576
Revenues over (under) Expenditures	-		25,000	25,000
Beginning Fund Balance	-	131,158	3,548,613	3,679,771
Ending Fund Balance	-	131,158	3,573,613	3,704,771

Capital Project Funds:		Building 2023-24 Budget	Capital Facilities 2023-24 Budget	Total
REVENUES				
LCFF/Revenue Limit Sources				
Federal Revenue				
Other State Revenue				
Other Local Revenue		1,408,980	505,000	1,913,980
Sale/Lease of Properties				
GO Bonds/Transfers In From Other Funds				
TOTAL OPERATING REVENUE		1,408,980	505,000	1,913,980
EXPENDITURES				
Certificated Salaries				
Classified Salaries				
Employee Benefits				
Books & Supplies		1,000		1,000
Services & Other Operating Expenditures		2,756,030	1,124,425	3,880,455
Capital Outlay		288,000	400	288,400
Other Expenses and Outgo		332,803		332,803
Transfers Out To Other Funds		300,000		300,000
TOTAL OPERATING EXPENDITURES		3,677,833	1,124,825	4,802,658
Revenues over (under) Expenditures		(2,268,853)	(619,825)	(2,888,678)
Beginning Fund Balance		35,611,310	619,825	36,231,135
Ending Fund Balance		33,342,458	(0)	33,342,457

LOS ALTOS SCHOOL DISTRICT 2023-24 BUDGET

MULTI-YEAR FINANCIAL INFORMATION – ALL FUNDS

A multi-year forecast and historical information for each of our governmental funds is presented below. The first table is a composite summary of the individual funds. From 2019–20 through the projection for 2026–27 the fund balances as a total increase significantly primarily because of the issuance of bonds in 2019–20 and increasing property tax revenue. Individually the fund balances vacillate over time. The General Fund shows continued growth throughout the forecast time period. The Building Fund has significant reserves due to bonds issued, but our other capital funds have very low balances and have been supported in past years by transfers from the General Fund. The district will need to address a declining fund balance in the Capital Facilities Fund before it runs out of funds as projected in 2024–25.

All Governmental Funds	2019-20 Actuals	2020-21 Actuals	2021-22 Actuals	2022-23 Est. Actuals	2023-24 Budget	2024-25 Projection	2025-26 Projection	2026-27 Projection
TOTAL OPERATING REVENUES	214,722,747	83,928,477	80,211,140	95,373,659	84,286,879	85,149,983	84,244,943	85,753,273
TOTAL OPERATING EXPENDITURES	193,591,165	69,733,093	76,211,824	88,934,522	90,540,376	96,035,029	97,874,156	99,503,563
Revenues over (under) Expenditures	21,131,582	14,195,384	3,999,316	6,439,137	(6,253,496)	(10,885,046)	(13,629,213)	(13,750,290)
Beginning Fund Balance	6,596,772	27,665,182	41,860,566	45,859,882	52,299,019	46,045,523	35,160,477	21,531,264
Ending Fund Balance	27,665,182	41,860,566	45,859,882	52,299,019	46,045,523	35,160,477	21,531,264	7,780,974

General Fund	2019-20 Actuals	2020-21 Actuals	2021-22 Actuals	2022-23 Est. Actuals	2023-24 Budget	2024-25 Projection	2025-26 Projection	2026-27 Projection
TOTAL OPERATING REVENUES	68,115,281	73,340,644	76,502,422	79,245,525	78,766,828	80,430,990	79,423,507	79,423,507
TOTAL OPERATING EXPENDITURES	64,693,294	66,271,625	73,228,474	81,936,486	82,156,647	83,117,161	84,918,593	84,918,593
Revenues over (under) Expenditures	3,421,987	7,069,019	3,273,948	(2,690,961)	(3,389,819)	(2,686,171)	(5,495,086)	(5,495,086)
Beginning Fund Balance	1,047,814	4,469,801	11,538,820	14,967,404	12,271,444	8,881,625	6,195,454	700,368
Ending Fund Balance	4,469,801	11,538,820	14,967,404	12,271,444	8,881,625	6,195,454	700,368	700,368

Cafeteria Fund	2019-20 Actuals	2020-21 Actuals	2021-22 Est. Actuals	2022-23 Est. Actuals	2023-24 Budget	2024-25 Projection	2025-26 Projection	2026-27 Projection
TOTAL OPERATING REVENUES	0	0	0	3,073,576	3,280,071	3,107,993	3,145,436	3,145,436
TOTAL OPERATING EXPENDITURES	0	0	0	3,073,576	3,280,071	3,071,640	3,109,335	3,149,209
Revenues over (under) Expenditures	0	0	0	0	0	36,353	36,101	(3,773)
Beginning Fund Balance	0	0	0	0	0	0	36,353	72,454
Ending Fund Balance	0	0	0	0	0	36,353	72,454	68,681

2022-23 was the first year of operating a Cafeteria Fund.

Deferred Maintenance Fund	2019-20 Actuals	2020-21 Actuals	2021-22 Actuals	2022-23 Est. Actuals	2023-24 Budget	2024-25 Projection	2025-26 Projection	2026-27 Projection
TOTAL OPERATING REVENUES	303,964	301,127	301,174	301,174	301,000	301,000	301,000	301,000
TOTAL OPERATING EXPENDITURES	293,593	486,125	174,208	301,174	301,000	301,000	301,000	301,000
Revenues over (under) Expenditures	10,372	(184,998)	126,966	0	0	0	0	0
Beginning Fund Balance	184,149	194,520	9,523	131,158	131,158	131,158	131,158	131,158
Ending Fund Balance	194,520	9,523	131,158	131,158	131,158	131,158	131,158	131,158

Special Reserve Fund	2019-20 Actuals	2020-21 Actuals	2021-22 Actuals	2022-23 Est. Actuals	2023-24 Budget	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
TOTAL OPERATING REVENUES	68,667	36,382	25,100	25,000	25,000	25,000	25,000	25,000
TOTAL OPERATING EXPENDITURES	0	0	0	0	0	0	0	0
Revenues over (under) Expenditures	68,667	36,382	25,100	25,000	25,000	25,000	25,000	25,000
Beginning Fund Balance	3,495,709	3,564,376	3,523,613	3,523,613	3,548,613	3,573,613	3,598,613	3,623,613
Ending Fund Balance	3,564,376	3,600,758	3,548,713	3,548,613	3,573,613	3,598,613	3,623,613	3,648,613

Building Fund	2019-20 Actuals	2020-21 Actuals	2021-22 Actuals	2022-23 Est. Actuals	2023-24 Budget	2024-25 Projection	2025-26 Projection	2026-27 Projection
TOTAL OPERATING REVENUES	145,782,228	7,738,708	2,808,836	12,223,385	1,408,980	600,000	600,000	600,000
TOTAL OPERATING EXPENDITURES	127,720,778	1,828,529	1,631,309	2,488,057	3,677,833	8,420,803	8,420,803	8,420,803
Revenues over (under) Expenditures	18,061,449	5,910,179	1,177,527	9,735,328	(2,268,853)	(7,820,803)	(7,820,803)	(7,820,803)
Beginning Fund Balance	885,557	18,947,006	24,857,185	25,875,982	35,611,310	33,342,458	25,521,655	17,700,852
Ending Fund Balance	18,947,006	24,857,185	25,875,982	35,611,310	33,342,458	25,521,655	17,700,852	9,880,050

LOS ALTOS SCHOOL DISTRICT 2023-24 BUDGET

Capital Facilities Fund	2019-20 Actuals	2020-21 Actuals	2021-22 Actuals	2022-23 Est. Actuals	2023-24 Budget	2024-25 Projection	2025-26 Projection	2026-27 Projection
TOTAL OPERATING REVENUES	452,607	2,511,616	573,608	505,000	505,000	685,000	750,000	750,000
TOTAL OPERATING EXPENDITURES	883,500	1,146,814	1,177,834	1,135,230	1,124,825	1,124,425	1,124,425	1,124,425
Revenues over (under) Expenditures	(430,893)	1,364,802	(604,226)	(630,230)	(619,825)	(439,425)	(374,425)	(374,425)
Beginning Fund Balance	920,372	489,478	1,854,281	1,250,055	619,825	(0)	(439,425)	(813,850)
Ending Fund Balance	489,478	1,854,281	1,250,055	619,825	(0)	(439,425)	(813,850)	(1,188,276)

AWARDS AND RECOGNITION

The Association of School Business Officials (ASBO) awarded its Meritorious Budget Award to Los Altos School District for its 2022-23 Annual Budget. The award certificate is shown on the following page. This was the twenty-third consecutive year that the district has received this prestigious award. Receiving this award is recognition that the district has met the highest standards of excellence in school district budgeting as adopted by ASBO. The award recognizes that the district's budget is both technically comprehensive as well as easily understandable to the layperson. The district believes that this budget document, which will be submitted to ASBO for review, will also conform to these high standards.

The district's budget has been recognized by the California Association of School Business Officials (CASBO) and School Services of California, Incorporated as an exemplary document. Both organizations have used the document in workshops on budget development. The district is very proud of this recognition.

The district has also received national recognition for its annual financial report. Our Comprehensive Annual Financial Report (CAFR) for the last eighteen years has received certificates of excellence for financial reporting from both ASBO and the Government Finance Officers Association (GFOA).





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

This Meritorious Budget Award is presented to

LOS ALTOS SCHOOL DISTRICT

for excellence in the preparation and issuance of its budget
for the Fiscal Year 2022–2023.

The budget adheres to the principles and standards
of ASBO International's Meritorious Budget Award criteria.




John W. Hutchison
President


Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director