



Western Placer USD 2017-18 Adopted Budget

Board of Trustees Meeting

June 20, 2017

Presented by:

Audrey Kilpatrick

Asst. Supt. Business & Operations

2017-18 State Budget Update

June 30, 2017 State Deadline

Just in time to meet the constitutional deadline, on June 15th the California Legislature adopted a state spending plan for the upcoming fiscal year. Governor Brown now has 12 working days to sign the budget. Although the Governor has limited veto power (known as line-item “blue pencil”) to reduce or eliminate any appropriation, we do not expect many changes.

The Conference Committee adopted the governor’s May Revision General Fund revenue estimates, but also adopted the Legislative Analyst’s Office slightly higher local property tax estimates with the intent of generating approximately \$150 million in additional non-Proposition 98 revenue for other non-education priorities in 2017-18.

The compromise includes \$1.362 billion to the Local Control Funding Formula to help school districts and charter schools reach 97 percent of the full funding targets, and one-time discretionary grant funds for a total of \$876.6 million (approximately \$146 per Average Daily Attendance). While these one-time amounts are lower than the \$1 billion proposed by Governor Brown in the May Revise, the Legislature disagreed with the Department of Finance’s proposed approach of releasing these funds in May 2019, and instead the funding will be apportioned to local educational agencies in 2017-18.

WPUSD 2017-18 Budget Assumptions

- The 2017-18 budget assumptions are used to prepare the 2017-18 Budget and multi-year projections for 2018-19 and 2019-20 fiscal years. The multi-year projections provide a view of the current year (2017-18) budget and the next two years' budget plan (2018-19 and 2019-20).
- They are built with assumptions provided by PCOE Common Message, School Services of California, the State Dept. of Finance (DOF), FCMAT LCFF Calculator, federal funding projections and district trends and data. Property taxes, state allocations, LCFF Funding estimates, new legislature, federal funding and budget projections, and ballot measures can all have a significant impact on revenue assumptions.
- The budget also reflects the State's 2017-18 May Revise proposals.
- Detailed 2017-18 budget and enrollment assumptions for all funds were presented at a public hearing and board meeting on June 6, 2017.
- Budget does not include any changes from the recently adopted State Budget approval as it is awaiting Governor's approval.

WPUSD 2017-18 General Fund Budget

	Adopted Budget		
	Unrestricted	Restricted	Combined
Revenues			
LCFF Funding	55,591,298	951,583	56,542,881
Federal Revenue	2,394	2,121,686	2,124,080
State Revenue	1,199,528	4,030,156	5,229,684
Local Revenue	1,233,000	2,406,967	3,639,967
Total Revenue	58,026,220	9,510,392	67,536,612
Expenditures			
Certificated Salaries	26,380,190	5,098,339	31,478,529
Classified Salaries	5,807,936	3,194,879	9,002,815
Benefits	11,611,248	5,573,675	17,184,923
Books and Supplies	1,923,194	1,111,837	3,035,031
Other Services & Oper. Exp	4,103,850	2,007,406	6,111,256
Capital Outlay	-	102,275	102,275
Other Outgo 7xxx	282,179	1,697,890	1,980,069
Transfer of Indirect 73xx	(979,783)	976,554	(3,229)
Total Expenditures	49,128,814	19,762,855	68,891,669
Deficit/Surplus	8,897,406	(10,252,463)	(1,355,057)
Transfers In			-
Transfers out	(173,360)	-	(173,360)
Contributions to Restricted	(10,252,463)	10,252,463	-
Net increase (decrease) in Fund Balance	(1,528,417)	-	(1,528,417)
Beginning Balance	5,144,280	156,071	5,300,351
Ending Fund Balance	3,615,863	156,071	3,771,934
Components of Ending Fund Balance			
Nonspendable:			
Reserve - Revolving Fund	5,000		5,000
Restricted:			
Reserve - Designated Programs	-	156,071	156,071
Unassigned/Unappropriated:			
Reserve - Economic Uncertainty @ 3%	2,071,951		2,071,951
Reserve - Deferred Maintenance Reserve	156,955		156,955
Reserve - Additional LCFF Supplemental			
Required Increase Budget 17-18 & 18-19	0		0
Reserve - Charter Technical Assistance	93,812		93,812
Reserve - GAP Funding Contingency -			
Subsequent Budget Year	0		0
Reserve - Unassigned Economic			
Uncertainty surplus/(deficit)	1,288,145	-	1,288,145
Total Ending Fund Balance	3,615,863	156,071	3,771,934

2016-17 2nd Interim vs. 2016-17 Estimated Actuals

	Second Interim 2016-17 Combined	Estimated Actuals			2nd Interim vs. Est. Act. \$ Variance	
		Unrestricted	Restricted	Combined		
Revenues						
LCFF Funding	54,147,348	53,637,050	949,170	54,586,220	438,872	1
Federal Revenue	2,512,590	2,624	2,495,146	2,497,770	(14,820)	
State Revenue	9,869,352	2,549,160	7,342,548	9,891,708	22,356	
Local Revenue	3,815,671	1,528,457	2,471,645	4,000,102	184,431	2
Total Revenue	70,344,961	57,717,291	13,258,509	70,975,800	630,839	
Expenditures						
Certificated Salaries	31,090,246	25,817,553	5,184,198	31,001,751	(88,495)	3
Classified Salaries	8,873,289	5,869,714	3,095,274	8,964,988	91,699	4
Benefits	16,072,912	10,830,025	5,219,736	16,049,761	(23,151)	
Books and Supplies	7,009,085	5,548,184	1,584,231	7,132,415	123,330	6
Other Services & Oper. Exp	8,113,392	4,943,043	3,288,162	8,231,205	117,813	7
Capital Outlay	3,760,888	365,597	3,379,493	3,745,090	(15,798)	8
Other Outgo 7xxx	2,122,013	311,989	1,784,369	2,096,358	(25,655)	
Transfer of Indirect 73xx	(74,639)	(679,431)	676,602	(2,829)	71,810	9
Total Expenditures	76,967,186	53,006,674	24,212,065	77,218,739	251,553	
Deficit/Surplus	(6,622,225)	4,710,617	(10,953,556)	(6,242,939)	379,286	
Transfers In	-	-	-	-	-	
Transfers out	(173,560)	(173,560)	-	(173,560)	-	
Contributions to Restricted	-	(9,875,655)	9,875,655	-	-	
Net increase (decrease) in Fund Balance	(6,795,785)	(5,338,598)	(1,077,901)	(6,416,499)	379,286	
Beginning Balance	11,716,850	10,482,878	1,233,972	11,716,850	-	
Ending Fund Balance	4,921,065	5,144,280	156,071	5,300,351	379,286	
Components of Ending Fund Balance						
Nonspendable:						
Reserve - Revolving Fund	5,000	5,000		5,000	-	
Restricted:						
Reserve - Designated Programs	152,713		156,071	156,071	3,358	
Unassigned/Unappropriated:						
Reserve - Economic Uncertainty @ 3%	2,314,222	2,321,769		2,321,769	7,547	
Reserve - Deferred Maintenance Reserve	158,455	158,455		158,455	-	
Reserve - Additional LCFF Supplemental						
Required Increase Budget 17-18 & 18-19	0	0		0		
Reserve - Charter Technical Assistance	93,812	93,812		93,812	-	
Reserve - GAP Funding Contingency -						
Subsequent Budget Year	743,919	743,919		743,919	-	
Reserve - Unassigned Economic						
Uncertainty surplus/(deficit)	1,452,944	1,821,325		1,821,325	368,381	
Total Ending Fund Balance	4,921,065	5,144,280	156,071	5,300,351	379,286	

Major Changes in 2016-17 Budget

Revenues:	
LCFF Funding Increase	
- P-2 75 ADA	\$440,000
Federal Revenues	(15,000)
State Revenues	20,000
Local Revenues	<u>185,000</u>
Change in Revenues	<u>\$630,000</u>

Expenditures:	
Salaries & Benefits	\$(20,000)
Services, Operating & Other	
Books, Supplies	<u>270,000</u>
Change in Expenditures	<u>\$250,000</u>

Total Net Increase in
Projected 16/17 Ending
Fund Balance \$ 380,000

**Estimated Ending
Fund Balance June 30, 2017 -
\$5,300,351**

Local Control Funding Formula (LCFF)

The Governor calculates the 2017-18 Proposition 98 guarantee at \$74.6 billion, up about \$1.1 billion compared to January. The budget also provides \$1.4 billion Local Control Funding Formula, an additional \$661 million from January's Proposal. This increase brings the formula to 97 percent of full implementation. The uptick in revenues means that K-12 education will not face a deferral and will receive additional dollars towards the Local Control Funding Formula.

Below are the projected COLA and Gap Funding rates from the Dept. of Finance (May Revision):

LCFF Gap Closure Estimates – May Revision 2017 (Dollars in Millions)

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
LCFF Funding - State	\$2,942	\$1,387	\$2,015	\$1,472	\$1,857
Gap Closure	55.03%	43.97%	71.53%	73.51%	100.00%
COLA	0.00%	1.56%	2.15%	2.35%	2.57%

Enrollment and ADA Projections

Enrollment and attendance projections for the current 2016-17 budget year, 2017-18 Adopted budget and the next two budget years are listed below:

	16/17 Estimated Actuals	17/18 Adopted Budget	18/19 Projection	19/20 Projection
Enrollment	6,878	6,953	7,022	7,093
ADA Yield	96.0%	95.8%	95.8%	95.8%
ADA	6,601	6,680	6,747	6,815
% Increase (Decrease) Enrollment	2.0%	1.1%	1.0%	1.0%
# Increase (Decrease) Enrollment	133	75	70	70

For the 2016-17 school year, the District CALPADS actual enrollment increased by 133 students, with an increase of 66 students over projection and an overall 2% increase. Before our decline in 2014-15 of 54 students, the District experienced an average annual enrollment averaging of 1% over those last five years. For 2017-18 the district is projected an increase of 75 students (1.1% increase).

Average Daily Attendance rate (ADA) have ranged from a high of 96.2% in 2015-16 to a low of 95.47% in 2012-13 in the last five years with a projected rate of 95.8% in 2017-18 forward.

Categorical Revenues and Contributions (Encroachment)

Other State Programs

The Governors May Revision proposes a Cost-of-Living Adjustment (COLA) to increase slightly from the 1.48% estimated in January to 1.56% for all categorical programs including Special Education.

Some categorical programs require contributions from the district unrestricted funds as the funding received does not cover the expenditures for that specific program. A summary of the change in contributions from 2016-17 to 2017-18 is summarized below:

Contributions to Restricted Programs 2016-17 Estimated Actuals and 2017-18 Adopted Budget

<u>Program</u>	<u>Resource</u>	<u>2016-17 Estimate</u>	<u>2017-18 Budget</u>	<u>Change</u>	<u>Comments</u>
Special Ed-Basic Grant (PL94-142)	3310	\$1,344,674	\$1,580,361	\$235,687	PERS and H&W increases (\$55k); step movement (\$40k); 2.3 FTE for Transition program (\$115k)
Spec Ed Pre-School	3315	\$52,238	\$17,356	(\$34,882)	Transfer of .2 FTE to Resource 6500, \$15k increase in revenue
Spec Ed Pre-School	3320	\$300	\$0	(\$300)	
Special Education	6500	\$6,600,032	\$6,776,759	\$176,727	Inc. in Special Ed revenues (\$90k), dec. in Billback/Interdistrict Services (\$85k); dec. in legal fees (\$120k); step & column/ STRS/H&W costs (\$270k); inc. in indirect rate (\$150k), Transition teacher (\$62k)
Maintenance	8150	<u>\$1,877,987</u>	<u>\$1,877,987</u>	<u>\$0</u>	
Total Contribution to Restricted Programs		<u>\$9,875,231</u>	<u>\$10,252,463</u>	<u>\$377,232</u>	

CalSTRS and CalPERS Employer Contributions

Since Second Interim guidance was issued, the CalPERS Board adopted final 2017-18 employer contribution rates and revised projected out-year rates. The new adopted/projected rates are as follows:

	PERS Adopted	PERS Projected						
Fiscal Year	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Employer Rate	15.53%	18.10%	20.80%	23.80%	25.20%	26.10%	26.80%	27.30%

CalSTRS rate projections are unchanged (see below), but the STRS Board's adoption of a lower discount rate could lead to higher rates after 2020-21.

STRS Rates Per Legislation				
Fiscal Year	2017-18	2018-19	2019-20	2020-21
STRS Employer Rate	14.43%	16.28%	18.13%	19.10%

The CalSTRS and CalPERS costs associated with the employer rates increase over the next three years area as follows:

	2017-18		2018-19		2019-20	
STRS Additional Costs Per Year	\$	526,177	\$	536,701	\$	152,944
PERS Additional Costs Per Year		96,847		152,944		162,351
	\$	623,024	\$	689,645	\$	315,295
STRS Additional Costs - Cumulative	\$	1,042,037	\$	1,578,738	\$	1,731,682
PERS Additional Costs - Cumulative		215,963		368,907		531,258
	\$	1,258,000	\$	1,947,645	\$	2,262,940

Multi-Year Projections

	Adopted Budget 2017-18 Combined	Projection 2018-19 Combined	Projection 2019-20 Combined
Revenues			
LCFF Funding	56,542,881	59,164,512	61,352,795
Federal Revenue	2,124,080	2,124,080	2,124,080
State Revenue	5,229,684	4,868,834	4,868,834
Local Revenue	3,639,967	3,322,345	3,322,345
Total Revenue	67,536,612	69,479,771	71,668,054
Expenditures			
Certificated Salaries	31,478,529	32,060,017	32,863,989
Classified Salaries	9,002,815	9,071,672	9,164,389
Benefits	17,184,923	18,123,244	19,185,261
Books and Supplies	3,035,031	2,767,408	2,767,408
Other Services & Oper. Exp	6,111,256	6,089,043	6,200,535
Capital Outlay	102,275	50,000	50,000
Other Outgo 7xxx	1,980,069	1,980,069	1,980,069
Transfer of Indirect 73xx	(3,229)	(3,229)	3,845
Unidentified Budget Reductions 19-20	-	-	(600,000)
Total Expenditures	68,891,669	70,138,224	71,615,496
Deficit/Surplus	(1,355,057)	(658,453)	52,558
Transfers In	-	-	-
Transfers out	(173,360)	(223,560)	(23,560)
Contributions to Restricted	-	-	-
Net increase (decrease) in Fund Balance	(1,528,417)	(882,013)	28,998
Beginning Balance	5,300,351	3,771,934	2,889,921
Ending Fund Balance	3,771,934	2,889,921	2,918,919
Components of Ending Fund Balance			
Nonspendable:			
Reserve - Revolving Fund	5,000	5,000	5,000
Restricted:			
Reserve - Designated Programs	156,071	156,071	156,071
Unassigned/Unappropriated:			
Reserve - Economic Uncertainty @ 3%	2,071,951	2,110,854	2,149,172
Reserve - Deferred Maintenance Reserve	156,955	156,955	156,955
Reserve - Additional LCFF Supplemental Required Increase Budget 17-18 & 18-19	0	130,775	229,888
Reserve - Charter Technical Assistance	93,812	93,812	93,812
Reserve - GAP Funding Contingency - Subsequent Budget Year	0	0	0
Reserve - Unassigned Economic Uncertainty surplus/(deficit)	1,288,145	236,455	128,022
Total Ending Fund Balance	3,771,934	2,889,921	2,918,919

Details of Components of Ending Fund Balance

2017-18 Ending Fund Balance Components (\$3,771,934) :

Nonspendable: \$5,000

Restricted: \$156,071

Reserve for EU (3%): \$2,071,951

Board designated: \$250,767

GAP Funding Reserve: \$-0-

Unassigned Surplus: \$1,288,145

	Adopted Budget 2017-18 Combined	Projection 2018-19 Combined	Projection 2019-20 Combined
Net increase (decrease) in Fund Balance	(1,528,417)	(882,013)	28,998
Beginning Balance	5,300,351	3,771,934	2,889,921
Ending Fund Balance	3,771,934	2,889,921	2,918,919
<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	156,071	156,071	156,071
<u>Unassigned/Unappropriated:</u>			
Reserve - Economic Uncertainty @ 3%	2,071,951	2,110,854	2,149,172
Reserve - Deferred Maintenance Reserve	156,955	156,955	156,955
Reserve - Additional LCFF Supplemental Required Increase Budget 17-18 & 18-19	0	130,775	229,888
Reserve - Charter Technical Assistance	93,812	93,812	93,812
Reserve - GAP Funding Contingency - Subsequent Budget Year	0	0	0
Reserve - Unassigned Economic Uncertainty surplus/(deficit)	1,288,145	236,455	128,022
Total Ending Fund Balance	3,771,934	2,889,921	2,918,919

MYP does not include the effects of 2016-17 & 2017-18 salary settlement costs

2017-18 Adopted Budget - Other Funds

	2017-18 ADOPTED BUDGET			
	Beginning		Ending	
	Fund Balance	Revenues	Expenditures	Fund Balance
Fund 11 - Adult Education Fund	22,908	71,682	71,682	22,908
Fund 13 - Cafeteria Fund	-	1,852,000	1,852,000	-
Fund 17 - Special Reserve for Other Than Capital Outlay	364,500	150,000	-	514,500
Fund 21 - Building Fund	55,586,317	250,000	12,082,443	43,753,874
Fund 25 - Capital Facilities Fund	314,105	1,300,000	1,187,541	426,564
Fund 35 - County Schools Facilities Fund	836,509	-	-	836,509
Fund 40 - Special Reserve for Capital Outlay Projects	199,490	-	-	199,490
Fund 49 - Debt Service Fund for Blended Component Units	10,095,703	6,670,000	8,321,449	8,444,254
Fund 71 - Retiree Benefit Fund	6,883	-	-	6,883
Fund 73 - Foundation Private-Purpose Trust Fund	161,708	2,000	2,000	161,708

● The Future

- ❖ Finishing the Budget Cycle:

- ❖ State budget has to be signed by the Governor with 45 day report of effect of State Budget approval (August 2017)
- ❖ 2016-17 Unaudited Actuals will be presented in September 2017

● Board Approval

- ❖ Recommend approval of 2017-18 Adopted Budget

● Questions or Comments