

Western Placer Unified School District

**2018-19 Second Interim Reporting
Board of Trustees
March 19, 2019**

Second Interim Update –2018-19 Budget

- The district's Board of Trustees shall certify in writing whether or not the district is able to meet its financial obligations for the remainder of the fiscal year and, based on current forecasts, for the two subsequent fiscal years. The certification shall be classified as positive, qualified, or negative, pursuant to standards and criteria adopted by the State Board of Education (EC §33127).
- In certifying the 2018-19 Second Interim report as positive, the Board confirms its fiduciary responsibility to maintain fiscal solvency for the current and subsequent two fiscal years.

2018-19 Budget

Second Interim

	Second Interim		
	Unrestricted	Restricted	Combined
Revenues			
LCFF Funding - Base	56,444,024	995,884	57,439,908
LCFF Funding - Supplemental	3,762,734	-	3,762,734
Federal Revenue	16,724	2,737,322	2,754,046
State Revenue	2,508,311	4,971,753	7,480,064
Local Revenue	1,615,902	2,866,079	4,481,981
Total Revenue	64,347,695	11,571,038	75,918,733
Expenditures			
Certificated Salaries	27,303,135	5,075,454	32,378,589
Classified Salaries	6,014,553	3,535,135	9,549,688
Benefits	12,407,990	6,305,918	18,713,908
Books and Supplies	6,461,591	2,421,350	8,882,941
Other Services & Oper. Exp	5,361,064	3,213,844	8,574,908
Capital Outlay	54,611	393,902	448,513
Other Outgo 7xxx	225,075	1,862,493	2,087,568
Transfer of Indirect 73xx	(943,381)	939,512	(3,869)
Total Expenditures	56,884,638	23,747,608	80,632,246
Deficit/Surplus	7,463,057	(12,176,570)	(4,713,513)
Transfers In	-	-	-
Transfers out	(23,360)	-	(23,360)
Contributions to Restricted	(11,163,551)	11,163,551	-
Net increase (decrease) in Fund Balance	(3,723,854)	(1,013,019)	(4,736,873)
Beginning Balance	7,094,185	1,254,587	8,348,772
Ending Fund Balance	3,370,331	241,568	3,611,899
Components of Ending Fund Balance			
<u>Nonspendable:</u>			
Reserve - Revolving Fund	5,000		5,000
<u>Restricted:</u>			
Reserve - Designated Programs	-	241,568	241,568
<u>Unassigned/Unappropriated:</u>			
Reserve - Economic Uncertainty @ 3%	2,419,668		2,419,668
Reserve - Charter Technical Assistance	237,296		237,296
Reserve - Unassigned Economic			
Uncertainty surplus/(deficit)	708,367	-	708,367
Total Ending Fund Balance	3,370,331	241,568	3,611,899

First Interim

VS.

Second Interim

	First Interim	Second Interim			First Int vs Second Int Variance
	2018-19 Combined	Unrestricted	2018-19 Restricted	Combined	
Revenues					
LCFF Funding - Base	57,429,464	56,444,024	995,884	57,439,908	10,444
LCFF Funding - Supplemental	3,757,125	3,762,734	-	3,762,734	5,609
Federal Revenue	2,649,761	16,724	2,737,322	2,754,046	104,285
State Revenue	7,480,064	2,508,311	4,971,753	7,480,064	-
Local Revenue	4,341,391	1,615,902	2,866,079	4,481,981	140,590
Total Revenue	75,657,805	64,347,695	11,571,038	75,918,733	260,928
Expenditures					
Certificated Salaries	32,342,784	27,303,135	5,075,454	32,378,589	35,805
Classified Salaries	9,500,752	6,014,553	3,535,135	9,549,688	48,936
Benefits	18,782,962	12,407,990	6,305,918	18,713,908	(69,054)
Books and Supplies	8,816,646	6,461,591	2,421,350	8,882,941	66,295
Other Services & Oper. Exp	8,440,925	5,361,064	3,213,844	8,574,908	133,983
Capital Outlay	443,971	54,611	393,902	448,513	4,542
Other Outgo 7xxx	2,085,729	225,075	1,862,493	2,087,568	1,839
Transfer of Indirect 73xx	(3,869)	(943,381)	939,512	(3,869)	-
Total Expenditures	80,409,900	56,884,638	23,747,608	80,632,246	222,346
Deficit/Surplus	(4,752,095)	7,463,057	(12,176,570)	(4,713,513)	38,582
Transfers In	-	-	-	-	-
Transfers out	(23,360)	(23,360)	-	(23,360)	-
Contributions to Restricted	-	(11,163,551)	11,163,551	-	-
Net increase (decrease) in Fund Balance	(4,775,455)	(3,723,854)	(1,013,019)	(4,736,873)	38,582
Beginning Balance	8,348,772	7,094,185	1,254,587	8,348,772	-
Ending Fund Balance	3,573,317	3,370,331	241,568	3,611,899	38,582
Components of Ending Fund Balance					
<u>Nonspendable:</u>					
Reserve - Revolving Fund	5,000	5,000	-	5,000	-
<u>Restricted:</u>					
Reserve - Designated Programs	336,990	-	241,568	241,568	(95,422)
<u>Unassigned/Unappropriated:</u>					
Reserve - Economic Uncertainty @ 3% Reserve - Additional LCFF	2,412,998	2,419,668	-	2,419,668	6,670
Supplemental Required Increase Budget Reserve - RRM Contribution Increased to 3% in 2020-21	-	-	-	-	-
Reserve - Charter Technical Assistance	237,296	237,296	-	237,296	-
Reserve - Unassigned Economic Uncertainty surplus/(deficit)	581,033	708,367	-	708,367	127,334
Total Ending Fund Balance	3,573,317	3,370,331	241,568	3,611,899	38,582

Major Changes to Fund Balance since First Interim - 2018-19 Second Interim Report
Budgeted Fund Balance Decrease at First Interim **(\$4,775,455)**

Revenues

Local Control Funding Formula (LCFF)			
AB602 Local Property Taxes	10,000		
Supplemental - Unduplicated count in excess of budget	<u>5,000</u>		
Total LCFF Funding Changes		15,000	1
Federal Revenue			
Federal testing revenues	15,000		
Increase in AB602 Federal Revenues	105,000		
Medi-Cal revenues (budgeted when received)	40,000		
Reduction in final Title I allocation	<u>(55,000)</u>		
Total Federal Revenue Changes		105,000	2
Local Revenue			
AB602 Local Revenue Increase	80,000		
Reimbursements from county for transportation of homeless students	20,000		
Reimbursements to RRM	15,000		
CCSESA Math Grant	10,000		
Sierra College Grant	10,000		
Miscellaneous	<u>5,000</u>		
Total Local Revenue changes		140,000	3
Total Change in Revenues			260,000

Expenditures

Certificated Salaries			
Increase sub teacher budgets in site funds	30,000		
Increase in class size overage payments budget	40,000		
Increase teacher extra assignments for CCSESA and Sierra grants	10,000		
Transfer of coaching stipends from certificated to classified	<u>(50,000)</u>		
Miscellaneous	5,000		
Total Certificated Salaries changes		35,000	4
Classified Salaries			
Transfers to other objects	<u>(15,000)</u>		
Transfer of coaching stipends from certificated to classified	50,000		
Increases in classified sub needs over budget	15,000		
Total Classified Salaries changes		50,000	5

Major Revenue & Expenditure Changes to 2018-19 Budget since First Interim Budget

Major Changes to Fund Balance since First Interim - 2018-19 Second Interim Report

Expenditures (Continued)

Benefits

Update health benefits (vacancies, position changes)	(55,000)	
STRS savings for changing coaching stipends from certificated	(10,000)	
Decrease classified benefits in site accounts	(5,000)	
Total Benefits changes		(70,000) 6

Books and Supplies

Net transfers from other objects	35,000	
Budget OLE costs	15,000	
Set up site facility use funds	10,000	
Budget increase in transfer to Supplemental funds	35,000	
Decrease in Title I budget	(30,000)	
Total Books and Supplies changes		65,000 7

Services & Other Operating Expenditures

Net decrease in projected nonpublic schools/agencies budgets	(40,000)	
Adjust utilities budgets	(5,000)	
Payments for homeless student transportation (reimbursed by county)	20,000	
Medi-Cal expenditures (budgeted when spent)	20,000	
RRM expenditures (repairs to septic pumps, boilers, carpeting etc.)	40,000	
RDA expenditures (boiler leak repair, recarpeting, LHS scoreboard)	50,000	
Supplemental funds from fund balance	30,000	
Net transfers to other objects	(5,000)	
District portion of admin credential induction program	10,000	
Increase in supplemental revenues	5,000	
Miscellaneous	10,000	
Total Services and Other Operating Costs		135,000 8

Capital Outlay

5,000

Total Change in Expenditures

220,000

Rounding

1,418

Total Change in Budgeted FB

38,582

Budgeted Deficit Spending at Second Interim

(4,736,873)

Major
Revenue &
Expenditure
Changes to
2018-19
Budget since
First Interim
Budget

Second Interim Update –2018-19 Budget

Local Control Funding Formula

- The Governor's 2018-19 State Budget implements full funding of the LCFF program in the budget year 2018-19. The additional funding includes the increased COLA to 2.71% as well as provides a modest augmentation of .99% to the formula.
- As the Governor has fully-funded the LCFF program in 2018-19, any future increases from the State would be in a COLA.

One-Time Funding

- The Governor State Budget includes one-time discretionary funds for school districts, which equates to approximately \$184/ADA. These funds are included in 2018-19 Second Interim revenues and expenditures. This is the last year for this funding.

Negotiations

- Negotiations are currently in process for the 2018-19 school year for all bargaining units. Any potential settlement costs are not included in the 2018-19 Second Interim Budget for future years budget projections.

Contributions to Restricted Programs

Contributions to Restricted Programs 2018-19 Second Interim and 2018-19 First Interim

<u>Program</u>	<u>Resource</u>		<u>Second Interim</u>	<u>First Interim</u>	<u>Change</u>	<u>Comments</u>
Special Ed-Basic Grant (PL94-142)	3310	*	\$2,057,796	\$1,998,037	\$59,759	Transfer in of resource 3320 revenues and expenses, increase of \$100k in AB602 revenues
Spec Ed Pre-School	3315	*	\$0	\$0	\$0	
Special Ed Pre-School	3320		\$0	\$169,672	(\$169,672)	
Special Education	6500	*	\$7,227,768	\$7,346,571	(\$118,803)	\$80k increase in AB602 revenues, \$40k decrease in NPS/NPA budget
Maintenance	8150		\$1,877,987	\$1,877,987	\$0	
Total Contribution to Restricted Programs			<u>\$11,163,551</u>	<u>\$11,392,267</u>	<u>(\$228,716)</u>	
Total Special Ed Contribution			<u>\$ 9,285,564</u>	<u>\$9,514,280</u>	<u>(\$228,716)</u>	

Multiple-Year BUDGET Projections

2018-19 2nd Interim

2019-20 Projected

2020-21 Projected

MYP - Budget Assumptions - Revenues

	18/19 First Interim	18/19 Second Interim	19/20 Projection	20/21 Projection	
REVENUE					
Enrollment	7,030	7,060	7,100	7,171	Based on 17/18 Actual CALPADS Enrollment and Projections
ADA Yield	95.8%	95.4%	95.8%	95.8%	Based on Historical Rates
ADA	6,753	6,753	6,821	6,889	Enrollment X ADA Yield
% Increase (Decrease) Enrollment	1.0%	1.4%	1.0%	1.0%	Based on Historical Rates
# Increase (Decrease) Enrollment	70	100	40	71	
Funded ADA	6,753	6,753	6,821	6,889	
Statutory COLA %	2.71%	2.71%	3.46%	2.86%	Per PCOE Common Message
LCFF COLA %	3.70%	3.70%	3.46%	2.86%	Per SSC Dartboard
LCFF Entitlement Factors:					
Base Grant - Grades K-3	\$7,459	\$7,459	\$7,717	\$7,938	Per LCFF Calculator
Base Grant - Grades 4-6	\$7,571	\$7,571	\$7,833	\$8,057	Per LCFF Calculator
Base Grant - Grades 7-8	\$7,796	\$7,796	\$8,066	\$8,297	Per LCFF Calculator
Base Grant - Grades 9-12	\$9,034	\$9,034	\$9,347	\$9,614	Per LCFF Calculator
Grade Span Funding (K-3 CSR & 9-12)	\$776	\$776	\$803	\$826	Per LCFF Calculator
Supplemental Grants (% Adj. Base)	20%	20%	20%	20%	Per LCFF Calculator
Concentration Grants	50%	50%	50%	50%	Per LCFF Calculator
Concentration Grant Threshold	55%	55%	55%	55%	Per LCFF Calculator
LCFF Gap Closed Percentage	100.00%	100.00%	100.00%	100.00%	Per LCFF Calculator
LCFF Entitlement per ADA (Inc Supp)	8,915	8,915	9,143	9,379	Per LCFF Calculator
LCFF Funding - Base	\$ 56,444,024	\$ 56,444,024	\$ 58,972,743	\$ 61,252,878	Per LCFF Calculator
Property Tax change	3.80%	3.80%	3.00%	3.00%	County Taxes Report/3-Yr Ave.
Est. Property Taxes	\$ 50,046,237	\$ 50,046,237	\$ 51,547,624	\$ 53,094,053	Actuals/3-Yr Average
LCFF Supplemental Funds	\$ 3,757,125	\$ 3,762,734	\$ 3,945,257	\$ 4,065,823	Per LCFF Calculator
Federal Revenue	0%	0%	0%	0%	Per PCOE Common Message
Categorical COLA	2.71%	2.71%	3.46%	2.86%	Per PCOE Common Message
Transfers In	-	-	-	-	0
Lottery Unrestricted/ADA	\$151.00	\$151.00	\$151.00	\$151.00	Per SSC Dartboard
Lottery Restricted/ADA	\$53.00	\$53.00	\$53.00	\$53.00	Per SSC Dartboard
Mandate Block Grant (grades K-8)	\$31.16	\$31.16	\$32.24	\$33.16	Per SSC Dartboard
Mandate Block Grant (grades 9-12)	\$59.83	\$59.83	\$61.90	\$63.67	Per SSC Dartboard

MYP - Budget Assumptions - Expenditures

	18/19 First Interim	18/19 Second Interim	19/20 Projection	20/21 Projection	
EXPENDITURES					
Certificated New Positions - FTE	3.1	3.1	2.0	2.0	Based on Enrollment Projections
Estimated Retirements - FTE	8.0	8.0	0.0	0.0	Based on Notifications
Reductions in Staffing - FTE	0.0	0.0	0.0	0.0	
Staffing Ratios:					
TK/Kindergarten	25:1	25:1	25:1	25:1	Per Contract - District-wide
1-3	25:1	25:1	25:1	25:1	Per Contract - District-wide
4-5	31:1	31:1	31:1	31:1	Per Contract
6-8	32:1	32:1	32:1	32:1	Per Contract
9-12	36:1	36:1	36:1	36:1	Per Contract
Certificated Step/Column	1.70%	1.70%	1.70%	1.70%	
Avg. teacher compensation	82,483	82,483	83,885	85,311	
Classified New Positions - FTE	2.4	2.4	0.0	0.0	
Estimated Retirements - FTE	0.0	0.0	0.0	0.0	
Reductions in Staffing - FTE	0.0	0.0	0.0	0.0	
Classified Step/Column	1.40%	1.40%	1.40%	1.40%	
Health Benefits	0.0%	0.0%	0.0%	0.0%	Contribution Capped
CalPERS Employer Rate	18.062%	18.062%	20.70%	23.40%	Per PCOE Common Message
CalSTRS Employer Rate	16.28%	16.28%	17.10%	18.10%	Per PCOE Common Message
Budget Reductions	-	-	-	-	
Transfers Out	\$ 23,360	\$ 23,360	\$ 235,360	\$ 23,360	
Designated for Economic Uncertainty	3%	3%	3%	3%	
Site Allocations:					
Elementary	\$ 47.00	\$ 47.00	\$ 47.00	\$ 47.00	
Middle School	\$ 58.50	\$ 58.50	\$ 58.50	\$ 58.50	
High School	\$ 83.75	\$ 83.75	\$ 83.75	\$ 83.75	
Lottery per teacher	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	Per Contract

Enrollment and ADA

For the 2017-18 school year, the District enrollment increased by 82 students, a 1.2% increase. With the exception of a one-year decline of 54 students in 2014-15, the District has experienced an average annual enrollment increase of approximately 1.0% over the past seven years. Average Daily Attendance rates (ADA) have ranged from a high of 96.2% in 2015-16 to a low of 95.5% in 2012-13 with an average ADA rate of 95.9% for the last five years.

Enrollment and attendance projections for the current 2018-19 budget year, First and Second Interim, and the next two budget years are listed below:

	18/19 First Interim	18/19 Second Interim	19/20 Projection	20/21 Projection
Enrollment	7,030	7,060	7,100	7,171
ADA Yield	95.8%	95.4%	95.8%	95.8%
ADA	6,753	6,753	6,821	6,889
% Increase (Decrease) Enrollment	1.0%	1.4%	1.0%	1.0%
# Increase (Decrease) Enrollment	70	100	40	71

With the delay of the expansion of John Adams Charter School, we saw a minimal loss of approximately 30 students at 2017-18 P-2 reporting. We will continue to assess the impact on enrollment as the charter adds grades to their charter school in the future.

CALSTRS and CALPERS Employer Contributions

Adopted/projected CalPERS rates are as follows:

Fiscal Year	PERS Projected						
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Employer Rate	18.062%	20.7%	23.4%	24.5%	25.0%	25.5%	25.7%

Statutory CalSTRS rates are below:

Fiscal Year	2018-19	2019-20	2020-21	2021-22
STRS Employer Rate	16.28%	17.1%	18.1%	18.6%

The CalSTRS and CalPERS additional costs associated with the employer rates increase over the next three years including the cumulative costs since the rates increased are as follows:

	2018-19	2019-20	2020-2021
STRS Additional Costs Per Year	\$ 543,111	\$ 244,823	\$ 303,640
PERS Additional Costs Per Year	208,836	220,712	229,062
Total Per Year	\$ 751,947	\$ 465,535	\$ 532,702
STRS Additional Costs - Cumulative	\$ 5,182,166	\$ 5,426,989	\$ 5,730,629
PERS Additional Costs - Cumulative	\$ 459,602	\$ 680,314	909,376
Total Cumulative	\$ 5,641,768	\$ 6,107,303	\$ 6,640,005

Multiple Year Projections

	Second Interim 2018-19 Combined	Projection 2019-20 Combined	Projection 2020-2021 Combined	
Revenues				
LCFF Funding - Base	57,439,908	59,968,627	62,248,762	LCFF Funding includes Projected COLA Funding per DOF and FCMAT LCFF Calculator
LCFF Funding - Supplemental	3,762,734	3,945,257	4,065,823	
Federal Revenue	2,754,046	2,389,170	2,389,170	One time Federal & State funding removed from 19/20 and 20/21.
State Revenue	7,480,064	5,753,216	5,195,977	
Local Revenue	4,481,981	3,951,538	3,951,538	
Total Revenue	75,918,733	76,007,808	77,851,270	
Expenditures				
Certificated Salaries	32,378,589	33,066,749	33,760,658	Salaries include step & column cost and increasing STRS & PERS employer contribution rates. No negotiated salary increase included.
Classified Salaries	9,549,688	9,664,368	9,801,669	
Benefits	18,713,908	19,436,317	20,251,681	One time State funding removed from 19/20 and 20/21
Books and Supplies	8,882,941	3,676,555	3,149,415	
Other Services & Oper. Exp	8,574,908	7,258,971	7,258,971	
Capital Outlay	448,513	84,104	84,104	
Other Outgo 7xxx	2,087,568	2,087,568	2,087,568	
Transfer of Indirect 73xx	(3,869)	(3,869)	(33,968)	
Total Expenditures	80,632,246	75,270,762	76,360,098	
Deficit/Surplus	(4,713,513)	737,046	1,491,172	
Transfers In	-	-	-	In 19/20 transfers out totaling of \$212,000 for final repayment of Wetlands Reserve from GF to Fund 17
Transfers out	(23,360)	(235,360)	(23,360)	
Contributions to Restricted	-	-	-	
Net increase (decrease) in Fund Balance	(4,736,873)	501,686	1,467,812	
Beginning Balance	8,348,772	3,611,899	4,113,585	
Ending Fund Balance	3,611,899	4,113,585	5,581,397	

Positive Certification – Adequate reserves and cash

Components of Fund Balance

2018-19 Ending Fund Balance Components
\$3,611,899 :

Nonspendable:
\$5,000

Restricted:
\$241,568

Reserve for EU (3%):
\$2,429,668

Board designated:
\$237,296

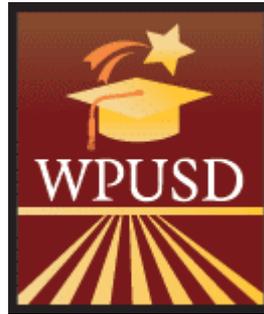
Unassigned Surplus:
\$708,367

	Second Interim 2018-19 Combined	Projection 2019-20 Combined	Projection 2020-2021 Combined
<u>Components of Ending Fund Balance</u>			
<u>Nonspendable:</u>			
Reserve - Revolving Fund	5,000	5,000	5,000
<u>Restricted:</u>			
Reserve - Designated Programs	241,568	401,568	561,568
<u>Unassigned/Unappropriated:</u>			
Reserve - Economic Uncertainty @ 3%	2,419,668	2,265,184	2,291,504
Reserve - Additional LCFF			
Supplemental Required Increase Budget	-	127,067	169,080
Reserve - RRM Contribution Increased to 3% in 2020-21		-	357,177
Reserve - Charter Technical Assistance	237,296	215,564	193,832
Reserve - Unassigned Economic Uncertainty surplus/(deficit)	708,367	1,099,202	2,003,236
Total Ending Fund Balance	3,611,899	4,113,585	5,581,397

For the 2018-19 budget year and next two budget years the district is meeting the minimum 3% *Reserve for Economic Uncertainties*. Along with this reserve, the district is reserving restricted programs funds, funds for additional required supplemental program spending increases in the appropriate years and a reserve for charter technical assistance. Amounts that are not specifically identified for designated uses as noted above are included in the Reserve – Unassigned Economic Uncertainty Surplus totaling \$708,367, \$1,099,202 and \$2,003,236 in the respective budget years.

Next Steps

- District Attendance Reporting (P-2) – April 2019
 - P-2 ADA may drive change in 2019-2020 Projected Funded ADA
- Governor's May Revision – May 2019
- 2019-20 Budget Adoption and LCAP Approval – June 30, 2019



Recommend Approval of
2018-19 Second Interim Budget –
Positive Certification



QUESTIONS & COMMENTS