

# WESTERN PLACER UNIFIED SCHOOL DISTRICT BOARD OF TRUSTEES MEETING FACT SHEET

<b>MISSION STATEMENT:</b> Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.	
<b>DISTRICT GLOBAL GOALS</b>	
1.	Develop and continually upgrade a well articulated K-12 academic program that challenges all students to achieve their highest potential, with a special emphasis on students
2.	Foster a safe, caring environment where individual differences are valued and respected.
3.	Provide facilities for all district programs and functions that are suitable in terms of function, space, cleanliness and attractiveness.
4.	Promote the involvement of the community, parents, local government, business, service organizations, etc. as partners in the education of the students.
5.	Promote student health and nutrition in order to enhance readiness for learning.

**SUBJECT:**

2017-18 First Interim Report

**AGENDA ITEM AREA:**

Action

**REQUESTED BY:**

Audrey Kilpatrick, Asst. Supt. Business/Operations

**ENCLOSURES:**

Yes

**DEPARTMENT:**

Business Services

**FINANCIAL INPUT/SOURCE:**

Included in Back Up

**MEETING DATE:**

December 19, 2017

**ROLL CALL REQUIRED:**

No

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**BACKGROUND:**

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 projections, 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 2017-18 First Interim report as positive, the Board confirms its fiduciary responsibility to maintain fiscal solvency for the current and subsequent two fiscal years.

**RECOMMENDATION:**

Administration recommends the Board of Trustees certify the First Interim report as positive.

**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
BOARD OF TRUSTEES  
2017-18 First Interim Notes**

The First Interim budget report is a snapshot in time of the local educational agency's (LEA) revenue and expenditure forecasts for the current fiscal year as well as a projection of the two subsequent fiscal years. It is a time to adjust the budget based upon the enacted State Budget and subsequent trailer bills, the closing of the prior fiscal year, and other factors that impact revenue and expenditures. The First Interim report covers the period of time from July 1 through October 31 each fiscal year and must be submitted to the county office of education no later than December 15.

**BUDGET ASSUMPTIONS:**

**Planning Factors for First Interim and MYPs:**

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. Placer County Office of Education (PCOE) provides districts with a Common Message letter outlining basic assumptions for the First Interim Budget. PCOE has recommended that each district use State Dept. of Finance (DOF) gap funding percentages as estimated by DOF and provided in the Fiscal Crisis and Management Assistance Team (FCMAT) LCFF Calculator.

Additionally, PCOE is recommending the district incorporate projection information from FCMAT and School Services of California (SSC) Dartboard for specific budget circumstances for our individual district. Every district receives differing amounts of revenue through the LCFF funding model and has its own particular set of financial risk factors. It is important that all districts continue to assess their individual situations and plan accordingly to maintain fiscal solvency. Key planning factors for LEAs to incorporate into the 2017-18 budget and multiyear projections are listed on the next page and based on the latest information available.

**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
BOARD OF TRUSTEES  
2017-18 First Interim Notes**

**GENERAL FUND BUDGET ASSUMPTIONS FIRST INTERIM AND MYP - Revenues**

District assumptions for the 2017-18 First Interim budget year and future multi-years are conservative with projected LCFF GAP funding estimates per State Dept. of Finance estimates, projected COLAs, an increase in projected enrollment growth of 75 students in 2017-18 and an ADA percentage yield down to 95.8% in 2017-18.

	17/18 First Interim	18/19 Projection	19/20 Projection	
Enrollment	6,953	7,022	7,093	Based on 16/17 Actual Enrollment and Projections
ADA Yield	95.8%	95.8%	95.8%	Based on Historical Rates
ADA	6,680	6,747	6,815	Enrollment X ADA Yield
% Increase (Decrease) Enrollment	1.1%	1.0%	1.0%	Based on Historical Rates
# Increase (Decrease) Enrollment	75	70	70	
Statutory COLA %	1.56%	2.15%	2.35%	Per PCOE Common Message
LCFF Entitlement Factors:				
Base Grant - Grades K-3	\$7,193	\$7,348	\$7,521	Per LCFF Calculator
Base Grant - Grades 4-6	\$7,301	\$7,458	\$7,633	Per LCFF Calculator
Base Grant - Grades 7-8	\$7,518	\$7,680	\$7,860	Per LCFF Calculator
Base Grant - Grades 9-12	\$8,712	\$8,899	\$9,108	Per LCFF Calculator
Grade Span Funding (K-3 CSR & 9-12)	\$748	\$764	\$782	Per LCFF Calculator
Supplemental Grants (% Adj. Base)	20%	20%	20%	Per LCFF Calculator
Concentration Grants	50%	50%	50%	Per LCFF Calculator
Concentration Grant Threshold	55%	55%	55%	Per LCFF Calculator
LCFF Gap Closed Percentage	43.19%	66.12%	64.92%	Per LCFF Calculator
LCFF Entitlement per ADA	8,322	8,603	8,825	Per LCFF Calculator
LCFF Funding	55,588,146	58,039,880	60,134,604	Per LCFF Calculator
Property Tax change	3.92%	3.00%	3.00%	County Taxes Report/3-Yr Ave.
Est. Property Taxes	46,962,900	48,371,787	49,822,941	Actuals/3-Yr Average
State LCFF Supplemental Funds	3,243,714	3,470,471	3,640,837	Per LCFF Calculator
Federal Revenue	0%	0%	0%	Per PCOE Common Message
Categorical COLA	1.56%	2.15%	2.35%	Per PCOE Common Message
Lottery Unrestricted/ADA	\$146.00	\$146.00	\$146.00	Per PCOE Common Message
Lottery Restricted/ADA	\$48.00	\$48.00	\$48.00	Per PCOE Common Message

**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
BOARD OF TRUSTEES  
2017-18 First Interim Notes**

**GENERAL FUND BUDGET ASSUMPTIONS FIRST INTERIM AND MYP - EXPENDITURES**

	17/18 First Interim	18/19 Projection	19/20 Projection	
<b>EXPENDITURES</b>				
Certificated New Positions - FTE	3.5	2.0	2.0	Based on Enrollment & Program Projections
Estimated Retirements - FTE	3.6	0.0	0.0	Based on Notifications
Reductions in Staffing - FTE - Temporary	0.85	0.0	0.0	Categorically Funded - Title I
<b>Staffing Ratios:</b>				
TK/Kindergarten	25:1	25:1	25:1	Per Contract - District-wide
1-3	25:1	25:1	25:1	Per Contract - District-wide
4-5	31:1	31:1	31:1	Per Contract
6-8	32:1	32:1	32:1	Per Contract
9-12	36:1	36:1	36:1	Per Contract
Certificated Step/Column	2.00%	2.00%	2.00%	
Classified New Positions - FTE	2.9	0.0	0.0	New 18-22 Transition Program
Estimated Retirements - FTE	1.0	0.0	0.0	
Reductions in Staffing - FTE	0.94	0.0	0.0	Categorically Funded - Title I
Classified Step/Column	1.10%	1.10%	1.10%	
Health Benefits	0.0%	0.0%	0.0%	Contribution Capped
CalPERS Employer Rate	15.531%	18.10%	20.80%	Per PCOE Common Message
CalSTRS Employer Rate	14.43%	16.28%	18.13%	Per PCOE Common Message
Budget Reductions	-	-	1,200,000	
Transfers Out	173,360	23,360	23,360	To Fund 17 - Wetland Reserve
Designated for Economic Uncertainty	3%	3%	3%	
Deferred Maintenance Reserve	160,226	160,226	160,226	Reserved for Roofing Needs
<b>Site Allocations:</b>				
Elementary	\$ 47.00	\$ 47.00	\$ 47.00	
Middle School	\$ 58.50	\$ 58.50	\$ 58.50	
High School	\$ 83.75	\$ 83.75	\$ 83.75	
Lottery per teacher	\$ 500.00	\$ 500.00	\$ 500.00	Per Contract

Expenditure assumptions include changes to the budget to increase specific classified positions in the 2017-18 budget totaling approximately \$115,000. Unrestricted general funds were used for these budget items.

**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
BOARD OF TRUSTEES  
2017-18 First Interim Notes**

**Local Control Funding Formula**

The State Budget included nearly \$1.4 billion for continued implementation of the Local Control Funding Formula (LCFF). Full implementation of the LCFF is anticipated to be complete by 2020-21. While the economy has improved quickly over the last few years, both the Governor and the Department of Finance continue to remind educational entities that an economic downturn is inevitable and would negatively affect school funding.

**One-Time Funding**

The State Budget included more than \$877 million in fully discretionary one-time Proposition 98 funding for school districts, charter schools, and COEs, equivalent to \$147.32 per ADA. These funds are included in 2017-18 First Interim revenues and expenditures.

**Other State Programs**

As at budget adoption, a cost of living adjustment (COLA) of 1.56% is reflected for LCFF funding and Special Education funding.

**PROPOSED BUDGET:**

The 2017-18 First Interim budget, presented on the following page, is built from assumptions from the State-adopted budget, federal and local revenue projections, district historical data, SSC dashboard, FCMAT LCFF Calculator and PCOE Common Message.

**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
BOARD OF TRUSTEES  
2017-18 First Interim Notes**

The District's 2017-18 First Interim General Fund Budget is presented as follows:

	First Interim 2017-18		
	Unrestricted	Restricted	Combined
Revenues			
LCFF Funding	55,588,146	984,061	56,572,207
Federal Revenue	2,394	2,265,919	2,268,313
State Revenue	2,189,099	4,145,543	6,334,642
Local Revenue	1,317,564	3,024,363	4,341,927
<b>Total Revenue</b>	<b>59,097,203</b>	<b>10,419,886</b>	<b>69,517,089</b>
Expenditures			
Certificated Salaries	26,823,970	5,172,453	31,996,423
Classified Salaries	5,900,993	3,296,318	9,197,311
Benefits	11,634,242	5,624,861	17,259,103
Books and Supplies	5,499,427	1,454,735	6,954,162
Other Services & Oper. Exp	4,918,717	2,813,672	7,732,389
Capital Outlay	68,500	512,512	581,012
Other Outgo 7xxx	282,179	1,878,994	2,161,173
Transfer of Indirect 73xx	(911,726)	908,497	(3,229)
<b>Total Expenditures</b>	<b>54,216,302</b>	<b>21,662,042</b>	<b>75,878,344</b>
Deficit/Surplus	4,880,901	(11,242,156)	(6,361,255)
Transfers In			-
Transfers out	(173,360)	-	(173,360)
Contributions to Restricted	(10,317,961)	10,317,961	-
<b>Net increase (decrease) in Fund Balance</b>	<b>(5,610,420)</b>	<b>(924,195)</b>	<b>(6,534,615)</b>
Beginning Balance	9,166,157	1,175,191	10,341,348
<b>Ending Fund Balance</b>	<b>3,555,737</b>	<b>250,996</b>	<b>3,806,733</b>
<b>Components of Ending Fund Balance</b>			
<b><u>Nonspendable:</u></b>			
Reserve - Revolving Fund	5,000		5,000
Reserve - Prepaid Expenditures	-		-
<b><u>Restricted:</u></b>			
Reserve - Designated Programs	-	250,996	250,996
Reserve - Prepaid Expenditures			
<b><u>Unassigned/Unappropriated:</u></b>			
Reserve - Economic Uncertainty @ 3%	2,281,551		2,281,551
Reserve - Deferred Maintenance Reserve	160,226		160,226
Reserve - Charter Technical Assistance	93,812		93,812
Reserve - Unassigned Economic Uncertainty surplus/(deficit)	1,015,148	-	1,015,148
<b>Total Ending Fund Balance</b>	<b>3,555,737</b>	<b>250,996</b>	<b>3,806,733</b>

**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
BOARD OF TRUSTEES  
2017-18 First Interim Notes**

**State Adopted Budget vs. First Interim Budget:**

Each year our budget is revised as new information becomes available and assumptions are modified. The significant differences between the district's Adopted Budget and First Interim Budget are reflected in the table below and discussed with comments on the following pages.

	Adopted Budget	First Interim			Adopted vs First Interim \$ Variance	
	2017-18	2017-18				
	Combined	Unrestricted	Restricted	Combined		
Revenues						
LCFF Funding	56,542,881	55,588,146	984,061	56,572,207	29,326	1
Federal Revenue	2,124,080	2,394	2,265,919	2,268,313	144,233	2
State Revenue	5,229,684	2,189,099	4,145,543	6,334,642	1,104,958	3
Local Revenue	3,639,967	1,317,564	3,024,363	4,341,927	701,960	4
<b>Total Revenue</b>	<b>67,536,612</b>	<b>59,097,203</b>	<b>10,419,886</b>	<b>69,517,089</b>	<b>1,980,477</b>	
Expenditures						
Certificated Salaries	31,478,529	26,823,970	5,172,453	31,996,423	517,894	5
Classified Salaries	9,002,815	5,900,993	3,296,318	9,197,311	194,496	6
Benefits	17,184,923	11,634,242	5,624,861	17,259,103	74,180	7
Books and Supplies	3,035,031	5,499,427	1,454,735	6,954,162	3,919,131	8
Other Services & Oper. Exp	6,111,256	4,918,717	2,813,672	7,732,389	1,621,133	9
Capital Outlay	102,275	68,500	512,512	581,012	478,737	10
Other Outgo 7xxx	1,980,069	282,179	1,878,994	2,161,173	181,104	11
Transfer of Indirect 73xx	(3,229)	(911,726)	908,497	(3,229)	-	
<b>Total Expenditures</b>	<b>68,891,669</b>	<b>54,216,302</b>	<b>21,662,042</b>	<b>75,878,344</b>	<b>6,986,675</b>	
Deficit/Surplus	(1,355,057)	4,880,901	(11,242,156)	(6,361,255)	(5,006,198)	
Transfers In (\$512,000 From Fund 17)	-	-	-	-	-	
Transfers out (Eliminate \$200,000 Transfer To Fund 17)	(173,360)	(173,360)	-	(173,360)	-	
Contributions to Restricted	-	(10,317,961)	10,317,961	-	-	
<b>Net increase (decrease) in Fund Balance</b>	<b>(1,528,417)</b>	<b>(5,610,420)</b>	<b>(924,195)</b>	<b>(6,534,615)</b>	<b>(5,006,198)</b>	
Beginning Balance	5,300,351	9,166,157	1,175,191	10,341,348	5,040,997	
<b>Ending Fund Balance</b>	<b>3,771,934</b>	<b>3,555,737</b>	<b>250,996</b>	<b>3,806,733</b>	<b>34,799</b>	
<b>Components of Ending Fund Balance</b>						
<b><u>Nonspendable:</u></b>						
Reserve - Revolving Fund	5,000	5,000		5,000	-	
Reserve - Prepaid Expenditures	-	-		-	-	
<b><u>Restricted:</u></b>						
Reserve - Designated Programs	156,071	-	250,996	250,996	94,925	
Reserve - Prepaid Expenditures						
<b><u>Unassigned/Unappropriated:</u></b>						
Reserve - Economic Uncertainty @ 3%	2,071,951	2,281,551		2,281,551	209,600	
Reserve - Deferred Maintenance Reserve	156,955	160,226		160,226	3,271	
Reserve - Additional LCFF Supplemental Required						
Increase Budget 18-19 & 19-20	0	0		0	-	
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	1,015,148	-	1,015,148	(272,997)	
<b>Total Ending Fund Balance</b>	<b>3,771,934</b>	<b>3,555,737</b>	<b>250,996</b>	<b>3,806,733</b>	<b>34,799</b>	

**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
BOARD OF TRUSTEES  
2017-18 First Interim Notes**

**Major Changes to Fund Balance since Adopted Budget - 2017-18 First Interim Report**

	<b>Budgeted Fund Balance Decrease at Adopted Budget</b>	<b>(\$1,528,417)</b>	
<b>Revenues</b>			
LCFF Sources - Increase in AB602 property tax allocation	30,000		1
Federal Revenue			
Carryover of prior year unspent allocations	100,000		
Medi-Cal revenues (budgeted when received)	35,000		
Actual Perkins grant award	5,000		
Miscellaneous	5,000		
Total Federal Revenue Changes	145,000		2
State Revenue			
One-Time Mandate Funding	965,000		
Increase in Lottery Revenue	35,000		
Increase in ASES allocation	35,000		
State Assessment apportionment fees	10,000		
Carryover of prior year unspent allocations	375,000		
Transfer PCOE CTEIG to local revenue	(315,000)		
Total State Revenue changes	1,105,000		3
Local Revenue			
TRANS revenues	40,000		
Transfer PCOE CTEIG from state revenue	315,000		
Increase in AB602 apportionment transfer	80,000		
CRANE allocation	80,000		
SIG Wellness grant	25,000		
MAA Revenues	20,000		
Increase in charter school oversight revenue	20,000		
Other revenues	10,000		
Carryover of prior year unspent allocations	110,000		
Total Local Revenue changes	700,000		4
<b>Total Change in Revenues</b>		<b>\$1,980,000</b>	
<b>Expenditures</b>			
Certificated Salaries			
Negotiated salary increase (1.53%)	430,000		
Teacher column movement in excess of budget	35,000		
Temp elementary teacher paid from one-time funds	40,000		
Budget extra time for teacher training in Supplemental	20,000		
Transfer of coaching stipends to classified	(25,000)		
Transfers from other objects	20,000		
Final position control adjustments	(5,000)		
Total Certificated Salaries changes	515,000		5



**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
BOARD OF TRUSTEES  
2017-18 First Interim Notes**

**Major Changes to Fund Balance since Adopted Budget - 2017-18 First Interim Report**

**Expenditures**

Classified Salaries			
Negotiated salary increase (1.53%)	115,000		
Increase in Paraprofessionals (1.03 FTE)	25,000		
New Paraprofessional Transport Position (.7075 FTE)	15,000		
Transfer of coaching stipends from certificated	25,000		
2017-18 position control adjustments (actual vs. estimate)	<u>15,000</u>		
Total Classified Salaries changes		195,000	6
Benefits			
Statutory benefits consistent with salary increases	130,000		
Health benefits change - final position control adjustments	<u>(55,000)</u>		7
Total Benefits changes		75,000	
Books and Supplies			
One-Time Mandate Funding	965,000		
C/O of prior year unspent federal funds	25,000		
C/O of prior year unspent state funds	2,730,000		
C/O of prior year unspent local funds	240,000		
C/O of prior-year co-curricular funds	230,000		
Lottery, ASES, CRANE revenue increases	35,000		
Net transfers to other objects	(290,000)		
Miscellaneous	(15,000)		
Total Books and Supplies changes		3,920,000	8
Services & Other Operating Expenditures			
Net decrease in nonpublic schools/agencies budgets	(85,000)		
Budget deferred maintenance expenditures	275,000		
C/O of prior year unspent federal funds	110,000		
C/O of prior year unspent state funds	795,000		
C/O of prior year unspent local funds	185,000		
TRANS expenditures	25,000		
Legal settlements (Special Education)	30,000		
Net transfers from other objects	155,000		
Adjust utilities to prior year actual	150,000		
Miscellaneous	<u>(20,000)</u>		
Total Services and Other Operating Costs		1,620,000	9
Capital Outlay			
C/O of prior year unspent state and local funds	365,000		
Transfer from other objects	35,000		
CRANE grant	<u>80,000</u>		
Total Capital Outlay		480,000	10
Other Outgo			
PCOE Special Ed Billback	140,000		
PCOE ROP Billback	<u>40,000</u>		
Total Other Outgo		180,000	11
<b>Total Change in Expenditures</b>		<u>6,985,000</u>	
<i>Rounding</i>		(1,198)	
<b>Total Change in Budgeted FB</b>		<u>(5,005,000)</u>	
<b>Budgeted Deficit Spending at First Interim</b>		-	<u><b>(\$6,534,615)</b></u>

**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
BOARD OF TRUSTEES  
2017-18 First Interim Notes**

**Multi-Year Projections 2017-18, 2018-19 and 2019-20 Budget Years:**

The multi-year projections provide a view of the current year and subsequent two years' budgets.

	<b>Adopted Budget 2017-18 Combined</b>	<b>First Interim 2017-18 Combined</b>	<b>Projection 2018-19 Combined</b>	<b>Projection 2019-20 Combined</b>
Revenues				
LCFF Funding	56,542,881	56,572,207	59,023,941	61,118,664
Federal Revenue	2,124,080	2,268,313	2,132,122	2,132,122
State Revenue	5,229,684	6,334,642	4,631,708	4,631,708
Local Revenue	3,639,967	4,341,927	3,794,289	3,794,289
<b>Total Revenue</b>	<b>67,536,612</b>	<b>69,517,089</b>	<b>69,582,060</b>	<b>71,676,783</b>
Expenditures				
Certificated Salaries	31,478,529	31,996,423	32,622,870	33,407,101
Classified Salaries	9,002,815	9,197,311	9,273,957	9,377,970
Benefits	17,184,923	17,259,103	18,228,594	19,305,425
Books and Supplies	3,035,031	6,954,162	2,406,513	2,306,513
Other Services & Oper. Exp	6,111,256	7,732,389	6,238,550	6,238,550
Capital Outlay	102,275	581,012	73,650	73,650
Other Outgo 7xxx	1,980,069	2,161,173	2,132,214	2,132,214
Transfer of Indirect 73xx	(3,229)	(3,229)	(3,229)	(3,229)
<b>Unidentified Budget Reductions 19-20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,200,000)</b>
<b>Total Expenditures</b>	<b>68,891,669</b>	<b>75,878,344</b>	<b>70,973,119</b>	<b>71,638,194</b>
Deficit/Surplus	(1,355,057)	(6,361,255)	(1,391,059)	38,589
Transfers In (\$512,000 From Fund 17 - 18/19 & 19/20)	-	-	312,000	200,000
Transfers out (Eliminate \$200,000 Fund 17 Transfer 18-19)	(173,360)	(173,360)	(23,360)	(23,360)
Contributions to Restricted	-	-	-	-
<b>Net increase (decrease) in Fund Balance</b>	<b>(1,528,417)</b>	<b>(6,534,615)</b>	<b>(1,102,419)</b>	<b>215,229</b>
Beginning Balance	5,300,351	10,341,348	3,806,733	2,704,314
<b>Ending Fund Balance</b>	<b>3,771,934</b>	<b>3,806,733</b>	<b>2,704,314</b>	<b>2,919,543</b>
<b>Components of Ending Fund Balance</b>				
<b><u>Nonspendable:</u></b>				
Reserve - Revolving Fund	5,000	5,000	5,000	5,000
Reserve - Prepaid Expenditures	-	-	-	-
<b><u>Restricted:</u></b>				
Reserve - Designated Programs	156,071	250,996	250,996	250,996
Reserve - Prepaid Expenditures	-	-	-	-
<b><u>Unassigned/Unappropriated:</u></b>				
<b>Reserve - Economic Uncertainty @ 3%</b>	<b>2,071,951</b>	<b>2,281,551</b>	<b>2,129,894</b>	<b>2,149,847</b>
Reserve - Deferred Maintenance Reserve	156,955	160,226	160,226	160,226
Reserve - Additional LCFF Supplemental Required Increase Budget 18-19 & 19-20	0	0	54,459	224,825
Reserve - Charter Technical Assistance	93,812	93,812	93,812	93,812
Reserve - GAP Funding Contingency - Subsequent Budget Year	0	0	0	0
<b>Reserve - Unassigned Economic Uncertainty surplus/(deficit)</b>	<b>1,288,145</b>	<b>1,015,148</b>	<b>9,927</b>	<b>34,838</b>
<b>Total Ending Fund Balance</b>	<b>3,771,934</b>	<b>3,806,733</b>	<b>2,704,314</b>	<b>2,919,543</b>

**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
BOARD OF TRUSTEES  
2017-18 First Interim Notes**

The multi-year projections are built with assumptions provided by PCOE Common Message, School Services of California, the State adopted budget, the State Dept. of Finance (DOF), FCMAT LCFF Calculator, federal funding projections and district trends and data.

**Budget Adjustments/Reductions in MYP - 2018-19 and 2019-20**

The multi-year projections include proposed adjustments to the budget in 2018-19 and 2019-20. In the 2018-19 fiscal year we are proposing to eliminate the final scheduled \$200,000 transfer of Wetlands Reserve funds back to Fund 17. Also, in 2018-19 and 2019-20 we are proposing to transfer a total of \$512,000 Wetlands Reserve funds from Fund 17 to the General Fund to support the two budget years. Even after the proposed two budget adjustments, the 2019-20 budget year shows necessary budget reductions of approximately \$1.2 million.

**Local Control Funding Formula**

The State Budget included nearly \$1.4 billion for continued implementation of the Local Control Funding Formula (LCFF). Full implementation of the LCFF is anticipated to be complete by 2020-21. While the economy has improved quickly over the last years, both the Governor and the Department of Finance continue to remind educational entities that an economic downturn is inevitable and would negatively affect school funding.

The table below shows the state funded COLA and Gap funding percentages for the eight year LCFF Funding cycle.

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Annual COLA</b> <i>(prefilled as calculated by the Department of Finance, DOF)</i>	1.57%	0.85%	1.02%	0.00%	<b>1.56%</b>	2.15%	2.35%	2.57%
<b>LCFF Gap Closed Percentage</b> <i>(prefilled as calculated by the Department of Finance, DOF)</i>	12.00%	30.16%	52.56%	56.08%	<b>43.19%</b>	66.12%	64.92%	100.00%

While the annual LCFF Gap closure percentage estimates may seem large, the remaining LCFF Gap to fill has shrunk significantly over the last few years. This means that while the Gap-closure percentages will increase it will result in a smaller actual funding increase for school districts. For instance, some may assume that because the 2017-18 Gap factor (43.19%) is fairly close to the 2016-17 factor (56.08%), the amount of new Gap funding districts are receiving is similar. However, the 2017-18 LCFF Gap funding is in fact less than half of the prior year's increase.

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This is evident in a side-by-side comparison in the following table showing the District's actual and estimated LCFF Funding per ADA and the net increase per ADA for each year since implementation, and projected through 2020-21. Districts are currently in the fifth of the eight year LCFF Funding formula.

<b>LCFF Entitlement per ADA</b>									
	2012-13	2013-14	2014-15	2015-16	2016-17	<b>2017-18</b>	2018-19	2019-20	2020-21
Estimated LCFF Sources per ADA	\$5,918.96	\$6,195.36	\$6,855.59	\$7,706.74	\$8,132.69	<b>\$8,321.76</b>	\$8,602.76	\$8,824.99	\$9,170.73
Net Change per ADA		\$ 276.40	\$ 660.23	\$ 851.15	\$ 425.95	<b>\$ 189.07</b>	\$ 280.99	\$ 222.23	\$ 345.74
Net Percent Change		4.67%	10.66%	12.42%	5.53%	<b>2.32%</b>	3.38%	2.58%	3.92%

**CalSTRS and CalPERS Employer Contributions**

STRS employer rates increased to 14.43% in 2017-18, up from 12.58% in 2016-17, while Cal PERS increased from 13.888% to 15.531%. No specific state funds are provided for these cost increases. CalPERS is not subject to state law and the CalPERS Board can change rates as needed.

Adopted/projected CalPERS rates are as follows:

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

Under current law, once the legislated rates through 2020-21 are achieved, CalSTRS will have the authority to marginally increase or decrease the employer contribution rate. Statutory CalSTRS rates are below:

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

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

	2017-18	2018-19	2019-20
STRS Additional Costs Per Year	\$ 556,569	\$ 567,700	\$ 579,054
PERS Additional Costs Per Year	98,900	156,187	165,793
	<b>\$ 655,469</b>	<b>\$ 723,887</b>	<b>\$ 744,847</b>
STRS Additional Costs - Cumulative	\$ 1,072,429	\$ 1,640,130	\$ 2,219,184
PERS Additional Costs - Cumulative	218,016	374,203	539,996
	<b>\$ 1,290,445</b>	<b>\$ 2,014,333</b>	<b>\$ 2,759,180</b>

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**Property Taxes**

Property taxes revenues show stabilization and have begun a moderate growth since 2013-14. Property taxes in Placer County had fluctuated with a net decline for a number of years but we saw an increase of approximately 7.0% in property tax receipts last year and anticipate another 3.92% increase in 2017-18 based on P-1 property taxes. Current projections indicate property taxes will increase by a conservative 3% for the 2018-19 and 2019-20 fiscal years.

**Enrollment and ADA**

For the 2016-17 school year, the District enrollment increased by 133 students, a 2.0% 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 96.22% in 2015-16 to a low of 95.47% in 2012-13 with an average ADA rate of 95.86% for the last five years.

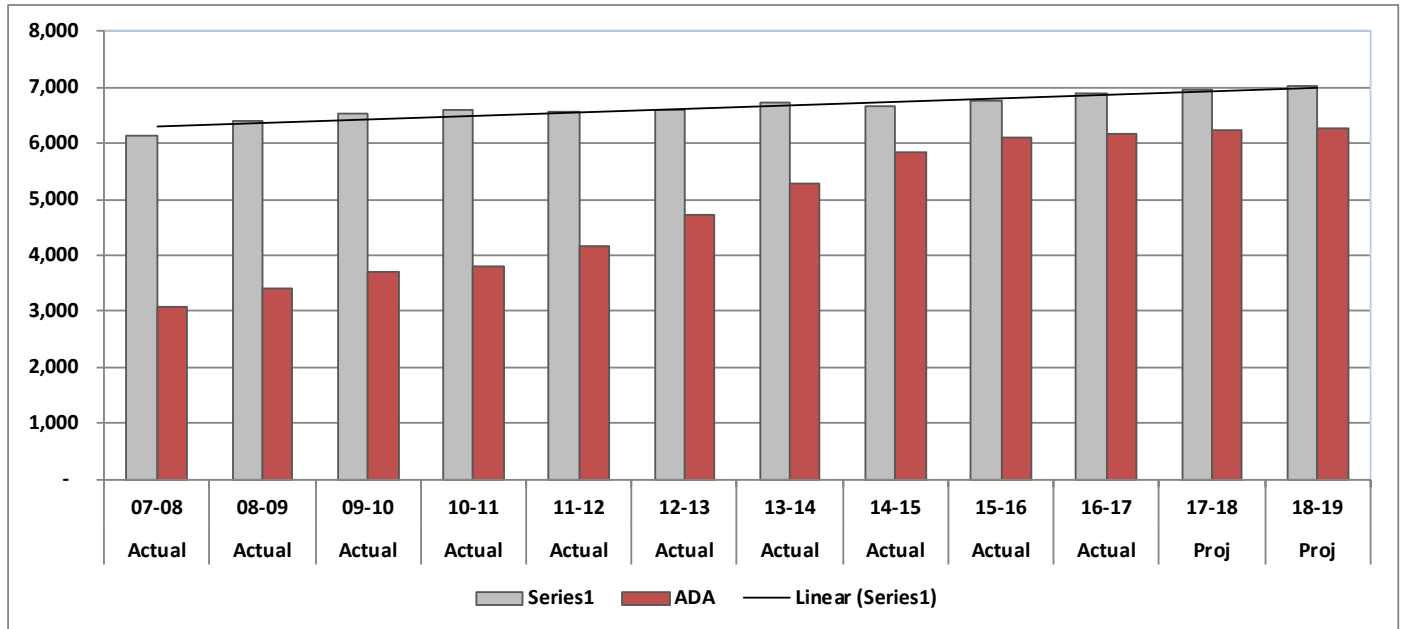
Enrollment and attendance projections for the current 2017-18 budget year and the next two budget years are listed on the following page:

	17/18 First Interim	18/19 Projection	19/20 Projection
Enrollment	6,953	7,022	7,093
ADA Yield	95.8%	95.8%	95.8%
ADA	6,680	6,747	6,815
% Increase (Decrease) Enrollment	1.1%	1.0%	1.0%
# Increase (Decrease) Enrollment	75	70	70

Any potential reduction in enrollment for the projected opening of the John Adams Charter School in 2018-19 budget year has not been included in the budget at this time. For 2017-18 we have seen a loss of approximately 30 to John Adams Charter School. The final amount will not be known until P-2 enrollment at that time any adjustment will be taken into account in the P-2 enrollment and ADA figures. We will continue to assess the impact in enrollment as the charter adds grades to their school.

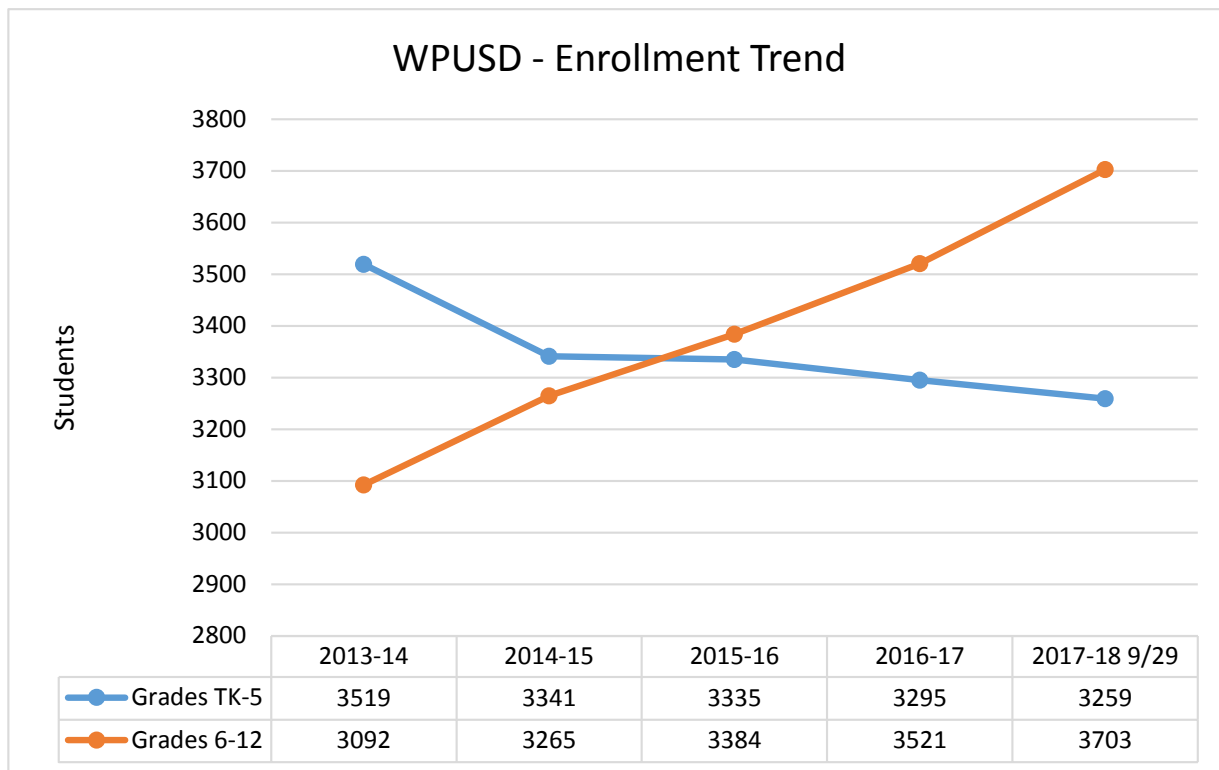
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The following chart shows historical and projected enrollment data:



## Enrollment Trends

Over the last five years the district has experienced a decline in elementary grades (TK through 5<sup>th</sup>) and an enrollment increase in secondary grades (6<sup>th</sup> through 12<sup>th</sup>). The enrollment trend for each group from 2013-14 to the current 2017-18 school year (as of September 2017) is as follows:



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Elementary enrollment for grades TK through 5th has decreased by 265 students, from 3,519 students in 2013-14 to 3,259 students in 2017-18. By contrast, secondary enrollment for 6<sup>th</sup> through 12th grades has increased by 621 students from 3,092 students in 2013-14 to 3,703 students in 2017-18. This trend shows that many elementary students appear to be leaving the District before the end of their elementary years. We are also seeing a sharp increase in enrollment at the high school grades. The result of this trend is a declining elementary enrollment and an increasing secondary enrollment. This enrollment trend is concerning, as healthy growth districts show a continual uptick in enrollment trend for all grades beginning with TK or Kindergarten grades and retaining those students through middle school and high school grades.

In order to address this concerning enrollment trend, the Superintendent has created an Elementary Enrollment Task Force Committee of district teachers, administrators and staff to explore the issue, collect and analyze data, create possible solutions, and generate options and recommendations in order to retain and attract elementary students.

Also, at the beginning of the 2017-18 school year, the District began a multi-media marketing campaign to promote the District’s educationally rich programs and learning opportunities.

**Contributions to Restricted Programs**

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 2017-18 Adopted to First Interim Budget is presented below:

***Contributions to Restricted Programs  
2017-18 First Interim and 2017-18 Budget***

<u>Program</u>	<u>Resource</u>		<u>First Interim</u>	<u>Adopted Budget</u>	<u>Change</u>	<u>Comments</u>
Special Ed-Basic Grant (PL94-142)	3310	*	\$1,685,635	\$1,580,361	\$105,274	Negotiated salary increase, add'l 1.7375 FTE paras, final position control adjustments
Spec Ed Pre-School	3315	*	\$21,030	\$17,356	\$3,674	
Special Ed Pre-School	3320		\$2,276	\$0	\$2,276	
Special Education	6500	*	\$6,731,033	\$6,776,759	(\$45,726)	Negotiated salary increase, decrease in NPS/NPA budgets, decrease in indirect budget, final position control adjustments
Maintenance	8150		\$1,877,987	\$1,877,987	\$0	
Total Contribution to Restricted Programs			<u>\$10,317,961</u>	<u>\$10,252,463</u>	<u>\$65,498</u>	
Total Special Ed Contribution			\$8,439,974	\$8,374,476	\$65,498	

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**Cash**

As a significant portion of our State funding is from property taxes and those payments are apportioned only three times a year, the District must use a TRANS (Tax Revenue Anticipation Note) to provide General Fund cash flow support during the remaining nine non-apportionment months. As we spend down our fund balance reserves and experience deficit spending, we will continue to have months with negative cash flow.

In 2017-18, the District is using an \$11.8 million TRANS borrowing to provide cash flow support from October through June. For the next two fiscal years the District plans to participate in TRANS borrowing for the 2018-19 and 2019-20 fiscal year dependent upon cash flow needs. Without a TRANS issuance, we historically experience a negative General Fund cash balance for the two to three months preceding our property tax payments each year in December. This is typical of districts that rely on property taxes to backfill LCFF funding.

**COMPONENTS OF ENDING FUND BALANCE**

Details of the Components of Ending Fund Balance for 2017-18, 2018-19 and 2019-20 are listed on the following page.

	Adopted Budget 2017-18	First Interim 2017-18	Projection 2018-19	Projection 2019-20
	Combined	Combined	Combined	Combined
<b>Ending Fund Balance</b>	<b>3,771,934</b>	<b>3,806,733</b>	<b>2,704,314</b>	<b>2,919,543</b>
<b><u>Components of Ending Fund Balance</u></b>				
<b><u>Nonspendable:</u></b>				
Reserve - Revolving Fund	5,000	5,000	5,000	5,000
Reserve - Prepaid Expenditures	-	-	-	-
<b><u>Restricted:</u></b>				
Reserve - Designated Programs	156,071	250,996	250,996	250,996
Reserve - Prepaid Expenditures				
<b><u>Unassigned/Unappropriated:</u></b>				
<b>Reserve - Economic Uncertainty @ 3%</b>	2,071,951	2,281,551	2,129,894	2,149,847
Reserve - Deferred Maintenance Reserve	156,955	160,226	160,226	160,226
Reserve - Additional LCFF Supplemental Required				
Increase Budget 18-19 & 19-20	0	0	54,459	224,825
Reserve - Charter Technical Assistance	93,812	93,812	93,812	93,812
<b>Reserve - Unassigned Economic Uncertainty surplus/(deficit)</b>	<b>1,288,145</b>	<b>1,015,148</b>	<b>9,927</b>	<b>34,838</b>
<b>Total Ending Fund Balance</b>	<b>3,771,934</b>	<b>3,806,733</b>	<b>2,704,314</b>	<b>2,919,543</b>

For the 2017-18 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 funds for deferred maintenance facility roofing projects and charter technical assistance, and a reserve for additional required supplemental funds spending increases in the appropriate years. Amounts that are not specifically identified for designated uses as noted above are included in the *Reserve - Unassigned Economic Uncertainty Surplus*.