

WESTERN PLACER UNIFIED SCHOOL DISTRICT BOARD OF TRUSTEES MEETING FACT SHEET

MISSION STATEMENT: Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.

DISTRICT GLOBAL GOALS

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:

Approval of the 2016-17 Unaudited Actuals

AGENDA ITEM AREA:

Discussion/Action

REQUESTED BY:

Audrey Kilpatrick
Assistant Superintendent, Business & Operations

ENCLOSURES:

Yes

DEPARTMENT:

Business Services

FINANCIAL INPUT/SOURCE:

None

MEETING DATE:

September 19, 2017

ROLL CALL REQUIRED:

No

BACKGROUND:

Each year the district closes its books for all district funds that includes a final accounting for all revenues received and expenditures spend by program at June 30, 2017. Each program is reviewed and reconciled. Often programs do not spend all of what they are allocated that year and therefore carryover funds are reserved from Ending Fund Balance to include in the 2017-18 budgeted expenditures for that program to spend. These results are audited by the auditors each fall with audited financial statements presented to the Board by January 31 each year.

The 2016-17 Unaudited Actuals are included along with the State required reporting forms for the Board of Trustees, and an executive summary of significant items is included below.

General Fund

Revenues

Actual General Fund expenditures exceeded revenues by \$1,375,503, leaving an Ending Fund Balance of \$10,341,347. Unrestricted Fund Balance decreased \$1,316,722 and Restricted Fund Balance decreased \$58,781.

While the total combined Ending Fund Balance is \$5,040,995 higher than the Estimated Actuals Budget presented in June 2017 with the 2017-18 Adopted Budget approval, it is important to review the line item changes as the variances are among both Unrestricted and Restricted programs and include large unspent Restricted and Unrestricted program funds that will carry over and be spent in 2017-18. The 2016-17 actual Unrestricted Unassigned Economic Uncertainty surplus ended with \$38,965 more than budgeted.

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Actual Restricted revenues were less than the Estimated Actuals Budget by \$656,663 primarily due lack of use (unearned deferred revenues) of State and Federal funds (-\$590k), increased Special Education revenues (\$140k) and increased RDA facilities funds received in June 2016 (\$70k). Additionally, Prop 20 lottery revenues exceeded the budget by \$70k. STRS On-Behalf revenues and expenditures (which in total net to zero and have no net effect on the District's financial position) were \$330k less than budgeted. All unspent or deferred funds will be carried over and budgeted to be spent in the 2017-18 fiscal year.

Actual Unrestricted revenues were greater than the Estimated Actuals Budget by \$251,440 due to increased final LCFF funding based on final GAP funding percentage (\$72k) and state lottery revenues (\$94k), co-curricular revenues (\$30k) and E-Rate revenues (\$26k) coming in higher than budgeted.

Expenditures

Combined expenditures and other outgo were \$5,446,218 less than the Estimated Actual Budget with a significant amount of unspent Restricted State and Local categorical programs funds.

Restricted expenditures and transfers out were \$1,958,304 less than the Estimated Actual Budget. These unspent Restricted Federal, State and Local categorical program balances (other than STRS On-Behalf) will be carried over into the 2017-18 school year and budgeted to be spent.

Unrestricted expenditures and transfers out were \$3,487,914 less than the Estimated Actuals Budget. One-Time Mandate funds (\$2.4M) Deferred Maintenance funds (\$280k), Co-curricular site funds (\$227k), textbook funds (\$87k), ASES program (\$69k), Supplemental funds (\$397k), E-rate funds (\$129k) and Restricted Prop 20 lottery funds (\$92k) are all funds that will carry over into the 2017-18 year to be budgeted to spend. The District spent \$100,000 more than budgeted in utilities, primarily water. Special education program expenses were \$144,000 less than budgeted due to a decrease in final NPS/NPA charges, reversal of a prior-year accrued CSOC liability, and a reduced year-end final PCOE billback charge. Those savings will increase the Unrestricted Unappropriated Surplus balance.

2016-17 Budget to Actual Comparison

Each year our actual activity varies from our budgeted projections. The significant differences between the District's 2016-17 Estimated Actuals Budget, as of the 2017-18 Budget Adoption, and the final 2016-17 Unaudited Actuals are noted on the following page:

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	Unaudited		
	Actuals 2016-17		
	Unrestricted	Restricted	Combined
Revenues			
LCFF Funding	53,708,642	956,972	54,665,614
Federal Revenue	2,394	2,478,922	2,481,316
State Revenue	2,642,165	6,616,132	9,258,297
Local Revenue	1,615,530	2,549,820	4,165,350
Total Revenue	57,968,731	12,601,846	70,570,577
Expenditures			
Certificated Salaries	26,199,197	5,111,782	31,310,979
Classified Salaries	5,932,936	3,096,035	9,028,971
Benefits	10,854,360	4,843,483	15,697,843
Books and Supplies	1,863,224	1,055,561	2,918,785
Other Services & Oper. Exp	4,646,227	2,654,803	7,301,030
Capital Outlay	364,769	2,993,716	3,358,485
Other Outgo 7xxx	212,414	1,851,569	2,063,983
Transfer of Indirect 73xx	(649,680)	646,811	(2,869)
Total Expenditures	49,423,447	22,253,760	71,677,207
Deficit/Surplus	8,545,284	(9,651,914)	(1,106,630)
Transfers In			-
Transfers out	(268,873)	-	(268,873)
Contributions to Restricted	(9,593,133)	9,593,133	-
Net increase (decrease) in Fund Balance	(1,316,722)	(58,781)	(1,375,503)
Beginning Balance	10,482,878	1,233,972	11,716,850
Ending Fund Balance	9,166,156	1,175,191	10,341,347
Components of Ending Fund Balance			
<u>Nonspendable:</u>			
Reserve - Revolving Fund	5,000		5,000
<u>Restricted:</u>			
Reserve - Designated Programs	-	1,150,395	1,150,395
Reserve - Prepaid Expenditures	302,426	24,796	327,222
<u>Unassigned/Unappropriated:</u>			
Reserve - Economic Uncertainty @ 3%	2,158,382		2,158,382
Reserve - Deferred Maintenance Reserve	439,226		439,226
Reserve - Unrestricted Program & Site Carryover	3,453,296		3,453,296
Reserve - Charter Technical Assistance	203,617		203,617
Reserve - GAP Funding Contingency - Subsequent Budget Year	743,919		743,919
Reserve - Unassigned Economic Uncertainty surplus/(deficit)	1,860,290	-	1,860,290
Total Ending Fund Balance	9,166,156	1,175,191	10,341,347

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Major Changes to Ending Fund Balance since Estimated Actuals Budget 2016-17 Unaudited Actuals

	<u>Budget vs. Actual Unrestricted</u>	<u>Budget vs. Actual Restricted</u>	<u>Total Budget vs. Actual</u>
<i>Budgeted 2016-17 Deficit Spending at Estimated Actuals</i>	(\$5,338,598)	(\$1,077,901)	(\$6,416,499)
Revenues			
LCFF ¹	\$70,000	\$10,000	\$80,000
Federal Revenues	\$0	(\$15,000)	(\$15,000)
State Revenues ²	\$95,000	(\$725,000)	(\$630,000)
Local Revenues ³	<u>\$90,000</u>	<u>\$75,000</u>	<u>\$165,000</u>
<i>Total Change in Revenues Budget vs. Actuals</i>	\$255,000	(\$655,000)	(\$400,000)
Expenditures			
Certificated Salaries ⁴	\$380,000	(\$70,000)	\$310,000
Classified Salaries ⁴	\$65,000	\$0	\$65,000
Employee Benefits ⁴	\$25,000	(\$375,000)	(\$350,000)
Books & Supplies ⁵	(\$3,685,000)	(\$530,000)	(\$4,215,000)
Services & Other Operating Exp. ⁶	(\$295,000)	(\$635,000)	(\$930,000)
Capital Outlay ⁷	<u>\$0</u>	<u>(\$385,000)</u>	<u>(\$385,000)</u>
<i>Total Change in Expenditures Budget vs. Actuals</i>	(\$3,510,000)	(\$1,995,000)	(\$5,505,000)
Other:			
Contributions to Restricted Programs ⁸	\$280,000	(\$280,000)	\$0
Interfund Transfers In	\$0	\$0	\$0
Interfund Transfers Out ⁹	\$95,000	\$0	\$95,000
Other Outgo (billback & transfers out) ¹⁰	(\$100,000)	\$70,000	(\$30,000)
Indirect Costs ¹¹	\$30,000	(\$30,000)	\$0
Miscellaneous	<u>\$1,876</u>	<u>(\$880)</u>	<u>\$996</u>
<i>Total Change in Revenues and Expenses from Budget vs. Actuals</i>	\$4,021,876	\$1,019,120	\$5,040,996
<i>Actual Excess of Revenues over Expenditures Unaudited Actuals</i>	<u>(\$1,316,722)</u>	<u>(\$58,781)</u>	<u>(\$1,375,503)</u>

Notes

Revenues:

¹ Increase in LCFF Gap Funding % from 55.03% to 56.08%

² Lottery revenues were \$160k greater than budgeted (NOTE: We use School Services projections in budgeting Estimated Actuals); unspent CCPT, CTEIG funds. Unspent funds will carry over to 2017-18

³ E-Rate revenues (\$26k), co-curricular revenues (\$30k), Special Ed AB602 revenues \$60k higher than projected

Expenditures:

⁴ 1.5% one-time salary payment; unspent substitute budgets; unspent Summer Transition/Summer Bridge budgets; ERMH salaries under budget and re-allocated to unrestricted; vacant positions not filled

⁵ Unrestricted: Funds that carry over to 2017-18: Mandated Costs \$3.0 million; Lottery \$90k, textbooks \$100k; Supplemental \$105k; co-curricular \$188k; ASES \$68k; Facility Use Funds \$15k. Unrestricted savings: \$25k in unspent transportation expenditures; \$30k in unspent site budgets. Restricted: \$530k unspent funds that will carry over to 2017-18.

⁶ Unrestricted: Funds that carry over to 2016-17: \$275k in Deferred Maintenance, \$103k in E-Rate, \$103k in Charter, \$100k over budget in water, \$50k TRAN interest expense over budget. Restricted: \$535k that will carry over to 2017-18, \$80k reversal of previous liability accrual per PCOE, \$20k in unspent NPS/NPA funds.

⁷ Unspent CCPT and CTEIG funds, which will carry over to 2017-18

⁸ Increase in Special Education revenues (\$142k), unspent Special Ed expenditures detailed above.

⁹ Contribution to Food Services program due to expenditures exceeding revenues

¹⁰ PCOE ROP charges paid by restricted CTEIG program instead of by unrestricted funds, decrease in projected PCOE Special Ed Billback

¹¹ Indirect not charged on unspent restricted program carryover

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Contributions to Restricted Programs

Restricted contributions are general funds used to support necessary categorical programs. While these are necessary, it is important to review the contributions to restricted programs every year. The following table outlines the final contributions for 2016-17:

***Contributions to Restricted Programs
2016-17 Estimated Actuals and Unaudited Actuals***

<u>Program</u>	<u>Resource</u>	<u>2016-17 Estimate</u>	<u>2016-17 Actual</u>	<u>Change</u>	<u>Comments</u>
Special Ed-Basic Grant (PL94-142)	3310	\$1,344,674	\$1,268,382	(\$76,292)	Transfer of expenses to resource 3320 due to increase in 3320 funding
Spec Ed Pre-School	3315	\$52,238	\$49,733	(\$2,505)	
Spec Ed Pre-School	3320	\$300	\$13,416	\$13,116	Transfer of expenses from resource 3310, net of increase in revenues
Special Education	6500	\$6,600,032	\$6,379,431	(\$220,601)	Inc. in Special Ed revenues (\$70k), unspent legal settlements (\$35k), NPS/NPA savings (\$15k), writeoff of previously accrued CSOC liability (\$80k), net reduction in projected PCOE billback (\$25k)
Maintenance	8150	\$1,877,987	\$1,877,987	\$0	
Other Misc.	9010	\$424	\$4,184	\$3,760	
Total Contribution to Restricted Programs		<u>\$9,875,655</u>	<u>\$9,593,133</u>	<u>(\$282,522)</u>	

The Special Education contribution for 2016-17 was reduced due to increased revenues of \$140,000, a net decrease in NPS/NPA/Interdistrict costs (-\$15k), a net reduction in the PCOE billback (-\$25k) charged at year end, and the reversal of an \$80k accrued liability from prior years. All items occurred during the year-end closing of the books and were not known when the Estimated Actuals budget was prepared in May 2017.

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2016-17 General Fund Ending Fund Balance Reserves – Unaudited Actuals

The District ended the 2016-17 school year with a total of \$10,341,347 in total Ending Fund Balance.

Of the total balance, reserves of \$4,603,691 are Restricted or Unrestricted funds for specific Federal, State, local, site and one-time mandate carryover programs. All carryover funds will be budgeted to be spent in the 2017-18 fiscal year.

Also included in the total Ending Fund Balance is a reserve of \$439,226 for Deferred Maintenance projects, specifically to be used for roofing projects. An additional \$2,158,382 is reserved for the State required minimum 3% Economic Uncertainty. Reserves totaling \$327,222 are held for prepaid expenditures and reserves of \$203,617 are held for Charter technical assistance support. Finally, a reserve of \$743,919 remains for LCFF GAP Funding Contingency to continue as a reserve in the 2017-18 fiscal year.

The remaining \$1,860,290 actual Economic Uncertainty Surplus reserve will carry over to the 2017-18 fiscal year to support any necessary budget adjustments, including a budget adjustment for the negotiated and board approved 2017-18 salary settlement costs.

Ending Fund Balance	10,341,347
Components of Ending Fund Balance	
<u>Nonspendable:</u>	
Reserve - Revolving Fund	5,000
<u>Restricted:</u>	
Reserve - Designated Programs	1,150,395
Reserve - Prepaid Expenditures	327,222
<u>Unassigned/Unappropriated:</u>	
Reserve - Economic Uncertainty @ 3%	2,158,382
Reserve - Deferred Maintenance Reserve	439,226
Reserve - Unrestricted Program & Site Carryover	3,453,296
Reserve - Charter Technical Assistance	203,617
Reserve - GAP Funding Contingency - Subsequent Budget Year	743,919
Reserve - Unassigned Economic Uncertainty surplus/(deficit)	1,860,290
Total Ending Fund Balance	10,341,347

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Other Funds

Also included in the 2016-17 Unaudited Actuals are the year-end reporting of the District's other funds as listed below:

2016-17 UNAUDITED ACTUALS

	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance
Fund 11 - Adult Education Fund	22,908	69,455	69,455	22,908
Fund 13 - Cafeteria Fund	227,981	1,954,092	2,165,688	16,385
Fund 17 - Special Reserve for Other Than Capital Outlay	212,000	152,870	-	364,870
Fund 21 - Building Fund	16,774,387	54,860,047	7,384,859	64,249,575
Fund 25 - Capital Facilities Fund	1,458,551	1,452,114	2,016,241	894,424
Fund 35 - County Schools Facilities Fund	941,697	12,139	126,907	826,929
Fund 40 - Special Reserve for Capital Outlay Projects	215,848	2,868	15,183	203,533
Fund 49 - Debt Service Fund for Blended Component Units	10,516,231	79,271,814	82,716,812	7,071,233
Fund 71 - Retiree Benefit Fund	6,803	92	-	6,895
Fund 73 - Foundation Private- Purpose Trust Fund	161,208	2,165	1,600	161,773

RECOMMENDATION:

Administration recommends the Board of Trustees approve the 2016-17 Unaudited Actuals as presented.